

**REPLY  
ANNUAL  
REPORT ON  
REMUNER  
ATION POLICY  
AND COMPEN  
SATION  
PAID IN 2021**



# 1. Introduction

This document (“The Annual Report on Remuneration policy and compensation paid”, the “**Report**”), was prepared and approved by the Board of Directors on 15 March 2022 according to Article 123-ter of Legislative Decree No. 58/1998 (“TUF”) and Article 5 of the Corporate Governance Code, the January 2020 version, approved by the Corporate Governance Committee established at Borsa Italiana S.p.A..

This Report has been prepared in accordance with the annexed table 3A Scheme 7-bis contained in the Regolamento Emittenti no.11971/1999 and in accordance with the existing dispositions of art. 123-ter of Legislative decree. No. 58/1998.

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

The Remuneration Policy adopted by Reply with the resolution of the Board of Directors on 13 March 2020 has not changed during the financial year. The First Section remained, in its content, unchanged, although integrated with further information subsequent to the updated outline of the Report, approved by Consob by resolution no. 21623 of 10 December 2020, while the Second Section was prepared with the information requested by Consob with resolution no. 21623 of 10 December 2020.

# 2. Section I

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

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

- ▶ Shareholders' meeting;
- ▶ The Board of Directors;
- ▶ The Remuneration and Nominating Committee;
- ▶ Executive Directors;
- ▶ Statutory Auditors.

### **Shareholders' meeting**

With regard to remuneration, the Shareholders' meeting:

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

### **Board of Directors**

The Board of Directors:

- ▶ establishes a Remuneration and Nominating Committee from among its members. One member must have adequate knowledge and experience with regards to financial and remuneration policy; the person's competence is evaluated by the Board when he/she is elected;

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

### **Remuneration committee**

The remuneration committee:

- ▶ makes proposals and advises the Board of Directors in relation to the remuneration to Executive Directors and other Directors with special charges, and furthermore advises on the identification and fixing of adequate performance objectives that enable the calculation of the variable components of the compensation;
- ▶ makes proposals to the Board of Directors on the remuneration policy and its possible change;
- ▶ assists the Board of Directors in drawing up and implementing remuneration plans based on shares or other financial instruments;
- ▶ periodically evaluates the adequacy and correct application of the remuneration policy, making use of information provided by the Executive Directors when the evaluation is referred to a Director with strategic responsibility;
- ▶ provides the Board of Directors' opinions and proposals about remuneration;
- ▶ monitors implementation of the decisions adopted by the Board of Directors regarding remuneration, evaluating that the performance target has been achieved;
- ▶ refers to the Shareholders' the methods of the Committees functions; for such reason, the presence of the Chairman of the Remuneration and Nominating Committee or another member of the Committee is recommended at the annual Shareholders' meeting;
- ▶ if it is deemed necessary or appropriate an external consultant with expertise in

remuneration policy can be utilized to carry out such task; the independent expert must not carry out any form of activity in favour of Reply Human resource department, shareholders', Executive Directors and Directors with strategic responsibilities. The independence of external consultants is verified by the Remuneration and Nominating Committee before they are appointed.

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

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

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

There are no conflict of interest profiles within the Committee as the Remuneration Committee consists only of Independent Directors and the remuneration of independent Directors is resolved by the Shareholders' Meeting.

In 2021 the Remuneration Committee relied on the support of remuneration policy structure in Reply to draw up the Remuneration Policy related to the period 2020-2022, without using other companies' remuneration policies as reference. During the year, the company commissioned an external company to carry out an assessment of the remuneration policy, this did not reveal any significant deviations from that of other companies.

For further information regarding the operation and activities of the Remuneration and Nominating Committee for the financial year ended as at 31 December 2021, see the 2021 Report on Corporate Governance and Ownership Structure.

