

# FERRETTI S.P.A.

## REPORT ON REMUNERATION POLICY AND COMPENSATION PAID

(prepared pursuant to Article 123-*ter* of Legislative Decree No. 58 of 24 February 1998 and Article 84-*quater* of the Regulations approved by CONSOB resolution No. 11971 of 14 May 1999, and in accordance with Annex 7-*bis* to the aforementioned Regulations)



# FERRETTIGROUP

This report was approved by the Board of Directors of Ferretti S.p.A. at its meeting of 14 March 2024, and has been made available to the public at the Company's registered office (at Via Irma Bandiera 62, Cattolica, Rimini); in the "Governance" section of its website (at [www.ferrettigroup.com](http://www.ferrettigroup.com)); and on the Emarketstorage authorised storage mechanism (at [www.emarketstorage.it](http://www.emarketstorage.it)).

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## DEFINITIONS

The following table sets forth the main definitions used in this Remuneration Report, in addition to those terms that are defined in the text.

<b>Executive Directors</b>	means those directors of the Company to whom operational or managerial powers are attributed, or to whom the Board of Directors assigns particular tasks. As at the date of this Report, the Company's Executive Directors are: (i) Alberto Galassi, Chief Executive Officer; and (ii) Xu Xinyu, Executive Director.
<b>Shareholders' Meeting</b>	means the Ferretti Shareholders' Meeting.
<b>Borsa Italiana</b>	means Borsa Italiana S.p.A., a company with registered office at Piazza degli Affari 6, Milan.
<b>HK Cash Bonus</b>	On 28 April 2022, the Board of Directors approved the award of a sum of money by way of bonus to the Chief Executive Officer, Alberto Galassi, to certain ESRs and Group employees, that in aggregate amounted to 2.5% of Ferretti's market capitalisation on its first day of listing on the Stock Exchange of Hong Kong (which was euro 22.3 million), for the committed efforts they had made in order that the Company would list on that market. The HK Cash Bonus had been approved by the Board of Directors on 2 December 2021, for payment in four tranches: (i) a first tranche in December 2021; (ii) a second tranche on 22 April 2022; (iii) a third tranche in September 2022; and (iv) a fourth tranche in April 2023. The Chief Executive Officer was required to identify the beneficiaries, determine the amount of the HK Cash Bonus to which each would be entitled and to establish payment dates within ranges identified by the Board of Directors. The Chief Executive Officer, Alberto Galassi, received an aggregate amount of euro 6.7 million, the beneficiaries identified from among the ESRs received an aggregate amount of euro 9.5 million, and the beneficiaries identified from among the employees received an aggregate amount of euro 4.1 million. As at the date of this Report, the HK Cash Bonus has been paid in full.
<b>Corporate Governance Code</b>	means the Corporate Governance Code for listed companies, adopted by the Corporate Governance Committee in January 2020 and promoted by Borsa Italiana, ABI, Ania, Assogestioni, Assonime and Confindustria. The Code, to which the Company adheres, is available at <a href="http://www.borsaitaliana.it">www.borsaitaliana.it</a> in the <i>Corporate Governance</i> section under <i>Market Rules</i> .
<b>Board of Statutory Auditors</b>	means Ferretti's Board of Statutory Auditors.
<b>Internal Controls, Risks, and Related Parties Committee</b>	means Ferretti's Internal Controls and Risks Committee, which is also responsible for examining transactions with related parties, as appointed in accordance with the provisions of the CONSOB RPT Rules and the RPT Procedure.

<b>Remuneration Committee</b>	means the Company's remuneration committee, established in implementation of the recommendations of the Corporate Governance Code.
<b>Board of Directors</b>	means Ferretti's Board of Directors.
<b>CONSOB</b>	means the National Commission for Companies and the Stock Exchange.
<b>Ferrari Collaboration Agreement</b>	means the self-employment agreement, pursuant to article 2222 of the Civil Code and article 409 of the Code of Civil Procedure, made between the Company and Piero Ferrari on 3 March 2016, most recently extended on 31 January 2023 and currently to expire on 31 March 2024.
<b>2023 Galassi Directorship Agreement</b>	means the directorship agreement made between the Company and Alberto Galassi on 8 March 2023.
<b>2019 Galassi Directorship Agreement</b>	means the directorship agreement made between the Company and Alberto Galassi on 25 September 2019.
<b>Xu Xinyu Directorship Agreement</b>	means the directorship agreement made between the Company and Xu Xinyu on 18 December 2014.
<b>Executives with Strategic Responsibilities or ESRs</b>	means the persons who directly or indirectly have authority over, and responsibility for, the planning, management and control of the Company's activities, as identified from time to time by the Chief Executive Officer.
<b>Adjusted EBITDA</b>	means earnings before tax, plus financial expenses, foreign exchange losses, depreciation and amortisation, and impairment losses on a joint venture, and less financial income and foreign exchange gains, adjusted by adding certain special items (related to non-recurring transactions or events that the Company does not consider to be indicative of the Group's ongoing operating performance, such as transaction, restructuring or reorganization costs, listing costs, impairments of fixed assets, any other event deemed not representative of normal business operations).
<b>Euronext Milan</b>	means the regulated market known as Euronext Milan, organised and managed by Borsa Italiana.
<b>Ferretti or the Company</b>	means Ferretti S.p.A., a company with registered office in Via Irma Bandiera 62, Cattolica, Rimini, REA No. 29 – 296608, taxpayer reference and company registration no. 04485970968 at the Register of Companies for Romagna, Forlì-Cesena and Rimini.
<b>Group</b>	means Ferretti and the companies it controls, directly or indirectly, "control" being determined in accordance with IAS/IFRS.
<b>Long Term Incentive Plan (LTIP)</b>	On 21 April 2023, the Board of Directors approved the principal terms of a long-term incentive plan for 2023-2025, for an amount not exceeding 3% of Ferretti's market capitalisation, for certain

senior members of management. As at the date of this Report, the LTIP has not been approved by the appropriate bodies.

**2022 MIP (Management Incentive Plan)**

On 28 April 2022, the Board of Directors approved a management incentive plan, the guidelines of which had been approved by resolution of the Board of Directors of 21 December 2021 and by the Remuneration Committee on 15 April 2022. It was based on three pillars: (i) the HK Cash Bonus; (ii) the STIP; and (iii) the LTIP.

**MBO (Management by Objectives)**

means the system under which certain employees of the Company and certain ESRs are rewarded based on the achievement of company-wide, divisional and personal objectives, including: (i) the key company-wide performance indicators regarding financial and performance objectives that are identified on the basis of the annual budget approved by the Board of Directors; (ii) divisional key performance indicators, identified by the head of the particular division from among the financial and performance objectives identified by the Chief Financial Officer or the Chief Human Resources & Organization Officer, depending on the relevant business area; (iii) Personal Key Performance Indices, as identified by the head of the relevant division, with a view to improving the management abilities of the relevant member of staff. Each MBO scheme is prepared with the assistance of the HR department, and receives final approval from the Chief Executive Officer. The bonus paid under an MBO may not exceed 50% of basic salary, for the Chief Executive Officer and the ESRs; 20% of basic salary, for Department Level Managers; and 15% of basic salary for Business Level Managers and key employees. The availability of an MBO depends on the Issuer's achievement of net profit:

- where net profit does not exceed 70% of budgeted net profit, no MBO award is made;

- where net profit does not exceed 90% of budgeted net profit, the MBO award is calculated based on a weighting of the key performance indicators, but each indicator is reduced by 50%;

- where net profit exceeds 90%, but not 110%, of budgeted net profit, then the MBO award is calculated on the basis of a weighting of the key performance indicators;

- where net profit exceeds 110% of budgeted net profit, the MBO award is calculated based on a weighting of the key performance indicators, but each indicator is increased by 25%.

Since the STIP replaces the MBO for the period for which it is in place, as at the date of this Report the MBO applies (in terms of ESRs) only to the Chief Quality Officer and the FSD Managing Director, who are not included in the STIP.

**Operating Cash Flow**

means the cash flow from operating activities as reported in the consolidated statement of cash flows. It is calculated as the profit before taxes plus depreciation, amortization, financial charges, foreign exchange losses, losses on disposal of property, plant and

equipment, provisions, impairments of net trade receivables, provisions on net inventories, decrease in inventories, decrease in contractual activities, decrease in trade and other receivables, decrease in advances on inventories, decrease in other current assets, increase in trade payables and other payables, increase in contractual liabilities and lower financial income and foreign exchange gains, capital gains on the sale of property, plant and equipment, increase in inventories, increase in contractual assets, increase in trade and other receivables, increase in advances on inventories, increase in other current assets, decrease in trade and other payables, decrease in contractual liabilities, income taxes paid, and adjusted for certain special items relating to transactions or events that the Company does not consider indicative of continuing operating performance, such as transactions, restructuring or reorganization costs, listing costs, impairments of fixed assets, and any other event deemed not representative of normal business operations.

**Order Intake**

Indicates the total amount of orders signed, net of fees, for new vessels.

**Remuneration Policy**

means Section I of the Remuneration Report, which sets forth clearly and in a comprehensible manner: (a) the Company's and the Group's policy for the year ending 31 December 2024, on the remuneration of members of the Board of Directors, the ESRs, and, subject always to the terms of article 2402 of the Civil Code, the members of the Board of Statutory Auditors; and (b) the bodies involved, and the procedures used, in preparing, approving and revising that policy, and its term.

The Remuneration Policy requires approval from the Shareholders' Meeting.

**Ferretti Results Bonus**

means the annual bonus under the 2022-2024 Supplementary Agreement, based on production figures (the value of production, and productivity) benchmarked for the various employment categories for manual and clerical staff (other than executive employees). In 2023 the Ferretti Results Bonus was paid only to the Investor Relator & Sustainability Manager.

**Honorary Chairman**

As at the date of this Report, the Honorary Chairman is Piero Ferrari, non-executive director. He was appointed by the Board of Directors on 18 May 2023. The Honorary President does not hold any powers or responsibilities.

**RPT Procedure**

means the procedure for considering transactions with related parties, in accordance with the provisions of the CONSOB RPT Rules.

**CONSOB RPT Rules**

means the regulations on transactions with related parties, adopted by CONSOB under its Resolution No. 17221 of 12 March 2010.

