



## **CAD IT S.p.A.**

Head Office in Verona, Via Torricelli 44/a

Company capital Euro 4,669,000.00 fully paid.

VAT code, Tax code and enrolment no. on the Verona Company Register 01992770238

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## **REMUNERATION REPORT OF THE BOARD OF DIRECTORS TO CAD IT S.P.A. SHAREHOLDERS' MEETING OF 27<sup>TH</sup> APRIL 2017**

### **INTRODUCTION**

This document, entitled "Report on CAD IT S.p.A. Remuneration" (hereinafter "Report"), was drafted with the aim of providing CAD IT S.p.A. (hereinafter the "Company") shareholders and the market with a full explanation on the general policy for remunerating directors, auditors and managers with strategic responsibilities and information on the procedures used to adopt, activate and monitor said policy, in compliance with the provisions in article 6 of the Corporate Governance Code, in article 123-*ter* of Legislative Decree no. 58 of 24<sup>th</sup> February 1998 (Testo Unico della Finanza - Unified Finance Law -, hereinafter "TUF") and in article 84-*quater* of implementation regulations of said Legislative Decree, adopted by Consob with resolution n. 11971 of 15<sup>th</sup> May 1999 (hereinafter "Issuers' Regulations").

The company's remuneration policy is based on the fundamental principle that the remuneration of executive directors and the directors who hold particular roles, and strategic managers should be defined in such a way as to align their interests to the fulfilment of priority objectives in order to create medium and long term value for the shareholders.

The Report was approved by the board of directors on 14<sup>th</sup> March 2015 on the proposal of the nominating and remuneration committee and will be submitted to the shareholders' meeting on 27<sup>th</sup> April 2017, for advisory vote in accordance with TUF article 123-*ter*.

In accordance with the Company's by-laws and the laws in force, the director and auditor positions have a maximum duration of three financial periods; the current executive directors Giampietro Magnani, Luigi Zanella, Paolo Dal Cortivo and Giulia Dal Cortivo, the non-executive directors Maurizio Rizzoli, Thomas Burkhart, Lamberto Lambertini, Alessandra Pedrollo and Gian Paolo Tosoni, as well as auditors Chiara Benciolini, Gian Paolo Ranocchi and Renato Tengattini will be in charge until the date of the shareholders' meeting approving the 2017 financial statements.

The non-executive director Debora Cremasco, appointed by co-option by the board of directors on October 19<sup>th</sup> 2016, in place of the resigning director Giuseppe Dal Cortivo<sup>1</sup>, will be in charge until the date of the next shareholders' meeting.

The remuneration of current executive directors Giampietro Magnani, Luigi Zanella, Paolo Dal Cortivo and Giulia Dal Cortivo was determined by the board of directors on April 29<sup>th</sup> 2015 and on July 27<sup>th</sup> 2016, after proposal of the nominating and remuneration committee and upon advice of the board of auditors, when allocating the overall amount previously set out by the shareholders' meeting on April 29<sup>th</sup> 2015<sup>2</sup>.

The remuneration of current non-executive directors Maurizio Rizzoli, Thomas Burkhart, Lamberto Lambertini, Alessandra Pedrollo and Gian Paolo Tosoni, was determined by the shareholders' meeting on April 29<sup>th</sup> 2015.

The remuneration of the non-executive director Debora Cremasco was determined by the board of directors on October 19<sup>th</sup> 2016, in accordance with the criteria forth by the shareholders' meeting on April 29<sup>th</sup> 2015 with reference to non-executive directors.

The remuneration of standing auditors Chiara Benciolini, Gian Paolo Ranocchi and Renato Tengattini was determined by the shareholders' meeting on April 29<sup>th</sup> 2015.

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<sup>1</sup> It is to be noted that, in accordance with the information released, Giuseppe Dal Cortivo:

- renounced to the office of CAD IT S.p.A. chairman and executive director starting July 8<sup>th</sup> 2016, while keeping the office of non-executive director;
- resigned from the office of CAD IT S.p.A. non-executive director starting October 19<sup>th</sup> 2016.