### Executive Directors

Executive Directors:

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

### Statutory Auditors

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

## 2.2. Remuneration Policies

The 2022 Remuneration Policy related to Executive Directors and Directors with strategic responsibilities hasn't evolved compared to 2020, submitted at the meeting of 13 March 2020 by the Board of Directors. The Remuneration policy adopted by the Board of Directors of 13 March 2020 is related to the period 2020-2022.

In this regard, it should be noted that the Board of Directors at the meeting of 15 March 2022 decided not to review, at present, the Remuneration Policy of Executive Directors and Directors with strategic responsibilities, confirming the current approach and this in relation to the fact that the result of the votes on the First Section of the Policy that took place during the Shareholders' Meeting on 21 April 2020, received 37,416,021 votes equal to 84.330% of the votes represented in the shareholders' meeting and 68.926% of the share capital with voting rights, as well as the result of the votes on the Second Section of Policy that took place during the Shareholders' Meeting on 26 April 2021, which received 41,764,934 votes equal to 93.546% of the votes represented in the shareholders' meeting and 79.881% of the share capital with voting rights.

The Remuneration Policy adopted by the Board of Directors of 13 March 2020 is related to the period 2020-2022 and subsequently has revoked the previous remuneration plan (2018-2020).

The Remuneration Policy is intended to ensure the Company has the ability to attract, retain and motivate individuals who have professional skills and experience to pursue the achievement of the Company's objectives. The Policy is also instrumental in aligning the interests of the Company's management with those of the shareholders, pursuing the primary objective of the creation of value over a medium-long term period, through the creation of a strong link between remuneration and individual or of the whole society performance.

The Remuneration Policy reflects and takes into account the specificities of the business model adopted by Reply.

Reply operates through a network of companies that highly specializes in processes, applications and technologies. The growth of the network takes place both organically, also through the creation of new start-ups, and through the acquisitions of control investments in companies always with the mission of becoming excellence centres in its operational scope and grow both operationally and dimensionally.

This model has allowed:

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

Due to the distinctive character of Reply's business model, the Remuneration Policy has always identified EBITDA as a prevailing performance indicator both for the short-term period and for the long-term.

During the approval of the last Remuneration Policy, approved by the Board of Directors on 13 March, 2020, it was considered:

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



## 2.3. Remuneration of Directors

With reference to 2021 the Non-Executive Directors were as follows:

Fausto Forti (until 26 April 2021)	Non-Executive Director, Independent and Lead Independent Director
Patrizia Polliotto (from 26 April 2021)	Non-Executive Director, Independent and Lead Independent Director
Secondina Giulia Ravera	Non-Executive Director, Independent
Francesco Umile Chiappetta	Non-Executive Director, Independent

In 2021 remuneration of Directors not invested with operational proxies is as follows:

- ▶ 50,000 Euros annually for each member of the Board, as resolved by the Shareholders' meeting of 21 April 2020 and 26 April 2021.

In 2021 the remuneration of Board members of the Supervisory Body – with reference to Mr. Fausto Forti and Mrs. Patrizia Polliotto – was determined as follows:

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

The remuneration of the Non-Executive Directors for their function includes participation in the Board Committees.

Non-Executive Directors are not eligible for any variable form of compensation linked to the achievement of financial targets.

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

## 2.4. Remuneration of Executive Directors

With reference to 2021 the Directors were as follows:

Mario Rizzante	Chairman and Chief Executive Officer
Tatiana Rizzante	Chief Executive Officer
Claudio Bombonato (until 26 April 2021)	Executive Director
Daniele Angelucci	Executive Director
Filippo Rizzante	Executive Director
Elena Maria Previtera	Executive Director
Marco Cusinato (from 26 April 2021)	Executive Director

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

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

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

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

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

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

Directors' services are rendered; for such reason, the proposal to attribute profit-sharing is the object of resolution by the Board of Directors at the same time as approval of the draft annual Financial Statements.