<b>Issuers' Regulations</b>	means the implementing regulations of the CLFI (as defined below), regarding the regulation of issuers, adopted by CONSOB under its Resolution No. 11971 of 14 May 1999.
<b>Report</b>	means this report on the remuneration policy of the Company and the Group prepared for the year ending 31 December 2024, and on compensation paid in the calendar year ended 31 December 2023.
<b>Sales Incentive Plan (SIP)</b>	means the bonus calculated as a percentage of sales made directly (by an individual) and indirectly (by the relevant Group brand or business area), paid only to ESRs and sales personnel. The bonus is adjusted based on the role played within the organisation. The scheme runs for three years, 2023-2025.
<b>Independent Auditors</b>	means Ferretti's independent auditors, EY S.p.A.
<b>STIP (Short-Term Incentive Plan)</b>	On 28 April 2022, the Board of Directors approved a short-term incentive plan for 2022-2025 in favour of the Chief Executive Officer and certain senior members of management, including some ESRs. The STIP's beneficiaries are entitled to receive an amount of up to 150% of the gross annual salary provided that certain financial targets set out in the annual budget (specifically, Adjusted EBITDA (a 50% weighting), Operating Cash Flow (a 25% weighting) and Order Intake (a 25% weighting)) are achieved. The STIP awards are made each year based on the achievement of each objective, subject to a minimum threshold of not less than 70%, with the bonus adjusted <i>pro rata</i> up to the maximum of 100% of the objective, with a proportional effect upon the award, which may thus be for up to 150% of gross salary. The STIP is alternative to the MBO for as long as it is in place, and thus for that period its beneficiaries do not receive anything under the MBO arrangements. As at the date of this Report, the beneficiaries of the STIP are the Chief Executive Officer and all of the ESRs other than the Chief Quality Officer and the FSD Managing Director, who continue to benefit from MBO arrangements.
<b>By-Laws</b>	means the Company's by-laws, as most recently amended on 18 May 2023 and made available on the Issuer's website ( <a href="http://www.ferrettigroup.com">www.ferrettigroup.com</a> ).
<b>Consolidated Law of Financial Intermediation or the CLFI</b>	means Legislative Decree No. 58 of 24 February 1998, as amended.



## INTRODUCTION

This report is made up of two sections:

- Section I (the content of which must be approved by a vote of the Shareholders' Meeting) sets out clearly, and in a comprehensible manner:
  - (a) the Company's and the Group's policy for the year ending 31 December 2024, on the remuneration of members of the Board of Directors, the ESRs, and, subject always to the terms of article 2402 of the Civil Code, the members of the Board of Statutory Auditors; and
  - (b) the bodies involved, and the procedures used, in preparing, approving and revising that policy and its period of application.
- Section II (the content of which is also brought before the Shareholders' Meeting, but for which approval is not required) sets forth clearly and in a comprehensible manner, for each of the members of the Board of Directors and the Board of Statutory Auditors individually, and in aggregate for the ESRs:
  - (a) each component of their remuneration, including benefits that accrue in the event of termination of their office or employment; and
  - (b) a breakdown of the remuneration received in 2023 on any basis and in any form from the Company, its subsidiaries and its associates, identifying any components that relate to activities carried out in prior financial years and the remuneration to be paid in one or more subsequent years in respect of activity carried out in 2023, including where possible an estimate for components that cannot be objectively quantified.

It should be noted that the Company's ordinary shares have been listed on the Stock Exchange of Hong Kong since 31 March 2022 and on Euronext Milan since 23 June 2023 and accordingly only since that latter date has it been a company with listed shares pursuant to and for the purposes of article 119, CLFI. Given that the Company had only recently listed on Euronext Milan, the Company decided it would not adopt a remuneration policy for the financial period from 27 June 2023 (i.e., the first trading day for Ferretti on Euronext Milan) to 31 December 2023.

This Report also includes, in a schedule, an indication of shares held by the members of the Board of Directors, the members of the Board of Statutory Auditors and the ESRs, pursuant to Article 84-*quater*(4) of the Issuers' Regulations.

This Report was approved by the Company's Board of Directors on 14 March 2024 on the proposal of the Remuneration Committee. It has been prepared in accordance with laws and regulations currently in force, in particular, article 123-*ter*, CLFI, article 84-*quater* and Annex 7-*bis* to the Issuers' Regulations.

The Remuneration Policy described in Section I of the Report has been prepared in accordance with the recommendations of the Corporate Governance Code, which the Company upholds (except as otherwise specified). It has also been adopted by the Company in accordance with the CONSOB RPT Rules and the RPT Procedure, in that the Remuneration Committee was involved in setting its terms, which for these purposes was made up entirely of non-executive directors with a majority of independent directors. Accordingly, the Executive Director did not participate.

This Report is made available to the public not less than 21 days prior to the date of the Shareholders' Meeting called to approve the financial statements as at and for the period 31 December 2023. That meeting will also be called upon to express its opinion, by binding resolution, on Section I of this Report and, by non-binding resolution, on Section II, in accordance with the laws and regulations presently in force. It may be obtained at the Company's registered office (Via Irma Bandiera 62, Cattolica, Rimini), and at the Issuer's

website (at [www.ferrettigroup.com](http://www.ferrettigroup.com)), in the *Governance*; section; and and on the Emarketstorage authorised storage mechanism (at [www.emarketstorage.it](http://www.emarketstorage.it)).

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## Executive Summary

The primary objective of the Remuneration Policy is to make a tangible contribution to the Group's corporate strategy and sustainability, taking into account the medium- and long-term strategic guidelines, so that personnel may be attracted and retained for all key roles that have the characteristics and skills that will create value for all stakeholders.

The following table sets forth a summary of the Remuneration Policy.

	PURPOSE	MANNER OF APPLICATION	RECIPIENTS IN OFFICE AS AT THE DATE OF THIS REPORT
<b>Fixed remuneration</b>	Compensate in light of management and professional skills and expertise, experience, and the efforts required by the role.	Set in relation to the characteristics, responsibilities and powers the role involves and taking into account market benchmarks in order to ensure competitiveness. It is adjusted to ensure that talented professionals may be attracted, motivated and retained.	<p><b>Honorary Chairman:</b> euro 270,175.52 gross, per annum</p> <p><b>Non-executive directors:</b> euro 40,000 net per annum. It should be noted that the Chairman of the Board of Directors, Tan Xuguang, has waived his fee for the whole of his term of office.</p> <p><b>Chief Executive Officer:</b> euro 1,855,175.52 gross per annum</p> <p><b>Executive Director, Xu Xinyu:</b> euro 190,175.52 gross per annum</p> <p><b>ESRs:</b> determined based on the responsibilities they hold, and the skills required.</p>
<b>Short-Term Incentive Plan (STIP)</b>	Motivate management in respect of the Company's annual objectives, while remaining closely aligned with the Issuer's strategy.	<p>This is directly tied to achievement of the Group's annual financial performance objectives.</p> <p>The incentives are subject to a cap (set at 150% of gross annual salary) where all objectives are fully achieved.</p> <p>The STIP awards are made based on a weighted average of the percentage of each objective that is achieved, subject to a minimum threshold of not less than 70%, with a calculation made <i>pro rata</i> between the threshold and the ceiling of 100% of the objectives. The resulting calculation has a proportional effect upon the award, which does not</p>	<p><b>Honorary Chairman, and Executive Director Xu Xinyu:</b> these individuals are not among the STIP's beneficiaries.</p> <p><b>Chief Executive Officer:</b></p> <ul style="list-style-type: none"> <li>• Minimum: 0% of fixed compensation</li> <li>• Cap: 150%</li> </ul> <p><b>ESRs</b> (other than the Chief Quality Officer and the FSD Managing Director):</p> <ul style="list-style-type: none"> <li>• Minimum: 0% of fixed compensation</li> <li>• Cap: 150%</li> </ul>

		<p>exceed 150%.</p> <p>The bonus is paid within 30 days of the Board of Directors' approval of the Issuer's consolidated financial statements for the relevant year.</p>	
<p><b>Other short-term incentive plans (MBO and SIP)</b></p>	<p>Incentivise staff to achieve outstanding results, through mechanisms that reward reaching, and especially exceeding, key objectives.</p>	<p><u>MBO</u></p> <p>The bonus paid cannot exceed 50% of basic salary for the Chief Executive Officer and the ESRs; 20% of basic salary, for Department Level Managers; and 15% of basic salary for Business Level Managers and key people.</p> <p>The availability of an MBO depends on the Issuer's achievement of net profit:</p> <ul style="list-style-type: none"> <li>- where net profit does not exceed 70% of budgeted net profit, no MBO award is made;</li> <li>- where net profit does not exceed 90% of budgeted net profit, the MBO award is calculated based on a weighting of the key performance indicators, but each indicator is reduced by 50%;</li> <li>- where net profit exceeds 90%, but not 110%, of budgeted net profit, then the MBO award is calculated on the basis of a weighting of the key performance indicators;</li> <li>- where net profit exceeds 110% of budgeted net profit, the MBO award is calculated based on a weighting of the key performance indicators, but each indicator is increased by 25%.</li> </ul> <p><u>SIP</u></p> <p>The bonus is calculated as a percentage of sales made directly (by an individual) and indirectly (by the relevant Group brand or business area), paid only to ESRs and personnel within Sales. The bonus is adjusted based on the role played</p>	<p><u>MBO</u></p> <p>Some of the Company's <b>key people</b>, the <b>Chief Quality Officer</b> and the <b>FSD Managing Director</b>.</p> <p><u>SIP</u></p> <p>Only the ESRs within Sales and personnel within Sales.</p> <p><u>Ferretti Results Bonus</u></p> <p>All the employees other than executive employees.</p>

		<p>within the organisation. The scheme runs for three years, 2023-2025.</p> <p><u>Ferretti Results Bonus</u></p> <p>This annual bonus applies under the terms of 2022-2024 supplemental agreement, and is based on measures of production (<i>namely, the value</i> of production, and productivity) benchmarked for the various employment categories for manual and clerical staff (other than executive employees).</p>	
<b>Non-monetary benefits</b>	Included as part of the compensation package, as a means of improving personnel's well-being, presently and in the future.	These include company cars, accommodation, life insurance, pension schemes, and medical screening programmes.	-

The following table sets forth a summary of the overall remuneration packages for the year ending 31 December 2024 for the Executive Directors under the Remuneration Policy, calculated based on the remuneration due in the event that the base levels of the objectives set under the short-term incentive plans.

OFFICE	FIXED	SHORT-TERM INCENTIVE PLANS	TOTAL
<b>Chief Executive Officer</b> (Alberto Galassi)	39.8%	60.2%	<b>100%</b>
<b>Executive Director</b> (Xu Xinyu)	100%	0%	<b>100%</b>

For more information on the Executive Directors' remuneration package, please see Paragraphs 3.3 and 3.4 in Section I of this Report.

## SECTION I

The Remuneration Policy sets forth the principles and tenets that the Issuer follows in determining the remuneration of the members of the Board of Directors, the ESRs, and the members of the Board of Statutory Auditors. It forms a contribution to the Issuer's strategy, and to the pursuit of the Company's and the Group's long-term interests and sustainability. It takes into consideration the compensation and working conditions of the Issuer's employees.