<sup>2</sup> With reference to the executive directors Paolo Dal Cortivo and Giulia Dal Cortivo, it is to be noted that, as specified in section II of this report, on July 27<sup>th</sup> 2016 the Company increased their remuneration's fixed component, following the assignment to them of new tasks and duties. Specifically, on July 27<sup>th</sup> 2016, following Giuseppe Dal Cortivo's renounce to its powers, the board of directors, upon advice of the nominating and remuneration committee, assigned to directors Paolo Dal Cortivo and Giulia Dal Cortivo those tasks previously performed by Giuseppe Dal Cortivo. In particular, Paolo Dal Cortivo, already head of the "insurance" and "foreign" divisions within the Company, has also been assigned the management of the customers belonging to the "banks" and the "industry" divisions, while Giulia Dal Cortivo has been assigned the task to reorganise the internal organizational and managerial functions.

With reference to Giuseppe Dal Cortivo, it is to be noted that, as specified in section II of this Report, his remuneration was determined by the board of directors on April 29<sup>th</sup> 2015 for his entire term of office as executive director and by the board of directors on July 8<sup>th</sup> 2016 for his term of office as non-executive director.

In accordance with Criterion 6.C.1 letter f) of the Corporate Governance Code, once the board of directors and board of auditors have been appointed, agreements (called “claw back clauses”) with executive directors and directors with special responsibilities have been established by the shareholders’ meeting on 29<sup>th</sup> April 2015, in order to enable the Company to ask for rebates or to withhold, either entirely or partially, the variable remuneration components calculated on data that were later found to be clearly wrong. Lastly, it is hereby highlighted that, as provided for by the Regulation approved by Consob Resolution no. 17221 of 12<sup>th</sup> March 2010 regarding transactions with correlated parties, and as acknowledged by the procedure for related-party transactions adopted by the Company on 12<sup>th</sup> November 2010 and available for consultation on the Company’s website at [www.caditgroup.com](http://www.caditgroup.com) (“Investor Relations” section), the presentation of this Report to the shareholders' meeting, once approved by the board of directors following the proposals of the nominating and remuneration committee, exonerates Company resolutions on director and strategic manager remunerations from the execution of the procedures that the above-mentioned Consob provisions regarding correlated parties provide for.

## **SECTION I**

Section I outlines the Company's remuneration policy for the 2017 financial period on the remuneration of the members of the administrative bodies and the other managers with strategic responsibilities, as well as the procedures followed for such policy’s adoption and application.

**a) Bodies or persons involved in drafting and approving the remuneration policy, specifying the respective roles, as well as the bodies or persons responsible for seeing that the policy is correctly applied.**

The procedure for adopting the remuneration policy is a clear and transparent process which begins with a proposal from the nominating and remuneration committee and continues through to the executive phase when the board of directors will discuss and decide on the contents.

Once the board of directors has examined and approved the Report, it will then submit it to the shareholders' meeting for voting in accordance with TUF article 123-ter.

Executive directors and the board of auditors, as specified below, also intervene in the processing of said policy.

## **1. Shareholders' meeting**

In conformity with the Company by-laws, the shareholders' meeting can determine a total amount for remunerating all the directors, including those with particular roles.

In accordance with TUF article 123-ter, the shareholders' meeting expresses its own advisory opinion - with approved non-binding rule – on the first section of the remuneration report defined by the board of directors (on the proposal of the remuneration and nomination committee) which regards: a) the remuneration of the administration bodies members, general managers<sup>3</sup> and managers with strategic responsibilities that will at least involve the next financial period; b) the procedures used to adopt and activate the remuneration policy.

## **2. Board of directors**

In accordance with the Company by-laws and in conformity with the provisions in article 6 of the Corporate Governance Code, the board of directors determines, on the proposal of the nominating and remuneration committee and after having heard the opinion of the board of auditors, the remuneration of the executive directors, the directors with particular roles and committee members as they are instituted by the board of directors itself.