**From a procedural point of view,**

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

**From a criterion point of view, with reference to the period 2020-2022,** remuneration is based on the following criteria:

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

- ▶ a relationship between the short-term variable component and the fixed component of 2 to 1;
- ▶ a relationship between the medium-long-term variable component and the short-term variable component of 1 to 1;
- ▶ a relationship between the overall variable component and the fixed component of 4 to 1;
- ▶ the relationship between the variance of the results achieved and the variance of the remuneration is guaranteed through scaling of the variable compensation up to a maximum limit related to a scale of objectives;
- ▶ deferral of payment of the variable components with respect to when the compensation matures in order to verify the fulfilment of the objectives and moreover enable a proper risk management of the company within the Remuneration Policy requirements.

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

- ▶ accrual is subordinated to the achievement of one of the accessible terms represented by the capacity of the profits of the Company;
- ▶ with reference to short term variable components:
  - ▶ fixing of the annual margin objective represented by the Consolidated Gross Operating Margin (EBITDA) as shown in the consolidated Financial Statements, with the identification of a minimum threshold and maximum threshold;
  - ▶ -quantifying the bonus, up to a predetermined maximum amount, related to the degree of the achievement of the target;
  - ▶ breakdown, in general, of the variable short-term profit-sharing component, related to the Consolidated Gross Operating Margin between Directors invested with special responsibilities are entitled pursuant to Article 22 of the Company By-laws;
  - ▶ in order to verify the fulfilment of the objectives, payment of the variable component is deferred by several months with respect to when it comes to maturity;
- ▶ with reference to the long term variable components:
  - ▶ setting performance targets for a three-year period related to TSR (Total Shareholder Return), FCFO (Free Cash Flow from Operation) and ROACE (Return On Average Capital Employed);
  - ▶ different consideration of the weighted performance indicators referred to the medium-term variable component assigning a greater weight to those consistent with the company's strategy and for which the Executive Directors and Directors with strategic responsibilities have full operational responsibility, in particular 30% at TSR, 45% at FCFO and 25% at ROACE;
  - ▶ quantifying the bonus, up to a predetermined maximum amount, related to the degree of the achievement of the target;
  - ▶ allocation of the medium-term variable component in proportion to the months the

beneficiaries are in charge enter the long-term incentive plan during the three-year period;

- allocation of the medium-term variable component, in a single tranche at the end of the three-year period, through a special resolution of the controlling bodies in accordance to existing laws and to the company by-laws;
- deferral of the payment of aforesaid variable component from the end of the three-year period;
- the medium-term variable component in the case of early termination of the office with respect to the end of the three-year period will not be attributed;
- to provide the application of “Claw back” mechanisms, where, with the exception of any other actions allowed in order to safeguard the interests of the Company, it will be possible for Reply to request the return (in all or part), within three years of their disbursement, of incentives paid to those who, by grievousness or gross negligence, have been responsible for (or have contributed to) the facts, as listed below, related to economic and financial parameters included in the Annual Financial Report used for determining the variable premiums of these incentive plans: (i) proven and significant mistakes that result in a non-compliance with accounting principles that Reply claims to apply, or (ii) proven fraudulent conduct aimed to obtain a specific representation of the financial structure, the net result or cash flows of Reply, or (iii) violations of laws and regulations, the Code of Ethics or company policies.

Reply strongly believes in environmental and social responsibility issues. For this reason, Reply has always integrated within its values: attention to people, quality and care of its ecosystem. To ensure continuous monitoring and improvement of specific behaviours and initiatives ESG, Reply has also set up a dedicated team and a Council Committee that deal, within the group, of verifying the achievement of the objectives as well as encouraging and promoting the Reply culture in these areas.

If the performance targets are not achieved because of extraordinary and/or unpredictable factors, the Board of Directors, following the advice of the Remuneration Committee, after hearing the opinion of the Board of Statutory Auditors, and activating, where required, the Procedure with Related Parties Operations, reserves the right to consider whether to pay the medium-term variable component in all or in part, considering the percentage of deviation with respect to the targets for quantitative objectives.