### 1 PROCEDURES FOLLOWED IN THE PREPARATION, APPROVAL, REVISION AND IMPLEMENTATION OF THE REMUNERATION POLICY

#### 1.1 PERSONS INVOLVED IN THE PREPARATION, APPROVAL AND REVISION OF THE REMUNERATION POLICY, AND IN ITS PROPER IMPLEMENTATION

The main individuals and bodies involved in preparing, approving and revising the Remuneration Policy are the Shareholders' Meeting, the Board of Directors, the Remuneration Committee, the Board of Statutory Auditors and the Independent Auditors. They are similarly responsible for its correct implementation, and for overseeing its appropriate execution.

The following section sets forth a brief description of the different duties these bodies have with respect to remuneration, under the applicable laws and regulations in force and Ferretti's internal rules.

##### Issuer's Shareholders' Meeting

The Shareholders' Meeting is responsible for the following, with respect to remuneration:

- (i) determining the compensation of the members of the Board of Directors pursuant to article 2364(1)(3) of the Civil Code, and also article 2389(3) of the Civil Code and article 11 of the By-Laws, where relevant;
- (ii) determining the compensation of the members of the Board of Statutory Auditors pursuant to articles 2364(1)(3) and 2402 of the Civil Code;
- (iii) pursuant to Article 123-ter(3-bis), CLFI, approving by resolution Section I of this Report as frequently as the Remuneration Policy requires, and at intervals of not more than three years, and whenever the policy is amended (pursuant to Article 123-ter(3-ter), CLFI, this resolution of the Shareholders' Meeting is binding). If the Shareholders' Meeting does not approve the remuneration policy submitted for approval by binding vote, the Company must continue to pay remuneration in accordance with the remuneration policy that was most recently approved by the Shareholders' Meeting or, if there is none, in accordance with current practices. The Company must then submit a revised remuneration policy for approval no later than the next Shareholders' Meeting called to consider matters within article 2364(2) of the Civil Code;
- (iv) pursuant to article 123-ter(6), CLFI, resolving in favour or against Section II of the Report (such a resolution is non-binding); and
- (v) resolving on any compensation schemes based on shares or other financial instruments, for directors, employees and consultants within the Group, pursuant to article 114-bis, CLFI.

##### Board of Directors

The Board of Directors:

- (i) appoints a Remuneration Committee from among its number;

- (ii) determines the remuneration of the Executive Directors, at the proposal of the Remuneration Committee (and, if necessary, of the Control, Risks and Related Parties Committee), following consultation of the Board of Statutory Auditors, which remuneration may also form part of any aggregate remuneration determined by the Shareholders' Meeting pursuant to article 2389(3) of the Civil Code;
- (iii) draw up the Remuneration Policy, at the proposal of the Remuneration Committee and under a transparent procedure;
- (iv) approves the remuneration report prepared pursuant to articles 123-ter, CLFI, and 84-quater of the Issuers' Regulations, for submission to the Shareholders' Meeting; and
- (v) prepares compensation plans based on shares or other financial instruments for the directors, employees or consultants within the Company or the Group, pursuant to article 114-bis, CLFI, which it also submits to the Shareholders' Meeting for approval; and ensures such plans are properly implemented.

#### Remuneration Committee

The Remuneration Committee has the task of assisting the Board of Directors with preliminary proposal-making and advisory functions, in evaluating and deciding upon the remuneration of directors, members of the Board of Statutory Auditors and ESRs. More particularly, the Remuneration Committee is responsible for:

- (i) assisting the Board of Directors with its development of the remuneration policy;
- (ii) formulating proposals and providing advice to the Board of Directors regarding remuneration policy and structure, for directors and ESRs, and proposals for establishing a transparent procedure for developing the remuneration policy and monitoring implementation of the decisions reached by the Board of Directors;
- (iii) examining and approving proposals on the remuneration of ESRs, with reference to the targets and objectives set by the Board of Directors;
- (iv) submitting proposals and providing advice to the Board of Directors on the remuneration of Executive Directors and other directors who hold particular offices, as well as on the setting of performance objectives in relation to the variable component of their remuneration;
- (v) formulating proposals to the Board of Directors regarding total remuneration (including non-monetary benefits, pension schemes and other compensation) for Executive Directors and ESRs;
- (vi) formulating proposals to the Board of Directors on the remuneration of non-executive directors;
- (vii) supporting the Board of Directors in verifying that the remuneration paid is consistent with the principles and criteria specified in the policy;
- (viii) determining and approving the compensation to be paid to directors and ESRs at the end of their term of office;
- (ix) providing advice or proposals to the Board of Directors on any remuneration schemes based on shares or other financial instruments, for directors, ESRs, employees and consultants;
- (x) drafting advice or proposals to the Board of Directors on any incentive schemes for ESRs;

- (xi) monitoring, annually or with such other frequency as the Board of Directors may indicate, the practical application of the policy, confirming in particular the achievement of the performance objectives associated with the variable component of Executive Directors' remuneration or that of other directors who hold particular offices;
- (xii) periodically make assessments of directors' and top management's policies, as to their suitability and overall consistency; and
- (xiii) review and/or approve matters relating to share plans, pursuant to Chapter 17 of the Rules governing the listing of securities on the Stock Exchange of Hong Kong.

The formation of the Remuneration Committee affords the most comprehensive information, and greatest transparency, regarding the compensation due to Executive Directors, and on the manner in which their compensation is determined. Nonetheless, in accordance with article 2389(3) of the Civil Code, the Remuneration Committee's role is merely to make proposals, and the power to set Executive Directors' remuneration lies within the Board of Directors, following consultation with the Board of Statutory Auditors.

The role, membership and operation of the Remuneration Committee is discussed in more detail in section 1.2 of this Report, below.

#### Board of Statutory Auditors

The Board of Statutory Auditors provides advice regarding proposals on the remuneration of the Executive Directors, and other persons with particular duties, pursuant to article 2389(3) of the Civil Code, assessing those proposals for consistency with the Remuneration Policy the Company has adopted.

#### Independent Auditors

The Independent Auditors provide confirmation that the Directors have prepared Section II of this Report.

## **1.2 REMUNERATION COMMITTEE**

The Remuneration Committee in its present form was established by resolution of the Board of Directors on 18 May 2023. Its composition, appointment, duties and procedures are governed by the Corporate Governance Code and the rules of the Remuneration Committee, which were most recently amended by resolution of the Board of Directors of 20 March 2023.<sup>(1)</sup>

The Remuneration Committee is made up of at least three directors, the number being determined by the Board of Directors.

In accordance with the Corporate Governance Code, the rules of the Remuneration Committee also require at least one member to possess appropriate knowledge and experience either of accounting and finance or of remuneration policies, as assessed by the Board of Directors at the time of the Remuneration Committee's appointment.

In accordance with the provisions of the Corporate Governance Code, if the Chairman of the Board of Directors, assessed as independent director, attends the Remuneration Committee, then: (i) the majority of the members of the Remuneration Committee must also be independent directors; and (ii) the Chairman of the Board of Directors does not chair the Remuneration Committee.

As at the date of this Report, the Remuneration Committee is composed as set forth in the following table.

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<sup>(1)</sup> The rules of the Remuneration Committee are available on the Company's website at [www.ferrettigroup.com](http://www.ferrettigroup.com), in the *Governance* section.

DIRECTOR	DATE OF APPOINTMENT	QUALIFICATIONS FOR MEMBERSHIP
Stefano Domenicali (Chairman)	18 May 2023	Independent non-executive director
Patrick Sun	18 May 2023	Independent non-executive director with knowledge and expertise in accounting and finance or remuneration policies
Zhu Yi	19 February 2024 following Hua Fengmao's resignation	Independent non-executive director
Piero Ferrari	18 May 2023	Non-executive director
Xu Xinyu	18 May 2023	Executive Director

Accordingly, the Remuneration Committee as presently composed is not fully compliant with the recommendations of the Corporate Governance Code that require all members to be non-executive, given the presence of Xu Xinyu, an Executive Director.

At the time of his appointment on 18 May 2023, the Board of Directors favourably assessed Patrick Sun, confirming that he satisfied the requirements as to appropriate knowledge and expertise in accounting and finance or remuneration policies.

The meetings of the Remuneration Committee follow a formal process and are duly minuted.

As mentioned in Section I, Chapter 1, Paragraph 1.1, the Remuneration Committee is not solely responsible for the preparation, approval and revision of the Remuneration Policy. The multiplicity of bodies involved is not only consistent with regulatory requirements, but also ensures the greatest transparency in the decision-making processes regarding the remuneration of directors, members of the Board of Statutory Auditors and ESRs. It also ensures that decisions on such matters are reached transparently and in an informed and timely manner by the relevant bodies. Their reciprocal oversight avoids conflicts of interest emerging.

Similarly, and in accordance with the provisions of the Corporate Governance Code, in order to avoid conflicts of interest arising, no director takes part in any meeting of the Remuneration Committee that finalises proposals to the Board of Directors regarding their remuneration.

The meetings of the Remuneration Committee may be attended (by invitation) by representatives of business functions, independent experts and/or other persons, where their participation is considered useful in light of the matters under discussion. Further thereto, the Chief Executive Officer was invited to participate in some 2023 meetings of the Remuneration Committee merely for the purpose of setting out the Group's corporate strategies and vision with a view to identifying and developing qualitative and quantitative objectives; the Chief Executive Officer took part exclusively in the discussion and left the meeting prior to the consideration of any resolution.

Where the Remuneration Committee considers it necessary or appropriate in order that it may discharge its duties, it may engage external consultants who are experts on remuneration policies, paid out of the annual budget established for the Committee by the Board of Directors.

For further information on the activities of the Remuneration Committee during the period ended 31 December 2023, please refer to the Report on Corporate Governance and Ownership as at 31 December 2023, available at the Company's registered office (Via Irma Bandiera 62, Cattolica, Rimini), and at the Issuer's website (at [www.ferrettigroup.com](http://www.ferrettigroup.com)), in the section entitled "Governance"; and on the Emarketstorage authorised storage mechanism (at [www.emarketstorage.it](http://www.emarketstorage.it)).



Between June 2023 and March 2024, the Remuneration Committee:

- (i) established the Remuneration Policy set forth in this Report;
- (ii) prepared this Report;
- (iii) with support from Korn Ferry ("**KF**") as an independent adviser to the Remuneration Committee, carried out various analyses to assess the adequacy of the remuneration paid to the Executive Directors and the ESRs, taking into consideration their expertise, professional experience and the committed efforts the roles require. These analyses took into consideration the findings from a benchmarking analysis that KF performed, with respect to the remuneration packages of the Executive Directors and ESRs (for further details of which, please refer to section 2, below); and
- (iv) took part in discussions regarding succession planning for the Company's senior management.