Furthermore, the board of directors:

- establishes an internal nominating and remuneration committee;
- approves the remuneration report to submit annually to the shareholders' meeting;
- draws up, with the help of the nominating and remuneration committee, remuneration plans based on shares or other financial instruments and submits them to the shareholders' meeting for approval, in accordance with TUF article 114-bis;
- activates the remuneration plans based on shares or other financial instruments, together with - or with the help of - the nominating and remuneration committee, on delegation from the shareholders' meeting.

## **3. Nominating and remuneration committee**

For the composition, duties and functions of the nominating and remuneration committee, please refer to paragraph b) below.

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<sup>3</sup> At the moment CAD IT S.p.A. has no general managers.

#### **4. Executive directors**

The executive directors:

- submit remuneration plans based on shares or other financial instruments to the nominating and remuneration committee, or, if necessary, collaborate with the committee in processing them;
- provide the nominating and remuneration committee with all the necessary information so that it can evaluate the adequacy and proper application of the remuneration policy, particularly with regard to the remunerations of managers with strategic responsibilities;
- activate the Company's remuneration policies in accordance with the Report.

#### **5. Board of auditors**

In reference to the remuneration policy, the board of auditors plays an advisory role in which it formulates the advice required by the laws in force and particularly expresses its opinion on executive directors' remuneration and, more in general, those of the directors with particular roles, verifying that the suggestions made by the nominating and remuneration committee to the board of directors conform to the remuneration policy.

#### **b) The intervention of a remuneration committee or other such competent committee, describing the composition (distinguishing between non-executive and independent directors), duties and functions.**

In accordance with the provisions outlined in the Corporate Governance Code and with board of director resolution of 29<sup>th</sup> April 2015, the Company has set up a nominating and remuneration and nomination committee.

At the moment the committee is made up of Lamberto Lambertini, independent director and chairman of that committee, Alessandra Pedrollo, independent director and Maurizio Rizzoli, non-executive director, who will keep these positions up to the date in which the shareholders' meeting is called to approve the balance for the financial period ending 31<sup>st</sup> December 2017.

All the Committee members have the appropriate knowledge and experience in financial matters and relate with the relative company offices.

The committee meets as often as necessary in order to carry out its functions or, should the chairman deem it opportune, on the request of one or more of its members.

The chairman of the board of auditors or another auditor assists the committee's work.

No director takes part in the committee's meetings in which suggestions to propose to the board of directors on their remunerations are formulated. A specific report on the committee meetings is drafted and written in a book specifically for the purpose.

In regard to remuneration, the committee has the following functions:

- to periodically assess the adequacy, general conformity and correct application of the remuneration policy for executive directors, directors with particular roles and managers with strategic responsibilities, using information provided by the executive directors;
- to formulate proposals on the subject to the board of directors;
- to present the board of directors with suggestions or opinions on executive director and other directors with particular roles' remunerations, as well as to set performance objectives correlated to the remuneration's variable component;
- to monitor the application of the decisions adopted by the board of directors, especially verifying that performance objectives are achieved.

**c) Nomination of the independent experts whose intervention may be needed in the drawing up of the remuneration policy.**

When drawing up the remuneration policy, the Company does not use the services of persons outside its own company structure.

**d) The aims of the remuneration policy, the principles behind it and any changes in remuneration policy compared to the previous financial period.**

The Company's remuneration policy aims at attracting, motivating and retaining the human resources who have the right professional qualities to adequately and profitably fulfil the Company's objectives and has been defined in such a way as to align the management's interests with those of the shareholders, thus creating a strong link between remuneration and individual performance.

The policy that the nominating and remuneration committee proposes, and is subsequently approved by the board of directors, concerns the remunerations of:

- a) executive directors and other directors who hold particular roles;
- b) managers with strategic responsibilities.