The Executive Directors are granted other types of benefits related to the office held and recognized within the Group to Directors having strategic responsibilities and/or managers (i.e. company car).

For those Directors employed by the company, these directors are entitled to the employee severance indemnity (TFR, pursuant to Article 2120 of the Italian Civil Code. Directors are

also entitled to a termination severance indemnity (TFM) for small amounts (see the annexed table to section 3.1). Following termination of office, the Directors have not signed non-compete agreements.

The Board of Directors can propose to the Shareholders the adoption of the incentive mechanisms through the attribution of financial options, but, at present no incentive plans of this kind have been established.

The Company deems that the Remuneration Policy is consistent with the pursuit of the long-term interests of the company and its risk management.

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

As at 15 March 2022 the role of General Manager is non-existent in the Company's organization.

Six Directors have Strategic Responsibility at 15 March 2022.

Remuneration to Directors with Strategic Responsibilities is composed by a fixed and short-term variable component and established with the same principles and criteria described above for the Executive Directors. For further information, see point Remuneration to Executive Directors. Directors with Strategic Responsibilities have the right to severance indemnity (TFR) ex Art. 2120 of the Italian Civil Code. Furthermore, some Directors who cover strategic positions in subsidiaries have also been assigned post termination treatment (TFM) determined in the same manner as severance indemnity.

If the performance targets are not achieved because of extraordinary and/or unpredictable factors, the Board of Directors, following consultation of the Remuneration Committee, after hearing the opinion of the Board of Statutory Auditors, and activating, where required, the Procedure with Related Parties Operations, reserves the right to consider whether to pay the medium-term variable component in all or in part, considering the percentage of deviation with respect to the targets for quantitative objectives.

## 2.6. Cessation of office or termination of employment

Due the composition of the Board of Directors no allowance has been set in event of cessation of office or termination of employment on behalf of Executives and Directors with Strategic Responsibilities apart from what is provided by the ex-law and/or the Collective labour agreement in case the persons have a dependent work contract such as the Employee severance indemnities (5 Directors) or Directors severance indemnities (1 Director) determined in a similar way as the Employee severance indemnities.

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

Director	Employee contract - Director	Further agreements	Notice period and related circumstances	Remuneration as Board member	Remuneration as Director	Compensation for non-competitive commitments
Mario Rizzante	No	No	No	No	No	No
Tatiana Rizzante	Yes, indefinitely	No	Yes, pursuant to CCNL	No	Employee severance indemnities	No
Claudio Bombonato (until 26 April 2021)	No	No	No	No	No	No
Daniele Angelucci	Yes, indefinitely	No	Yes, pursuant to CCNL	No	Employee severance indemnities and Directors severance indemnities	No
Filippo Rizzante	Yes, indefinitely	No	Yes, pursuant to CCNL	No	Employee severance indemnities	No
Elena Maria Previtera	Yes, indefinitely	No	Yes, pursuant to CCNL	No	Employee severance indemnities	No
Marco Cusinato (from 26 April 2021)	Yes, indefinitely	No	Yes, pursuant to CCNL	No	Employee severance indemnities	No
Directors with strategic responsibilities	Indefinitely for 1 employee	Re-employment as an employee for a Director	Yes, pursuant to CCNL for a Director	No	Directors severance indemnities for 2 Directors	Yes, for 1 Director

With regard to Executive Directors and Directors with strategic responsibilities, it should be noted that:

- ▶ there are no compensation mechanisms for the early termination of the relationships or for their non-renewal, other than the Employee severance indemnities or the Directors severance indemnities, determined in a similar way to those of the Employee severance indemnities, and therefore there are no configurable links between the remuneration and the performance of the companies;
- ▶ there are no incentive plans based on financial instruments and therefore no effect of the cessation on the rights assigned is generated;
- ▶ there are no agreements governing the period following the termination of the relationship, and therefore no obligations have been assumed for the allocation or maintenance of non-monetary benefits or the conclusion of consultancy contracts.