In the year ending 31 December 2024, the Remuneration Committee expects to organise the following additional activities:

- (i) its presentation of the Report to the Shareholders' Meeting (scheduled for April 2024);
- (ii) assessments of the Remuneration Policy in terms of appropriateness, consistency and practical application (scheduled for November 2024); and
- (iii) planning for work in the first quarter of 2025 (scheduled for November 2024).

## **2 INDEPENDENT EXPERTS ENGAGED IN DRAFTING THE REMUNERATION POLICY**

In drafting the Remuneration Policy that is set forth in this Report for submission to the Board of Directors, the Remuneration Committee has taken advice from KF, as an independent expert, the Board having first established there were no circumstances that would comprise its independent judgement.

Specifically, during December 2023 and January 2024, KF (i) conducted a benchmark analysis on the remuneration packages of the Executive Directors and the ESRs; (ii) assisted the Company with assessing the adequacy of the remuneration paid to the Executive Directors and the ESRs, taking into consideration their expertise, professional experience and the committed efforts the specific office requires.

Setting the Remuneration Policy involves continuous monitoring of the market practices applied by peers, in terms of levels, remuneration arrangements, and the mix of pay, so as to ensure that remuneration offerings are competitive, and enable the Group to attract, retain and motivate key personnel.

The basket of peer companies used to benchmark the Managing Director's remuneration was determined with support from the advisory firm KF, using a methodology that considered both quantitative and business measures, to ensure that these were meaningful.

The market analysis was carried out based on the market data that KF provided. The methodology provided for the application of the following criteria:

- a) as to size, in that the companies included were overall comparable to Ferretti in terms of revenues, capitalisation and size of workforce within the group;
- b) as to sector and country, in that the basket included listed European companies, including Italian companies, also from other sectors to ensure the sample was correctly balanced geographically;

- c) listing on Euronext Milan.

The basket was made up of the following companies: Amplifon, Brembo, Campari, Cucinelli, De' Longhi, Ferragamo, Moncler, Sanlorenzo, Technogym, and Tod's.

The basket ensures:

- a) comparability, in terms of revenues; and
- b) representation from shipbuilding, luxury and automotive sectors, through the inclusion of companies of similar size.

The competitiveness of senior management's remuneration, including that of the ESRs, is assessed also with regard to a basket made up of companies predominantly in the luxury, automotive and shipbuilding sectors; and in this case, to take account of the size differences with some of the companies involved, the comparison was made based on the organisational importance of the positions.

In order to compare roles within the organisation with market benchmarks, an analysis was made with KF's assistance that weighted position based on the Hay system of job evaluation. Under this approach, the executive positions within the Group were assessed on the basis of the breadth of their accountability, the knowhow required, and the management and problem-solving abilities required in discharging the duties. The positions within the Group thus measured were then compared with market benchmarks, made up of positions with the same grading.

The companies included in the basket were: Azimut Benetti, Bottega Veneta, Bticino, Campari, Erg, Lamborghini, Moncler, Parmalat, Pirelli, Tod's, and Valentino.

The positioning of the Chief Executive Officer's remuneration was substantially in line with the market median, in terms of the fixed component, and slightly above the market median in terms of the short-term incentive component.

The ESRs' remuneration packages are on average, in terms of fixed remuneration, in line with the market median; , while the average in terms of fixed remuneration plus short-term incentives is more competitive, placing in the third quartile. No long-term incentive arrangements are in place.

### **3 REMUNERATION POLICY**

#### **3.1 PURPOSES AND PRINCIPLES**

The Remuneration Policy has been set in such a way as to ensure that the overall remuneration structure is consistent with the current and future needs of the Company and the Group, and is able to recognise the management value of the individuals involved and the contribution they have made to the Company's growth through their skills and expertise.

The Remuneration Policy forms a contribution to the Issuer's strategy, and to the pursuit of the Company's and the Group's long-term interests and sustainability. It serves to attract, motivate and retain people with great professional expertise, especially for those positions considered key to the business's development and management; and to reward the achievement of individual and business-wide performance objectives, linked to financial indicators of growth. No non-financial performance objectives are set.

The Remuneration Policy's primary purpose is to align the interests of the Company's management with the pursuit of the priority objective of creating sustainable value for shareholders and other stakeholders in the Company in the medium and long term. Accordingly, the Board of Directors and the Remuneration Committee set the Remuneration Policy so that there is consistently an alignment between the performance objectives management are assigned, and the Company's and the Group's main strategic drivers, in particular

with respect to achieving the efficient integration of the business among the Group's various units, and the pursuit of a strategy of sustainable growth over the medium and long term.

Consistent with the general purposes described above, the Remuneration Policy is based on the following key principles and set in accordance with the following criteria:

- (i) an appropriate balance between the fixed and variable components, based on the Company's strategic objectives and risk management policy, while taking into consideration the sector in which the Group operates and the nature of the work it performs, in order to avoid conduct that is not consistent with the creation of sustainable value in the short, medium and long term, with the variable part representing a significant part of total remuneration;
- (ii) setting of limits upon the variable components that may be awarded;
- (iii) setting pre-established, measurable performance objectives to which the payment of variable components is linked. These must be consistent with the strategic objectives of the Company and/or the Group;
- (iv) creating a direct link between remuneration and performance, through mechanisms under which different levels of bonuses are linked to varying degrees of achievement of the objectives; and
- (v) setting overall remuneration that recognises the professional value of individuals and their contribution to the creation of sustainable value in the short, medium and long term.

The absence of a medium- and long-term incentive plan for the Executive Directors and the ESRs is justified given that the incentive plans presently in place (i.e., the MBO and the STIP) are appropriate and in harmony with the Company's strategic plan and the objectives of sustainable success it reflects.

The Remuneration Policy's aim is to harmonise remuneration policy both throughout the Group and among individuals (that is, between the Executive Directors and the ESRs), while enabling some distinctive features that place value on strategic expertise to be retained, and ensuring the retention of key personnel.

In preparing the Remuneration Policy, the Board of Directors took into account the remuneration and working conditions of employees. In particular, that (i) Ferretti's employees are subject to the sector's national collective bargaining agreement and the contract for executive employees in industry; (ii) Ferretti continually monitors the level of remuneration it provides to employees of the Company and the main Group companies to ensure it is effective for attracting and retaining personnel; (iii) in connection with the short-term incentive plans, the beneficiaries include not only the Executive Directors and the Executives with Strategic Responsibilities, but also employees of the Company and the Group with management roles that are significant for the growth and sustainability of the Group's business (i.e. managers and key people); (iv) it is anticipated that a significant part of the employees of the Company and its principal subsidiaries will be included in the short-term incentive plans based on performance indicators similar to those used in evaluating Executive Directors and Executives with Strategic Responsibilities. For more information, see Chapter 9 in Section I of this Report.

### **3.2 PERIOD OF OPERATION**

The Remuneration Policy applies for a period of one year and until such time as the Shareholders' Meeting approves a different remuneration policy.

### **3.3 DESCRIPTION OF THE REMUNERATION POLICY**

This subsection sets forth a description of the Remuneration Policy the Company has established with respect to the following:

- (i) members of the Board of Directors, comprising:
- (ii) non-executive directors; and
- (iii) Executive Directors;
- (iv) members of the Board of Statutory Auditors; and
- (v) Executives with Strategic Responsibilities.

The Remuneration Policy is intended to harmonise remuneration policy both throughout the Group and among individuals. Nonetheless, the Company considers it appropriate that differences be maintained when setting individual components of remuneration, so that they reflect the level of expertise, and the management and executive responsibilities, of the individuals concerned.

#### **(i) Members of the Board of Directors**

Remuneration for the Board of Directors is set so as to attract and motivate the most professionally-qualified and expert individuals to these positions, and with a view to the achievement of the Remuneration Policy's objectives.

All of the directors receive a fixed component that provides appropriate remuneration for the work and commitment the directors provide to the Company.

No further remuneration is paid for directors' participation on the Company's Committees.

##### *a.* Non-executive directors

Non-executive directors, independent or otherwise, including the Chairman of the Board of Directors and the Honorary Chairman, are entitled to fixed remuneration that was set by the Shareholders' Meeting pursuant to article 2389 of the Civil Code, and to be reimbursed of expenses incurred in the performance of their duties.

The Shareholders' Meeting of 18 May 2023, in appointing the Board of Directors, resolved, at the proposal of the shareholder Ferretti International Holding S.p.A., to award each member of the Board of Directors total gross annual remuneration of euro 40,000. On 18 May 2023, the Chairman of the Board of Directors, Tan Xuguang, said that he would waive his compensation for the whole of his term of office.

These directors' remuneration is not linked to the Company's financial results, or its achievement of specific objectives.

The Honorary Chairman is additionally entitled to a sum of euro 200,000 gross per annum, under the terms of the Ferrari Collaboration Agreement.

##### *b.* Executive Directors

The remuneration of the Executive Directors is intended to achieve appropriate balance, to form a contribution to the Issuer's strategy, and to the pursuit of the Company's and the Group's long-term interests and sustainability.

More specifically, the Chief Executive Officer's remuneration package comprises:

- a fixed component: determined taking into account the scope and the strategic nature of the role, and the distinguishing personal characteristics and strategic competencies of the Chief Executive

Officer. It is sufficient to remunerate the Chief Executive Officer for his service in the event of a failure to achieve the financial performance objectives to which payment of the variable component is subject, partly in order to discourage conduct inconsistent with the Company's risk appetite. Specifically, the fixed component is determined based on the size of the business and the Chief Executive Officer's ability to contribute to the Group's consolidated results; it should be mentioned that part of the fixed remuneration is comprised of a payment for a non-compete obligation that was agreed under the 2023 Galassi Directorship Agreement;

- a short-term variable component: intended to incentivise the Chief Executive Officer to work towards achieving annual objectives, to maximise the value of the Group consistent with the interests of shareholders and other stakeholders. This component is awarded further to, and in proportion with, the extent to which financial performance objectives are achieved, having been set by the Board of Directors at the Remuneration Committee's proposal and following advice from the Board of Statutory Auditors; and
- non-monetary benefits: goods and services awarded in accordance with market practice and the laws and regulations in force.

With respect to the remuneration package for the Executive Director Xu Xinyu, this consists of a fixed component that is determined in light of the scope and the strategic nature of the role, and the distinguishing personal characteristics and strategic competencies of the Executive Director; and certain non-monetary benefits.

For a description of the Executive Directors' fixed and short-term variable remuneration, please refer to Section I, Chapter 3, Paragraph 3.4 (i) of this Report.

For a description of the non-monetary benefits provided to Executive Directors, please refer to Section I, Chapter 4, of this Report.

## **(ii) Members of the Board of Statutory Auditors**

The standing members of the Board of Statutory Auditors are entitled to fixed remuneration in the amount determined by the Shareholders' Meeting pursuant to article 2402 of the Civil Code, and to be reimbursed of expenses incurred in the performance of their duties.