The policy conforms to the provisions of the laws in force and also to those in article 6 of the Corporate Governance Code since it foresees:

- that a significant part of the remunerations of directors with managerial roles and strategic managers is linked to the fulfilment of previously determined specific performance targets, including non-financial ones;
- the right balance between the fixed and variable components in terms of the Company's strategic objectives and risk management policy, in consideration of the business sector in which it operates and the characteristics of the activities carried out;
- the setting of maximum limits for the variable component in the understanding that the fixed component should be sufficient to remunerate the director's services even if the variable component is not paid due to the non-fulfilment of performance targets;
- the use of pre-set, measurable performance objectives that can be linked to the creation of value for shareholders over a medium-long period.

The Company's remuneration policy does not foresee incentive plans based on financial instruments.

The main aims of the Policy are:

- to involve and motivate the directors and the management, whose services are deemed to be of fundamental importance in achieving the Company's objectives;
- to maintain CAD IT S.p.A.'s social sustainability with particular attention to its employees, collaborators, customers and suppliers;
- to support the fulfilment of a three-year industrial plan approved by the board of directors.

The Company does not intend to significantly change its remuneration policy in respect of the previous financial year.

**e) Description of the policies regarding fixed and variable remuneration components, with particular attention to indicating the relative weight within the entire remuneration and distinguishing between the short, medium and long term components.**

The remuneration policy foresees that the fixed and variable remuneration components (distinguished between short, medium and long-term variable components) are arranged according to different modalities in relation to the different types of persons receiving them and in accordance with the following specifications.

## 1. Executive directors' remuneration

The remuneration of current executive directors **Giampietro Magnani, Luigi Zanella, Paolo Dal Cortivo and Giulia Dal Cortivo**, who will be in charge until the date of the shareholders' meeting called for the approval of the 2017 financial statements, was set by the board of directors on April 29<sup>th</sup> 2015 and on July 27<sup>th</sup> 2016, on proposal of the nominating and remuneration committee and on prior opinion of the board of auditors, upon subdivision of the overall remuneration established at the shareholders' meeting of April 29<sup>th</sup> 2015. Said remuneration is made up of:

- a) a fixed annual gross component that adequately remunerates the director even if the variable component is not paid due to the non-fulfilment of the performance targets established by the board of directors;
- b) an attendance fee for taking part in board of directors' meetings;
- c) a variable component that depends on achieving pre-established strategic objectives in the short, medium and long term.

The executive directors also have the right to be reimbursed for any expenses sustained while carrying out their duties.

The nominating and remuneration committee proposes to the board of directors the criteria on the base of which the aforementioned variable component can be paid.

To be more precise, the criterion on which a short-term incentive is based, is the achievement of a percentage, decided annually by the board of directors on the suggestion of the nominating and remuneration committee, of the EBITDA value in CAD IT S.p.A.'s financial statement. It is thought, in fact, that a time period of twelve months is sufficient to determine targets that are in line with the trend of the market sector in which the Company operates.

The measurement units on which the medium to long-term incentives are based are: EBITDA, value of production and cash flows from operating activities.

The Board has established that the variable part cannot, in any case, exceed 50% of the total remuneration.

The short-term and the medium to long-term variable remuneration related to 2017 financial year for executive directors **Giampietro Magnani** and **Luigi Zanella** consists of around 22% of the overall remuneration, in case the targets are achieved.

The short-term and medium to long-term variable remuneration related to 2017 financial year for executive director **Paolo Dal Cortivo** consists of around 39% of the overall remuneration, in case the targets are achieved.



The short-term and medium to long-term variable remuneration related to 2017 financial year for executive director **Giulia Dal Cortivo**, consists of around 11% of the overall remuneration, in case the targets are achieved.

Payment of the variable part of the remuneration is four months after its actual maturity.

Lastly, the Company has introduced agreements (called “claw back clauses”) thus enabling the Company to ask for rebates or to withhold, either entirely or partially, the variable remuneration components calculated on data that were later found to be clearly wrong.