## **2.7. Temporary exemptions to the remuneration policy**

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

## **2.8. Board of Statutory Auditors**

The shareholders' meetings of 21 April 2020 and of 26 April 2021 determined the annual compensation for the members of the Board of Statutory Auditors in 58,000 Euros for the President per year and in 42,000 Euros for the Statutory Auditors per year.

In anticipation of the resolution decided by the Shareholders meeting of 21 April 2020, the Company conducted a benchmark analysis with other comparable companies of the compensation paid to members of the Board of Statutory Auditors in order to formulate a proposal of adequacy of the fixed compensation. The outgoing controlling Body, during March 2020, has provided the Company with insights about the quantification of the commitment required to carry out the task, also in accordance with the annual self-assessment process, which shows the adequacy of the current remuneration.

In line with best practices, an insurance policy is in place to cover the civil liability towards third parties of the members of the Board of Statutory Auditors in the exercise of their functions aimed at keeping the beneficiaries and the Company harmless from the charges deriving from the related compensation, excluding cases of wilful misconduct.



# 3. Section II

## First Part

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

The main components of the remuneration of Executive Directors and Directors with strategic responsibilities in 2021 were in summary:

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

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

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

- ▶ the remuneration policy has been applied uniformly to all Executive Directors and Directors with strategic responsibilities;
- ▶ the performance parameter used was the Consolidated Gross Operating Profit (EBITDA) resulting from the consolidated financial statements;
- ▶ the expected performance target was identified between the basis of a minimum threshold and a maximum threshold result;
- ▶ the amount of variable compensation established was equal to a predefined percentage of the Consolidated Gross Operating Profit (EBITDA) and not exceeding a maximum amount previously fixed;
- ▶ the performance target has been achieved and the variable compensation has been allocated below the maximum level developed;
- ▶ the short-term variable component has been shared between the Executive Directors and Directors with strategic responsibilities considering the role and function held in the Company and the Group;
- ▶ quantitative information related to targets is not provided for confidentiality reasons, being such data relating to unpublished forecast data;
- ▶ the overall proportion between a short-term variable component and a fixed component of the Executive Directors is less than 2 both overall and per individual director.

The medium-long-term variable component of the remuneration relates to the three-year period 2020-2022 and therefore no compensation was paid in the year. With regard to the projection of the achievement of the medium-long-term objectives, in 2021 an accrual has been accounted for a total amount of Euro 2,622,000.

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

During the financial year, no allowances and/or other benefits were awarded for the termination of office or termination of the employment relationship.

The Company did not derogate from the remuneration policy for exceptional circumstances, nor applied "Claw-back" mechanisms during the financial year.

The Board of Directors of 15 March 2022 did not consider applicable to revise the Remuneration Policy of Executive Directors and Directors with Strategic Responsibilities adopted by the Company, confirming the current approach and this considering the outcome of the votes on the First Section of the Policy that took place during the Shareholders Meeting on 21 April 2020, reaching 37,416,021 votes equal to 84.330% of the votes represented in the shareholders meeting and 68.926% of the share capital with voting rights, as well as the result of the votes on the Second Section of Policy that took place during the Shareholders' Meeting on 26 April 2021, which received 41,764,934 votes equal to 93.546% of the votes represented in the shareholders' meeting and 79.881% of the share capital with voting rights.