The remuneration of the standing members, and the Chairman, of the Board of Statutory Auditors is commensurate to the expertise, professional qualities and commitment their roles require, as well as the role's significance, the size of the Company, and the features of the sector in which it operates.

In appointing the Board of Statutory Auditors, the Shareholders' Meeting of 13 June 2023 resolved to set the remuneration of each standing member at euro 30,000 gross per annum and that of the Chairman of the Board of Statutory Auditors at euro 40,000 per annum.

## **(iii) Executives with Strategic Responsibilities**

The remuneration of the Executives with Strategic Responsibilities is structured in order to further focus management on achieving short-term business results and value creation.

The Company has accordingly adopted a policy that seeks to achieve those objectives *inter alia* through the implementation of variable remuneration components, also with a view to attracting and retaining personnel, consistent with the Company and the Group's desire for growth and building loyalty to the Company and the Group.

Remuneration for the Executives with Strategic Responsibilities comprises:

- a fixed component: this is sufficient to remunerate them for their service in the event of a failure to achieve the financial performance objectives to which payment of the variable component is subject, partly in order to discourage conduct inconsistent with the Company's risk appetite. The fixed component for the Executives with Strategic Responsibilities reflects, in each case: (a) their responsibilities and the contribution they make to the business; (b) their individual strategic expertise;
- a short-term variable component (STIP or MBO); and
- non-monetary benefits: goods and services awarded in accordance with market practice and the laws and regulations in force.

For a description of the ESRs' fixed and short-term variable remuneration, please refer to Section I, Chapter 3, Paragraph 3.4 (ii), of this Report.

For a description of the non-monetary benefits provided to ESRs, please refer to Section I, Chapter 4, of this Report.

### 3.4 RELATIVE IMPORTANCE OF FIXED AND VARIABLE COMPONENTS

#### (i) Executive Directors

##### Chief Executive Officer, Alberto Galassi

The Chief Executive Officer's total gross annual remuneration is determined as follows.

COMPONENT	RELEVANT GROUP OBJECTIVES AND APPLICABLE TERMS
<b>Fixed Component</b>	An annual fixed component (the " <b>CEO Annual Fixed Component</b> ")
<b>Short-Term Variable Component (STIP)</b>	A short-term variable component with a basic amount that is up to 150% of the CEO Annual Fixed Component (the " <b>CEO Short-Term Variable Component</b> "), linked to achievement of the quantitative and qualitative objectives described below.
	<b>Quantitative objectives:</b> The CEO Short-Term Variable Component is payable provided that certain financial targets set out in the annual budget (specifically, Adjusted EBITDA (a 50% weighting), Operating Cash Flow (a 25% weighting) and Order Intake (a 25% weighting)) are achieved.  The STIP awards are made based on achievement of those objectives, subject to a minimum threshold of not less than 70%, with a proportional calculation mechanism applied on the individual objective up to 100%. The resulting calculation has a proportional effect upon the award, which does not exceed 150%.
	<b>Payment:</b> within 30 days of approval of the consolidated financial statements, following a resolution of the Board of Directors after consultation with the Remuneration Committee and the Board of Statutory Auditors.
	<b>Clawback provisions:</b> there is no obligation to return variable components in the event of material breach of the Company's internal rules or legal obligations, or of wilful misconduct or gross negligence with a view to altering the information used in calculating the performance objectives.
<b>Medium- and long-term variable component</b>	The Chief Executive Officer's remuneration does not include any medium- or long-term variable component, in that the incentive plan presently in place (i.e., the STIP) is appropriate and in harmony with the Company's strategic plan and the objectives of sustainable success it reflects

Executive Director, Xu Xinyu

The total gross annual remuneration of the Executive Director Xu Xinyu is determined as follows.

COMPONENT	RELEVANT GROUP OBJECTIVES AND APPLICABLE TERMS
Fixed Component	An annual fixed component (the " <b>Executive Director Annual Fixed Component</b> ")
Short-Term variable component	There is no provision for a short-term variable component of remuneration for the Executive Director Xu Xinyu.
Medium- and long-term variable component	There is no provision for a medium- or long-term variable component of remuneration for the Executive Director Xu Xinyu.

**(ii) Executives with Strategic Responsibilities**

The variable remuneration of Executives with Strategic Responsibilities is made up of short-term variable components, as set forth below.

The short-term variable remuneration component for the Executives with Strategic Responsibilities depends on the contribution each makes to the Company's results and/or the significance of the challenges they manage in the relevant business or the Group generally.

The principles and methods followed in determining the ESRs' short-term variable component of ESRs are set forth below.

	ESRs (other than the Chief Quality Officer and the FSD Managing Director)
<b>Short-Term Variable Component (STIP)</b>	A short-term variable component of up to 150% of the individual's annual fixed component (the " <b>ESR Short-Term Variable Component</b> ") linked to achievement of the quantitative objectives set forth below.
	<b>Quantitative objectives:</b> the ESR Short-Term Variable Component is payable where the financial objectives in the annual budget approved by the Board of Directors are achieved (in terms of Adjusted EBITDA (50% weighting), Operating Cash Flow (25% weighting) and Order Intake (25% weighting). For each fiscal year, STIP is recognized based on the achievement of the above targets with a specific entry threshold (70% or more) against which a mechanism of proportional calculation applies to the individual target up to a maximum of 100%. The result achieved will have a proportional effect on the award up to a maximum of 150%.
	<b>Payment:</b> within 30 days of the approval of the consolidated financial statements, following a resolution of the Board of Directors.
	<b>Clawback provisions:</b> there is no obligation upon the ESRs to return variable components in the event of material breach of the Company's internal rules or legal obligations, or of wilful misconduct or gross negligence with a view to altering the information used in calculating the performance objectives.

Chief Quality Officer and FSD Managing Director	
<b>Short-Term Variable Component (MBO)</b>	<p>A short-term variable component of up to 50% of the basic component for the Chief Executive Officer and the ESRs; up to 20% of the basic component for Department Level Managers; and up to 15% of the basic component for Business Level Managers and the key employees.</p> <p>Since the STIP is alternative to the MBO for the whole term for which it operates, in respect of the ESRs it applies only to the Chief Quality Officer and the FSD Managing Director (the "<b>Chief Quality Officer and FSD Managing Director Short-Term Variable Component</b>"), linked to achievement of the quantitative objectives set forth below. The other ESRs are beneficiaries of the STIP.</p>
	<p><b>Quantitative objectives:</b> company-wide, divisional and personal objectives, including: (i) the key company-wide performance indicators regarding financial and performance objectives that are identified on the basis of the annual budget approved by the Board of Directors; (ii) divisional key performance indicators, identified by the head of the particular division from among the financial and performance objectives identified by the Chief Financial Officer or the Chief Human Resources &amp; Organization Officer, depending on the relevant business area; (iii) Personal Key Performance Indices, as identified by the head of the relevant division, with a view to improving the management abilities of the relevant member of staff.</p> <p>The availability of an MBO depends on the Issuer's achievement of net profit:</p> <ul style="list-style-type: none"> <li>- where net profit does not exceed 70% of budgeted net profit, no MBO award is made;</li> <li>- where net profit does not exceed 90% of budgeted net profit, the MBO award is calculated based on a weighting of the key performance indicators, but each indicator is reduced by 50%;</li> <li>- where net profit exceeds 90%, but not 110%, of budgeted net profit, then the MBO award is calculated on the basis of a weighting of the key performance indicators; and</li> <li>- where net profit exceeds 110% of budgeted net profit, the MBO award is calculated based on a weighting of the key performance indicators, but each indicator is increased by 25%.</li> </ul>
	<p><b>Payment:</b> within three months of the end of the Company's financial year.</p> <p>The final approval of each MBO scheme, prepared with the assistance of the HR department, is a responsibility of the Chief Executive Officer.</p>
	<p><b>Clawback provisions:</b> there is no obligation upon the ESRs to return variable components in the event of material breach of the Company's internal rules or legal obligations, or of wilful misconduct or gross negligence with a view to altering the information used in calculating the performance objectives.</p>

### The Ferretti Results Bonus and the Sales Incentive Plan

The Ferretti Results Bonus, and the annual bonus under the 2022-2024 supplementary agreement based on measures of production (value of production and productivity), benchmarked for the various employment categories for employees other than executive employees. In 2023, the Ferretti Results Bonus was paid only to the Investor Relator & Sustainability Manager.

The SIP is a bonus calculated as a percentage of sales made directly (by an individual) and indirectly (by the relevant Group brand or business area), paid only to sales personnel. The bonus is adjusted based on the role played within the organisation. The scheme runs for three years, 2023-2025.

## **4 POLICY ON NON-MONETARY BENEFITS**

Non-executive directors (including the Honorary Chairman) and members of the Board of Statutory Auditors receive no non-monetary benefits other than directors' and officers' liability insurance.



The Chief Executive Officer's remuneration package includes directors' and officers' liability insurance, insurance against death and injury, health insurance, a company car, a personal computer (desktop or laptop) and a mobile phone. The Chief Executive Officer also has use of an apartment in Milan, for which the rent and expenses are paid by the Company, and a boat, in accordance with the Company's marketing requirements, and in order to participate in social events. He is also entitled to a discount (as determined by the Board of Directors) on the price of a yacht from a Group brand.

In terms of non-monetary benefits, Executive Director Xu Xinyu's remuneration package includes a company car and the right to use an apartment, for which the rent and expenses are paid by the Company.

The receipt of non-monetary benefits by ESRs (such as D&O insurance coverage, insurance against death or injury, health insurance, a company car and a mobile phone, personal computer and tablet, and, for some ESRs, a housing allowance) is in accordance with market practice.

## **5 POLICY FOLLOWING TERMINATION OF OFFICE OR EMPLOYMENT**

No benefits are awarded following termination of office or employment, except as may apply under the terms of specific national employment agreements and the applicable laws and regulations.

The Company may enter into, and in some cases has entered into, non-compete agreements with Executives with Strategic Responsibilities that provide for: (i) a maximum term of one year; and (ii) additional terms that are consistent with market best practice.

No agreements have been made between the Company and any of its directors providing for termination of the relationship following a takeover bid.

It is the Company's intention to enter into agreements with the Executive Directors and/or Executives with Strategic Responsibilities that ex ante regulate the financial aspects of any possible early termination of the relationship at the initiative of the Company or the individual upon the occurrence of certain events, on the basis of criteria that will be in line with the relevant reference benchmarks, without prejudice to legal obligations.

It should be noted that, under the 2023 Galassi Directorship Agreement, in the event that the Chief Executive Officer departs as a Bad Leaver he is entitled to receive only the accrued fixed remuneration and any outstanding cash bonuses, and bonuses under the STIP and the LTIP (and any other benefits provided), but no other compensation, including other deferred compensation; while if he departs as a Good Leaver, he is entitled to receive an amount equal to twice the total compensation paid (including the fixed component, the STIP and the LTIP) in the 12 months prior to the date on which he ceases to hold office.