## Second Part Remuneration paid to members of the Board of Directors, Statutory Auditors, General Managers and Executives with Strategic Responsibilities in 2021 (figures in thousands of Euros)

Name Surname	Office held	Period of office	Term of office	Fixed Remune- ration	Remuneration for the participation in internal committees	non-equity variable remuneration		Non- monetary benefits	Other remune- ration	Total	Fair value of the equity remuneration indemnity	Post mandate indemnity
						Bonus and other incentives	Profit-Sharing					
Mario Rizzante	Chairman and Chief Executive Officer	1/01/2021-31/12/2021	Shareholders' meeting for the approval of 31 December 2023 Financial Statements	460 <sup>(1)</sup>	-	-	700	-	-	1,160	-	-
			Remuneration paid by subsidiaries	270 <sup>(2)</sup>	-	-	700	-	-	270	-	-
<b>Total</b>				<b>730</b>			<b>700</b>			<b>1,430</b>		
Tatiana Rizzante	Chief Executive Officer	1/01/2021-31/12/2021	Shareholders' meeting for the approval of 31 December 2023 Financial Statements	260 <sup>(3)</sup>	-	-	700	-	-	960	-	-
			Remuneration paid by subsidiaries	381 <sup>(4)</sup>	-	-	-	-	-	381	-	-
<b>Total</b>				<b>641</b>			<b>700</b>			<b>1,341</b>		
Filippo Rizzante	Executive Director	1/01/2021-31/12/2021	Shareholders' meeting for the approval of 31 December 2023 Financial Statements	150	-	-	600	-	-	750	-	-
			Remuneration paid by subsidiaries	347 <sup>(5)</sup>	-	-	-	-	-	347	-	-
<b>Total</b>				<b>497</b>			<b>600</b>			<b>1,097</b>		
Daniele Angelucci	Executive Director	1/01/2021-31/12/2021	Shareholders' meeting for the approval of 31 December 2023 Financial Statements	220	-	-	600	-	-	820	-	-
			Remuneration paid by subsidiaries	202 <sup>(6)</sup>	-	-	-	-	8 <sup>(7)</sup>	210	-	-
<b>Total</b>				<b>422</b>			<b>600</b>		<b>8</b>	<b>1,030</b>		
Elena Maria Previtera	Executive Director	1/01/2021-31/12/2021	Shareholders' meeting for the approval of 31 December 2023 Financial Statements	302 <sup>(8)</sup>	-	-	600	-	-	902	-	-
Marco Cusinato	Executive Director	26/04/2021-31/12/2021	Shareholders' meeting for the approval of 31 December 2023 Financial Statements	201 <sup>(9)</sup>	-	-	400	-	-	601	-	-
Patrizia Pollitto	Non-Executive Director and Independent	26/04/2021-31/12/2021	Shareholders' meeting for the approval of 31 December 2023 Financial Statements	37 <sup>(10)</sup>	-	-	-	-	-	37	-	-
Secondina Giulia Ravera	Non-Executive Director and Independent	1/01/2021-31/12/2021	Shareholders' meeting for the approval of 31 December 2023 Financial Statements	50	-	-	-	-	-	50	-	-
Francesco Umile Chiappetta	Non-Executive Director and Independent	1/01/2021-31/12/2021	Shareholders' meeting for the approval of 31 December 2023 Financial Statements	50	-	-	-	-	-	50	-	-
Claudio Bombonato	Executive Director	01/01/2021-26/04/2021	Shareholders' meeting for the approval of 31 December 2020 Financial Statements	100	-	-	183	-	-	283	-	-
Fausto Forti	Non-Executive Director and Independent	1/04/2021-26/04/2021	Shareholders' meeting for the approval of 31 December 2020 Financial Statements	17 <sup>(11)</sup>	-	-	-	-	-	17	-	-
Ciro Di Carluccio	Chairman of the Board of Statutory Auditors	26/04/2021-31/12/2021	Shareholders' meeting for the approval of 31 December 2023 Financial Statements	39	-	-	-	-	-	39	-	-
Ada Alessandra Garzino Demo	Statutory Auditor	1/01/2021-31/12/2021	Shareholders' meeting for the approval of 31 December 2023 Financial Statements	42	-	-	-	-	-	42	-	-
			Remuneration paid by subsidiaries	11 <sup>(12)</sup>	-	-	-	-	-	11	-	-
<b>Total</b>				<b>53</b>						<b>53</b>		
Piergiorgio Re	Statutory Auditor	1/01/2021-31/12/2021	Shareholders' meeting for the approval of 31 December 2023 Financial Statements	42	-	-	-	-	-	42	-	-
Giorgio Mosci	Chairman of the Board of Statutory Auditors	1/01/2021-26/04/2021	Shareholders' meeting for the approval of 31 December 2023 Financial Statements	18	-	-	-	-	-	18	-	-
Directors with strategic responsibilities			Remuneration paid by subsidiaries	1,741	-	-	2,517	-	73	4,330	-	-
<b>Total</b>				<b>1,741</b>			<b>2,517</b>		<b>73</b>	<b>4,330</b>		

To be noted that where no indication has been made, no compensation has been given to

Reply S.p.A. subsidiaries. Remuneration to Directors is as follows:

(1) Gross emolument for the office of Chairman and Chief Executive Officer of the Board of Directors in Reply S.p.A.

(2) Gross emolument for the office of Chief Executive Officer in subsidiaries

(3) Gross emolument for the office of Chief Executive Officer in Reply S.p.A.

(4) Gross emolument for the office of Chief Executive Officer in subsidiaries equal to 21 thousand Euros. The remaining amount refers to the gross salary received as an employee

(5) Gross Salary received as an employee in a subsidiary company

(6) Gross emolument for the office of Chief Executive Officer in subsidiaries equal to 128 thousand Euros. The remaining amount refers to the gross salary received as an employee

(7) Post termination treatment

(8) Gross Salary received as an employee in Reply S.p.A.

(9) Gross Salary received as an employee in Reply S.p.A.

(10) Gross emolument for the office of Independent Directors from 26 April 2021 equal to 34 thousand Euros; the residual amount is referred to the presence tokens in 2021 for the participation in the Internal Control Committee meetings

(11) Gross emolument for the office of Independent Directors until 26 April 2021 equal to 16 thousand Euros; the residual amount is referred to the presence tokens in 2021 for the participation in the Internal Control Committee meetings

(12) Gross emolument for the office of Chairman of the Board of Statutory Auditors in 2021 in subsidiaries

## 2.2. Stock-option granted to members of the Board of Directors and Executives with Strategic Responsibility

At present no stock options are held, have been assigned, exercised or have expired in 2021.

## 2.3. Incentive plans based on financial instruments, other than Stock options, for members of the Board, general directors and for other directors with strategic responsibilities

At the closing date of this Report no incentive plans based on financial instruments other than Stock options are in force.

## 2.4. Monetary incentive plans for the Board of Directors and for other Directors with strategic responsibilities

a	b	(1)	(2)			(3)			(4)
Name and surname	Position held	Plan	Bonus of the year			Bonus of the previous year			Other Bonus
			(a)	(b)	(c)	(a)	(b)	(c)	
			Payable/ Paid	Deferred	Deferral period	No longer payable	Payable/ Paid	Still deferred	
Mario Rizzante	Chairman and Chief Executive Officer of Reply S.p.A.								
Remuneration from the company that prepares the financial statement		Short Term Bonus Board of Directors 21/06/2021	700	-	-	-	-	-	-
Tatiana Rizzante	Chief Executive Officer of Reply S.p.A.								
Remuneration from the company that prepares the financial statement		Short Term Bonus Board of Directors 21/06/2021	700	-	-	-	-	-	-
Claudio Bombonato	Executive Director of Reply S.p.A.								
Remuneration from the company that prepares the financial statement		Short Term Bonus Board of Directors 21/06/2021	183 <sup>(1)</sup>	-	-	-	-	-	-
Filippo Rizzante	Executive Director of Reply S.p.A.								
Remuneration from the company that prepares the financial statement		Short Term Bonus Board of Directors 21/06/2021	600	-	-	-	-	-	-
Daniele Angelucci	Executive Director of Reply S.p.A.								
Remuneration from the company that prepares the financial statement		Short Term Bonus Board of Directors 21/06/2021	600	-	-	-	-	-	-
Elena Maria Previtera	Executive Director of Reply S.p.A.								
Remuneration from the company that prepares the financial statement		Short Term Bonus Board of Directors 21/06/2021	600	-	-	-	-	-	-
Elena Maria Previtera	Executive Director of Reply S.p.A.								
Remuneration from the company that prepares the financial statement		Short Term Bonus Board of Directors 21/06/2021	400 <sup>(2)</sup>	-	-	-	-	-	-
Directors with strategic responsibilities		Short Term Bonus Board of Directors 21/06/2021	2,517	-	-	-	-	-	-