The 2023 Galassi Directorship Agreement also provides for a non-compete obligation on the part of the Chief Executive Officer, Alberto Galassi, for a period of one year from the date on which he ceases to hold office, under which Mr Galassi is liable for a penalty in the amount of 40% of fixed remuneration in the event of breach. The Company pays Alberto Galassi a gross annual amount of euro 530,400 by way of consideration for that non-compete obligation.

The Ferrari Collaboration Agreement also provides for a non-compete obligation on the part of Piero Ferrari for the entire term of that agreement, and a prohibition on the enticement of employees and customers for a period of one year from the termination of the Ferrari Collaboration Agreement, for any reason.

## **6 CLAWBACK AND MALUS ARRANGEMENTS**

The short-term incentive schemes, MBO, STIP and SIP, do not provide for clawback or malus mechanisms, which is contrary to recommendation 31(C) of the Corporate Governance Code.

## 7 INSURANCE, SOCIAL SECURITY AND PENSIONS

For more information on insurance, social security and pensions, please refer to Section I, Chapter 4, of this Report.

## 8 EXTRAORDINARY REMUNERATION

The relevant corporate bodies may consider and approve disbursements, by way of bonuses or one-off payments of a discretionary nature, in connection with extraordinary transactions of particular strategic significance (such as the completion of M&A transactions, corporate finance, reorganisations that are substantial in terms of the Company or the Group), or extraordinary performance connected with the achievement of objectives such as to have a material beneficial effect upon on the Group's business, results of operations and financial condition, not already included within the short-term or medium- to long-term variable components of remuneration.

In the event that extraordinary remuneration is paid pursuant to this Paragraph 8, the provisions of the CONSOB RPT Rules and the RPT Procedure apply, where appropriate.

## 9 REMUNERATION AND EMPLOYEES

The Remuneration Policy comprises a number of instruments and approaches suitable for being applied throughout the Group, with a view to attracting, motivating and retaining individuals with the professional qualities needed to contribute to setting the Group's growth strategy and bolstering its long-term interests and objectives, including sustainability. It is based on principles of fairness, equal opportunities, meritocracy, and market competitiveness. Specific criteria are taken into account in determining the remuneration of the Company's workforce, including comparison with the market and fairness within the Company itself, the characteristics of the role and the responsibilities it entails, as well as the individuals' particular skills. The aim is always to achieve the greatest possible objectivity, in order to avoid any form of discrimination. Ferretti is committed to offering fair levels of remuneration reflective of the skills, abilities and professional experience of each individual, ensuring equal opportunities and avoiding the risks associated with the exercise of discretion. For further information, please refer to the 2023 Non-Financial Disclosure available on the Company's website at [www.ferrettigroup.com](http://www.ferrettigroup.com), in the *Governance* section.

Employees generally are offered a wide range of non-monetary benefits, including life insurance, pension plans, and medical screening programmes. These benefits relate to the professional category to which the individual belongs, irrespective of the nature of their employment (be that permanent or temporary, full-time or part-time).

More than 78% of the eligible group, made up of executive employees (*dirigenti*), middle management (*quadri*) and clerical staff with management roles (*impiegati direttivi*), benefit from remuneration comprising a fixed component, set in accordance with the above criteria, and a variable component (under the MBO scheme) that rewards the achievement of company-wide, divisional and personal objectives. Ferretti also provides: (a) a working environment that is safe, fair, inclusive, functional and pleasant, encouraging teamwork and the exchange of ideas while respecting fundamental health and safety standards; (b) ways of working that facilitate effective, efficient teamwork, by leveraging smart spaces and technologies, allowing greater proximity globally and continual contributions of value to the Company and individuals; and (c) the ability to guide each person's individual and professional development, through regular, structured performance evaluation.

Ferretti is focused, *inter alia*, on promoting principles of diversity, equity and inclusion, with respect to which the Company has specific objectives related to the development of its staff, reshaping inclusive working methods and encouraging diversity.

Each appointment is assessed in light of the needs and abilities of the individual, providing appropriate workstations and on occasion adjusting working hours. In this way, resources are nurtured and are able to perform at their best.

## **10 EXCEPTIONS TO THE REMUNERATION POLICY**

Further to article 123-ter(3-bis), CLFI, the Company's grants remuneration only in accordance with the Remuneration Policy. The relevant corporate bodies may however consider and approve payment of remuneration that represents an exception to the Remuneration Policy.

The Company may make an exception only in extraordinary circumstances, as part of the pursuit of the Company's long-term interests and sustainability as a whole, or to ensure it is able to compete to attract and retain talent. For example, and without limitation, it may do so where there is:

- (i) a need to encourage the joining or retention of individuals with specific skills or particular professional standing, where that is considered necessary to achieve the Group's objectives;
- (ii) a need to motivate such persons in specific circumstances of uncertainty, or where extraordinary events occur that materially affect the Company's results;
- (iii) a need to reflect substantial changes that have occurred to the manner in which the company's activities are organised, whether of an objective nature (such as extraordinary transactions, mergers, and takeovers, including of whole businesses or business units) or a subjective nature (such as changes among senior management), or material changes in the socio-economic environment, or the occurrence of extraordinary, unforeseeable events regarding the Group, or the sectors or markets in which it operates, such that materially affect the Group's results.

The Remuneration Committee is the body responsible for assessing whether such exceptional situations have arisen, and drafting proposals for temporary exceptions from the Remuneration Policy for submission to the Board of Directors, which is the body responsible for approving the exceptions.

Any exceptions, which may concern one or more parts of the Remuneration Policy described in this Report, will be highlighted in the next Report on the Remuneration Policy and on Compensation Paid, along with a statement on the grounds that led the Company to make the exception.

Where an exception to the Remuneration Policy made pursuant to this paragraph concerns the remuneration of Directors, Statutory Auditors or ESRs, then the terms of the CONSOB RPT Rules and the RPT Procedure are applied.

## SECTION II

### 1 PART I – COMPONENTS OF REMUNERATION IN THE CALENDAR YEAR ENDED 31 DECEMBER 2023

This first part of Section II of the Report provides an account of the items that made up remuneration paid. More specifically, compensation is reported on an accruals basis, with respect to fixed compensation accrued in 2023 and short-term variable incentives accrued with respect to 2023 performance, payable in 2024.

As mentioned in the Introduction to the Report, the Company has had its ordinary shares listed on the Stock Exchange of Hong Kong since 31 March 2022, and on Euronext Milan since 23 June 2023, and accordingly only since that latter date has it been a company with listed shares pursuant to and for the purposes of article 119, CLFI. The Company did not adopt a remuneration policy for the financial period that ran from 23 June 2023 to 31 December 2023.

Accordingly, this Report is the first on remuneration within the Company made pursuant to article 123-ter, CLFI, and accordingly the Shareholders' Meeting has never previously been presented with a Section II of a remuneration report.

In the calendar year ended 31 December 2023, compensation was allocated so that the remuneration structure overall was aligned with the needs of the Company and the Group, also in light of the uncertainties linked to inflationary pressures and the widening of the conflict between Russia and Ukraine.

In accordance with article 123-ter(8-bis), CLFI, the Independent Auditors have duly verified that this Section II has been prepared, by formally checking that the information contained herein has been published.

For the purposes of this Section II, please note that:

- (i) the **Board of Directors** holding office as at the date of the Report was appointed by the Shareholders' Meeting of 18 April 2023, with the exception of the directors Zhang Quan and Zhu Yi, who were co-opted by the Board of Directors on 19 February 2023 (replacing Li Xinghao and Hua Fengmao, who had resigned). It expects to remain in office until the financial statements as at and for the year ending 31 December 2025 are approved. As at the date of this Report, the Executive Directors are:
  - Alberto Galassi, Ferretti's Chief Executive Officer; and
  - Xu Xinyu, an executive director of Ferretti.
- (ii) the **Board of Statutory Auditors** holding office as at the date of this Report was appointed by the Shareholders' Meeting of 13 June 2023 and expects to remain in office until the financial statements as at and for the year ending 31 December 2025 are approved;
- (iii) the **ESRs** as at the date of the Report are those persons who have the power and responsibility, directly or indirectly, for planning, directing and supervising the Company's activities, identified by the Chief Executive Officer.

#### 1.1 BOARD OF DIRECTORS

As part of its appointment of the 2021 Board of Directors, on 21 December 2021 the Shareholders' Meeting resolved to grant each member net annual remuneration of euro 30,000 for the whole of their term of office (i.e., until the financial statements as at and for the year ended 31 December 2022 were approved).

As part of its appointment of the current Board of Directors, on 18 May 2023 the Shareholders' Meeting resolved to grant each member annual remuneration of euro 40,000 for the whole of their term of office

(i.e., until the financial statements as at and for the year ending 31 December 2025 are approved). On 18 May 2023, the Chairman of the Board of Directors, Tan Xuguang, waived his entitlement to remuneration for the whole of his term of office.

Pursuant to the Ferrari Collaboration Agreement, the Honorary Chairman Piero Ferrari is paid a fixed component of remuneration, in addition to the amount resolved by the Shareholders' Meeting on the same date, of euro 200,000 gross per annum.

During the calendar year ended 31 December 2023, no compensation or other benefits were granted following termination of office, or the termination of any director's employment.

## **1.2 EXECUTIVE DIRECTORS**

On 18 May 2023, in compliance with the provisions of the 2023 Galassi Directorship Agreement and following favourable advice from the Board of Statutory Auditors and the Remuneration Committee, the Board of Directors resolved to pay the Chief Executive Officer, Alberto Galassi, by way of a fixed component of his remuneration, an amount additional to that resolved upon by the Shareholders' Meeting of the same date, of euro 1,785,000 gross per annum. This comprised euro 1,254,600 by way of remuneration for his office and euro 530,400 by way of consideration for the non-compete obligation assumed under the Galassi Directorship Agreement, payable over the whole of his term of office (i.e. until the financial statements as at and for the year ending 31 December 2025 are approved).

Prior to the 2023 Galassi Directorship Agreement, in accordance with the terms of the 2019 Galassi Directorship Agreement which was then in place, the Board of Directors resolved, following favourable advice from the Board of Statutory Auditors, that the Chief Executive Officer Alberto Galassi would be paid, by way of fixed component of his remuneration, an amount of euro 1,428,000 gross per annum, of which euro 1,020,000 by way of emolument for his office, and euro 408,000 by way of consideration for his non-compete obligation under that agreement, for each year of his office.

On 14 March 2024, the Board of Directors, meeting to approve the draft non-consolidated financial statements as at and for the year ended 31 December 2023, acknowledged that the short-term objectives indicated in the STIP had been achieved, and the consequent entitlement of the STIP's beneficiaries to payment of the contractually-agreed short-term variable compensation. In the case of the Chief Executive Officer, Alberto Galassi, the contractually-agreed short-term variable compensation under the STIP for 2023 was euro 2,650,725, gross.

Further to a resolution of the Board of Directors on 28 April 2022, the fourth tranche of the HK Cash Bonus was paid to the Chief Executive Officer, Alberto Galassi, on 6 April 2023, in an aggregate gross amount of euro 1,600,000.

Pursuant to the Xinyu Directorship Agreement, Executive Director Xu Xinyu is paid a fixed component of remuneration, in addition to the amount resolved by the Shareholders' Meeting on the same date, of euro 120,000 gross per annum.

The following table sets forth the levels at which the short-term objectives set for the Chief Executive Officer for the year 2023 under the STIP were achieved. Note that for the calendar year ended 31 December 2023, the remuneration package for the Executive Director, Xu Xinyu, did not include a variable component.

SUMMARY OF 2023 SHORT-TERM OBJECTIVES					
POSITION	OBJECTIVE	WEIGHTING %	OUTCOME	PERCENTAGE ATTAINED	COMPENSATION AWARDED (IN EUROS)
<b>Chief Executive Officer</b> (Alberto Galassi)	Adjusted EBITDA	50%	50%		
	Operating Cash Flow	25%	25%	99%	2.650.725
	Order Intake	25%	24%		

The following table sets forth a summary of the Executive Directors' compensation paid for the calendar year ended 31 December 2023.

SUMMARY OF EXECUTIVE DIRECTORS' COMPENSATION FOR THE PERIOD ENDED 31 DECEMBER 2023					
OFFICE	FIXED COMP.	SHORT-TERM VARIABLE COMP.	MEDIUM- TO LONG-TERM VARIABLE COMP.	OTHER	TOTAL
<b>AMOUNTS IN EUROS</b>					
<b>Chief Executive Officer</b> (Alberto Galassi)	1,769,076.66	2,677,500.00	-	0	4,446,576.66
<b>Executive Director</b> (Xu Xinyu)	64,379.27	-	-	120,000.00	184,379.27
<b>TOTAL</b>	1,789,879.27	2,677,500.00	-	120,000.00	4,630,955.93
<b>PERCENTAGES (*)</b>					
<b>Chief Executive Officer</b> (Alberto Galassi)	39.79%	60.21%	-	0%	<b>100%</b>
<b>Executive Director</b> (Xu Xinyu)	34.92%	-	-	65.08%	<b>100%</b>

(\*) Each percentage is calculated based on the elements of compensation set forth in Table I of Section II. Fixed components are the following: remuneration for office, compensation for participating in committees, non-monetary benefits, other compensation; and short-term variable components are: profit-sharing, bonuses and incentives.

### 1.3 GENERAL MANAGERS

The Company has not appointed General Managers.

### 1.4 EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

The Executives with Strategic Responsibilities are identified from time to time by the Chief Executive Officer.

There were no Executives with Strategic Responsibilities whose total compensation received during the year exceeded the greatest amount of compensation allocated to any member of the Board of Directors or of the Board of Statutory Auditors.

Executives with Strategic Responsibilities who held that status in the calendar year ended 31 December 2023 (including for any part of that year) were paid the following compensation: (i) fixed remuneration as Group employees; (ii) short-term variable remuneration; (iii) other benefits of a non-monetary nature (such as a company car, housing, meals, or insurance).

The fourth tranche of the HK Cash Bonus was paid to certain ESRs on 6 April 2023, in an aggregate amount of euro 2,475,000.00.

During the calendar year ended 31 December 2023, no compensation or other benefits were granted following termination of office, or the termination of any ESR's employment.

## **1.5 BOARD OF STATUTORY AUDITORS**

As part of its appointment of the Board of Statutory Auditors, on 16 March 2020 the Shareholders' Meeting resolved that total remuneration for the Board of Statutory Auditors would be euro 95,000 gross per annum allocated as follows: for each standing auditor, euro 30,000; and for the Chairman of the Board of Statutory Auditors, euro 35,000.

In reappointing the Board of Statutory Auditors, the Shareholders' Meeting of 13 June 2023 resolved that each standing auditor would be paid euro 30,000 gross per annum, and the Chairman of the Board of Statutory Auditors, euro 40,000, thereby leaving the active members' remuneration substantially unchanged.

## **1.6 INFORMATION REGARDING EX-POST ADJUSTMENTS TO VARIABLE COMPONENTS OF REMUNERATION**

In the calendar year ended 31 December 2023, the Company did not apply any ex-post adjustments to variable components of remuneration (neither malus nor clawback).

## 2 PART II – BREAKDOWN OF COMPENSATION PAID IN THE REFERENCE YEAR

**Table 1**

Remuneration paid to the members of the Board of Directors or the Board of Statutory Auditors, and other Executives with Strategic Responsibilities.

Name	Office	Period in office	Date term of office expires	Fixed remuneration (in euros)	Compensation for participating in Committees (in euros)	Non-equity variable compensation (in euros)		Non-monetary benefits <sup>2</sup> (in euros)	Other compensation (in euros)	Total (in euros)	Fair Value of equity compensation (in euros)	Compensation at end of office, or following termination of employment (in euros)	
						Bonuses and other incentives	Profit sharing						
<b>Tan Xuguang</b>	Chairman	01.01.2023	Date of shareholder approval of 2025 accounts										
		–											
		31.12.2023											
												Compensation from the parent company	-
												Compensation from subsidiaries and associates	-
												<b>Subtotal</b>	-
<b>Alberto Galassi<sup>3</sup></b>	Chief Executive Officer	01.01.2023	Date of shareholder approval of 2025 accounts										
		–											
		31.12.2023											

<sup>2</sup> Non-monetary benefits may include company car, accommodation, and boat.

<sup>3</sup> Alberto Galassi – This amount includes: (i) annual fixed compensation approved by the Shareholders' Meeting as a director, annual fixed compensation approved by the Board of Directors for the office of Chief Executive Officer, and annual fixed compensation under the 2023 Galassi Directorship Agreement and the 2019 Galassi Directorship Agreement; (ii) short-term variable compensation for the calendar year ended 31 December 2023; (iii) the fourth tranche of the HK Cash Bonus; and (iv) the value of non-monetary benefits.



Name	Office	Period in office	Date term of office expires	Fixed remuneration (in euros)	Compensation for participating in Committees (in euros)	Non-equity variable compensation (in euros)		Non-monetary benefits <sup>2</sup> (in euros)	Other compensation (in euros)	Total (in euros)	Fair Value of equity compensation (in euros)	Compensation at end of office, or following termination of employment (in euros)
						Bonuses and other incentives	Profit sharing					
				1,769,076.66	-	2,677,500.00	-	216,770.28	-	4,663,346.94	-	-
				-	-	-	-	-	-	-	-	-
				<b>1,769,076.66</b>	<b>-</b>	<b>2,677,500.00</b>	<b>-</b>	<b>216,770.28</b>	<b>-</b>	<b>4,663,346.94</b>	<b>-</b>	<b>-</b>
<b>Xu Xinyu<sup>4</sup></b>	Executive Director	01.01.2023 – 31.12.2023	Date of shareholder approval of 2025 accounts									
				64,379.27	-	-	-	26,737.46	120,000.00	211,116.73	-	-
				-	-	-	-	-	-	-	-	-
				<b>64,379.27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,737.46</b>	<b>120,000.00</b>	<b>211,116.73</b>	<b>-</b>	<b>-</b>
<b>Piero Ferrari<sup>5</sup></b>	Honorary President	01.01.2023 – 31.12.2023	Date of shareholder approval of 2025									

<sup>4</sup> **Xu Xinyu** – Executive Director: this amount includes: (i) annual fixed compensation approved by the Shareholders' Meeting as a director, annual fixed compensation under the Xinyu Directorship Agreement; and (ii) the value of non-monetary benefits.

<sup>5</sup> **Piero Ferrari** – Honorary Chairman: this amount includes: (i) annual fixed compensation approved by the Shareholders' Meeting as a director, and the fixed compensation under the Ferrari Collaboration Agreement.

Name	Office	Period in office	Date term of office expires	Fixed remuneration (in euros)	Compensation for participating in Committees (in euros)	Non-equity variable compensation (in euros)		Non-monetary benefits <sup>2</sup> (in euros)	Other compensation (in euros)	Total (in euros)	Fair Value of equity compensation (in euros)	Compensation at end of office, or following termination of employment (in euros)
						Bonuses and other incentives	Profit sharing					
accounts												
				Compensation from the parent company	63,032.20	-	-	-	-	200,000.00	263,032.20	-
				Compensation from subsidiaries and associates	-	-	-	-	-	-	-	-
				<b>Subtotal</b>	63,032.20	-	-	-	-	200,000.00	263,032.20	-
<b>Li Xinghao</b>	Director	01.01.2023 – 31.12.2023	Date of shareholder approval of 2025 accounts									
				Compensation from the parent company	51,728.23	-	-	-	-	-	51,728.23	-
				Compensation from subsidiaries and associates	-	-	-	-	-	-	-	-
				<b>Subtotal</b>	51,728.23	-	-	-	-	-	51,728.23	-
<b>Hua Fengmao</b>	Director	01.01.2023 – 31.12.2023	Date of shareholder approval of 2025 accounts									

Name	Office	Period in office	Date term of office expires	Fixed remuneration (in euros)	Compensation for participating in Committees (in euros)	Non-equity variable compensation (in euros)		Non-monetary benefits <sup>2</sup> (in euros)	Other compensation (in euros)	Total (in euros)	Fair Value of equity compensation (in euros)	Compensation at end of office, or following termination of employment (in euros)
						Bonuses and other incentives	Profit sharing					
				51,728.23	-	-	-	-	-	51,728.23		-
				Compensation from subsidiaries and associates								-
				<b>Subtotal</b>	-	-	-	-	-	51,728.23		-
<b>Stefano Domenicali</b>	Director	01.01.2023 – 31.12.2023	Approv. Budget 2025									
				58,278.71	-	-	-	-	-	58,278.71	-	-
				Compensation from subsidiaries and associates								-
				<b>Subtotal</b>	-	-	-	-	-	58,278.71	-	-
<b>Patrick Sun</b>	Director	01.01.2023 – 31.12.2023	Date of shareholder approval of 2025 accounts									
				51,728.23	-	-	-	-	-	51,728.23	-	-