(1) Remuneration due as Executive Director of Reply S.p.A. until 26 April 2021

(2) Remuneration due as Executive Director of Reply S.p.A. from 26 April 2021

### 3.3. Shares held by the members of the Board of Directors and Executives with Strategic Responsibility in companies with listed shares and its subsidiaries

#### Shares held by the members of the Board of Directors

First name and surname	Office	Shares held	No. Of shares held at 31/12/2020	No. Of shares bought	No of shares sold	No. Of shares held at 31/12/2021
Rizzante Tatiana	Chief Executive Officer	Reply S.p.A.	48,680 <sup>(1)</sup>	-	-	48,680
Rizzante Filippo	Executive Director	Reply S.p.A.	13,600	-	-	13,600
Marco Cusinato	Executive Director	Reply S.p.A.	14,256			14,256
Angelucci Daniele	Executive Director	Reply S.p.A.	433,422 <sup>(2)</sup>	3,400	46,961	389,861

(1) of which 48,680 shares held personally;

(2) of which 213,861 shares held personally and 161,200 shares held in usufruct.

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

At 31 December 2021 Mario Rizzante holds 100% of Iceberg S.r.l., a limited liability company with headquarters at C.so Francia 110, Turin.

Iceberg S.r.l. holds 51% of Alika S.r.l. that holds no. 14,872,556 Reply S.p.A. shares (with double voting share starting from February 21, 2020), equivalent to 39.754% of the Company's share capital.

#### Shareholdings of Directors with strategic responsibility

Number of Directors having strategic responsibility	Shares in	No. Of shares held at 31/12/2020	No. of shares bought	No. of shares sold	No. Of shares held at 31/12/2021
5	Reply S.p.A.	701,152 <sup>(1)</sup>	-	3,750	683,146

(1) the figure refers only to executives with strategic responsibility who have held this position during 2021.

## Definitions

In the present document the definitions of the words in upper case are as follows:

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

**“Executive Directors”**: means, in accordance with the criteria of the Corporate Governance Code for Listed Companies:

- ▶ Directors of Reply who have been nominated as Chief Executive Directors of the Company or subsidiaries which has strategic importance;
- ▶ Members of the Reply Board of Directors with management duties in the Company or subsidiaries which has strategic importance;
- ▶ The Directors of Reply, who may also be the Chairman of the Company, holder of specific individual proxies or having a specific role in the development of the company strategies;

**“Other Directors invested with special charges”** means Directors who are assigned special charges (i.e. Chairman, Vice- Chairman), different from the Executive Directors;

**“Executives with Strategic responsibilities”** means those who have power and responsibility in – directly or indirectly- planning, managing and controlling the activities of the Company, in accordance with the Market Abuse Regulation (Regolamento UE n. 596/2014), pursuant to art. 3, paragraph 1, point 25, let. b).

## **CORPORATE INFORMATION**

### **HEADQUARTERS**

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### **CORPORATE DATA**

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

### **MARKETING AND COMMUNICATION**

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