Name	Office	Period in office	Date term of office expires	Fixed remuneration (in euros)	Compensation for participating in Committees (in euros)	Non-equity variable compensation (in euros)		Non-monetary benefits <sup>2</sup> (in euros)	Other compensation (in euros)	Total (in euros)	Fair Value of equity compensation (in euros)	Compensation at end of office, or following termination of employment (in euros)
						Bonuses and other incentives	Profit sharing					
				Compensation from subsidiaries and associates	-	-	-	-	-	-	-	-
				<b>Subtotal</b>								-
<b>Jiang Lan</b>	Director	18.05.2023 – 31.12.2023	Date of shareholder approval of 2025 accounts									
				Compensation from the parent company	35,483.98	-	-	-	-	35,483.98	-	-
				Compensation from subsidiaries and associates	-	-	-	-	-	-	-	-
				<b>Subtotal</b>	35,483.98	-	-	-	-	35,483.98	-	-
<b>Luigi Capitani</b>	Chairman of the Board of Statutory Auditors	01.01.2023 – 31.12.2023	Date of shareholder approval of 2025 accounts									
				Compensation from the parent company	37,793.27	-	-	-	-	37,793.27	-	-
				Compensation from subsidiaries and associates	33,725.85	-	-	-	-	33,725.85	-	-

Name	Office	Period in office	Date term of office expires	Fixed remuneration (in euros)	Compensation for participating in Committees (in euros)	Non-equity variable compensation (in euros)		Non-monetary benefits <sup>2</sup> (in euros)	Other compensation (in euros)	Total (in euros)	Fair Value of equity compensation (in euros)	Compensation at end of office, or following termination of employment (in euros)
						Bonuses and other incentives	Profit sharing					
<b>Subtotal</b>				71,519.12	-	-	-	-	-	71,519.12	-	-
<b>Luca Nicodemi</b>	Standing auditor	13.06.2023 – 31.12.2023	Date of shareholder approval of 2025 accounts									
Compensation from the parent company				16,634.62	-	-	-	-	-	16,643.62	-	-
Compensation from subsidiaries and associates				5,000.00	-	-	-	-	-	5,000.00	-	-
<b>Subtotal</b>				21,634.62	-	-	-	-	-	21,634.62	-	-
<b>Giuseppina Manzo</b>	Standing auditor	13.06.2023 – 31.12.2023	Date of shareholder approval of 2025 accounts									
Compensation from the parent company				16,634.62	-	-	-	-	-	16,634.62	-	-
Compensation from subsidiaries and associates				5,000.00	-	-	-	-	-	5,000.00	-	-
<b>Subtotal</b>				21,634.62	-	-	-	-	-	21,634.62	-	-

Name	Office	Period in office	Date term of office expires	Fixed remuneration (in euros)	Compensation for participating in Committees (in euros)	Non-equity variable compensation (in euros)		Non-monetary benefits <sup>2</sup> (in euros)	Other compensation (in euros)	Total (in euros)	Fair Value of equity compensation (in euros)	Compensation at end of office, or following termination of employment (in euros)
						Bonuses and other incentives	Profit sharing					
<b>Tiziana Vallone</b>	Alternate auditor	13.06.2023 – 31.12.2023	Date of shareholder approval of 2025 accounts									
	Compensation from the parent company			-	-	-	-	-	-	-	-	-
	Compensation from subsidiaries and associates			-	-	-	-	-	-	-	-	-
	<b>Subtotal</b>			-	-	-	-	-	-	-	-	-
<b>Federica Marone</b>	Alternate auditor	13.06.2023 – 31.12.2023	Date of shareholder approval of 2025 accounts									
	Compensation from the parent company			-	-	-	-	-	-	-	-	-
	Compensation from subsidiaries and associates			-	-	-	-	-	-	-	-	-
	<b>Subtotal</b>			-	-	-	-	-	-	-	-	-
<b>Luigi Fontana</b>	Standing auditor (former)	01.01.2023 – 13.06.2023	Date of shareholder approval of 2022									

Name	Office	Period in office	Date term of office expires	Fixed remuneration (in euros)	Compensation for participating in Committees (in euros)	Non-equity variable compensation (in euros)		Non-monetary benefits <sup>2</sup> (in euros)	Other compensation (in euros)	Total (in euros)	Fair Value of equity compensation (in euros)	Compensation at end of office, or following termination of employment (in euros)
						Bonuses and other incentives	Profit sharing					
accounts												
				Compensation from the parent company	13,413.46	-	-	-	-	13,413.46	-	-
				Compensation from subsidiaries and associates	19,000.00	-	-	-	-	19,000.00	-	-
				<b>Subtotal</b>	32,413.46	-	-	-	-	32,413.46	-	-
<b>Fausto Zanon</b>	Standing auditor (former)	01.01.2023 – 13.06.2023	Date of shareholder approval of 2022 accounts									
				Compensation from the parent company	13,400.00	-	-	-	-	13,400.00	-	-
				Compensation from subsidiaries and associates	26,817.23	-	-	-	-	26,817.23	-	-
				<b>Subtotal</b>	40,217.23	-	-	-	-	40,217.23	-	-
<b>Giulia De Martino</b>	Alternate auditor (former)	01.01.2023 – 13.06.2023	Date of shareholder approval of 2022 accounts									

Name	Office	Period in office	Date term of office expires	Fixed remuneration (in euros)	Compensation for participating in Committees (in euros)	Non-equity variable compensation (in euros)		Non-monetary benefits <sup>2</sup> (in euros)	Other compensation (in euros)	Total (in euros)	Fair Value of equity compensation (in euros)	Compensation at end of office, or following termination of employment (in euros)
						Bonuses and other incentives	Profit sharing					
Compensation from the parent company				-	-	-	-	-	-	-	-	-
Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
<b>Subtotal</b>												-
<b>Veronica Tibiletti</b>	Alternate auditor (former)	01.01.2023 – 13.06.2023	Date of shareholder approval of 2022 accounts									
Compensation from the parent company				-	-	-	-	-	-	-	-	-
Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
<b>Subtotal</b>				-	-	-	-	-	-	-	-	-
<b>ESRs</b>												
Compensation from the parent company				2,408,820.35	-	2,091,559.32	-	87,222.26	-	4,587,601.93	-	513,934.74



Name	Office	Period in office	Date term of office expires	Fixed remuneration (in euros)	Compensation for participating in Committees (in euros)	Non-equity variable compensation (in euros)		Non-monetary benefits <sup>2</sup> (in euros)	Other compensation (in euros)	Total (in euros)	Fair Value of equity compensation (in euros)	Compensation at end of office, or following termination of employment (in euros)	
						Bonuses and other incentives	Profit sharing						
				51,150.00	-	-	-	-	-	51,150.00	-	-	
				<b>Subtotal</b>	2,459,970.35	-	2,091,559.32	-	87,222.26	-	4,638,751.93	-	513,934.74
				<b>Total</b>	<b>4,792,824.91</b>	-	<b>4,769,059.32</b>	-	<b>330,730.00</b>	<b>320,000.00</b>	<b>10,212,614.23</b>	-	<b>513,934.74</b>

**Table 3 B**

Cash incentive schemes for members of the Board of Directors and the Board of Statutory Auditors, and for other Executives with Strategic Responsibilities.

			Bonus for the year			Bonuses from previous years			
Name and surname	Office	Scheme	Payable/Paid	Deferred	Deferral period	no longer payable	Payable/Paid	Still deferred	Other bonuses
<b>Alberto Galassi</b>	Chief Executive Officer	Short-Term variable compensation							
	Compensation from the parent company		-	2,677,500.00	2024	-	3,742,000.00	2023	-
	Compensation from subsidiaries and associates		-	-	-	-	-	-	-
	<b>Subtotal</b>		-	2,677,500.00	2024	-	3,742,000.00	2023	-
<b>ESRs</b>	Executive Director	STIP or MBO / SIP / Ferretti Results Bonus							
	Compensation from the parent company		20,679.97	2,127,374.19	2024	-	4,537,048.49	2023	
	Compensation from subsidiaries and associates		-	-	-	-	-	-	
	<b>Subtotal</b>		20,679.97	2,127,374.19	2024	-	4,537,048.49	2023	
	<b>Total</b>		<b>20,679.97</b>	<b>4,804,874.19</b>			<b>8,279,048.49</b>		

### 3 PART III – SHAREHOLDINGS

**Table 1**

Shareholdings of the members of the Board of Directors and the Board of Statutory Auditors, as well as of other Executives with Strategic Responsibilities, to the best of the Issuer's knowledge.

Name	Position	Company whose shares are held	Number of shares held as at 31 December 2022	Number of shares acquired/allocated	Number of shares sold	Number of shares held as at 31 December 2023
Tan Xuguang	Chair of the Board of Directors	-	-	-	-	-
Alberto Galassi	Chief Executive Officer	-	-	-	-	-
Xu Xinyu	Executive Director	-	-	-	-	-
Piero Ferrari <sup>6</sup>	Director and Honorary Chair	Ferretti S.p.A.	15,441,768	-	-	15,441,768
Stefano Domenicali	Director	-	-	-	-	-
Patrick Sun	Director	-	-	-	-	-
Lan Jiang	Director	-	-	-	-	-
Hua Fengmao	Director <sup>7</sup>	-	-	-	-	-
Li Xinghao	Director <sup>8</sup>	-	-	-	-	-
Luigi Capitani	Chair of the Board of Statutory Auditors	-	-	-	-	-
Giuseppina Manzo	Statutory Auditor (standing)	-	-	-	-	-
Luca Nicodemi	Statutory Auditor (standing)	-	-	-	-	-
Tiziana Vallone	Statutory Auditor (alternate)	-	-	-	-	-
Federica Marone	Statutory Auditor (alternate)	-	-	-	-	-
Luigi Fontana	Statutory Auditor (standing, retired)	-	-	-	-	-

<sup>6</sup> These shares are held indirectly by Piero Ferrari, through Kheope S.A., a company whose share capital is held entirely by Piero Ferrari.

<sup>7</sup> The director Hua Fengmao resigned with effect from 19 February 2024, and on that date Zhu Yi was co-opted to the Board of Directors to replace Hua Fengmao.

<sup>8</sup> The director Li Xinghao resigned with effect from 19 February 2024, and on that date Zhang Quan was co-opted to the Board of Directors to replace Li Xinghao.

Name	Position	Company whose shares are held	Number of shares held as at 31 December 2022	Number of shares acquired/allocated	Number of shares sold	Number of shares held as at 31 December 2023
<b>Fausto Zanon</b>	Statutory Auditor (standing, retired)	-	-	-	-	-
<b>Giulia De Martino</b>	Statutory Auditor (alternate, retired)	-	-	-	-	-
<b>Veronica Tibiletti</b>	Statutory Auditor (alternate, retired)	-	-	-	-	-
<b>ESRs</b>	-	Ferretti S.p.A.	326,000	188,745	88,945	425,800

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Milan, 14 March 2024

**Ferretti S.p.A.**

For the Board of Directors

**Alberto Galassi**

(Chief Executive Officer)