The foregoing shall not prejudice any other action allowed by the Italian judicial system protecting the Company’s interests, should such data prove to be wrong due to wilful or negligent behaviours or against the regulations in force.

## **2. Non-Executive Director Remuneration**

The remuneration of non-executive directors **Thomas Burkhart** and **Gian Paolo Tosoni**, who will be in charge until the shareholders’ meeting called to approve the 2017 financial statements, was set on April 29<sup>th</sup> 2015 and foresees a fixed amount and an attendance fee for each board of directors' meeting they take part in.

The remuneration of non-executive director **Debora Cremasco** – appointed by co-option on October 19<sup>th</sup> 2016 by the board of directors, in place of the resigning director Giuseppe Dal Cortivo, who will be in charge until the shareholders’ meeting on April 27<sup>th</sup> 2017 – was determined in accordance with the criteria set forth by the shareholders’ meeting on April 29<sup>th</sup> 2015 with regard to non-executive directors, adjusted to her actual term of office and foresees a fixed amount and an attendance fee for each board of directors' meeting she takes part in.

Moreover, non-executive directors have the right to be reimbursed of any expenses sustained while carrying out their duties.

Non-executive directors' remuneration does not depend on the Company's economic results.

## **3. Remuneration of Directors members of the Nominating and Remuneration Committee and the Internal Control and Risks Committee**

The directors **Lamberto Lambertini**, **Maurizio Rizzoli** and **Alessandra Pedrollo** who are currently members of the nominating and remuneration committee and the internal control and risks committee receive the fixed remuneration, which is higher for the chairman Lamberto Lambertini, set on April 29<sup>th</sup> 2015 by the shareholders’ meeting, which

is higher than non-executive directors remuneration, considering the effort required for their participation in such committees. They are also entitled to expenses reimbursement and to an attendance fee for each board meeting they attend as well as an attendance fee for each committee's meeting they attend if such meetings are held on a different day from board meetings.

#### **4. Remuneration of managers with strategic responsibilities**

At the time of drafting this Report, the Company had one manager with strategic responsibilities identified as the manager charged with preparing the Company's financial reports.

The remuneration of said manager, appointed as of October 1<sup>st</sup> 2014, consists of a fixed component (salary) and a variable component, defined annually by the board of directors and proposed by the nominating and remuneration committee, which is not linked to economic parameters and is in line with the duties assigned.

##### **f) Non-monetary benefit policy**

The remuneration policy foresees the allocation of non-monetary benefits currently acknowledged in remuneration practices and coherent with the roles/functions covered.

To be more precise, the Company provides the following non-monetary benefits:

- industrial health and safety insurance policy in favour of: *(i)* the strategic manager, holder of the office of Manager charged with preparing the Company's financial reports, appointed as of October 1<sup>st</sup> 2014; *(ii)* the executive director who is a Company employee;
- life insurance policy in favour of: *(i)* the strategic manager holder of the office of manager charged with preparing the Company's financial reports, appointed as of October 1<sup>st</sup> 2014; *(ii)* the executive director who is a Company employee;
- additional pension fund in favour of the executive director who is a Company employee.

**g) Variable components and a description of the performance targets on the base of which they are assigned, distinguishing between short and medium to long-term components, and information on the link between result variation and remuneration variation.**

Please see paragraph e) above.

**h) Criteria used to evaluate performance targets based on the allocation of shares, options, other financial instruments or other variable remuneration components.**

The remuneration policy does not foresee incentive plans linked to financial instruments.

**i) Information aimed at highlighting the remuneration policy's coherence with pursuing the long-term interests of the Company and the risk management policy, if formalised.**

The remuneration policy establishes that remunerations must be financially sustainable and, therefore, must encourage those receiving them to make business decisions that, also in the medium to long term, cohere with the risk profile defined by the board of directors.

**j) Vesting period, deferred payment systems, with indication of deferment period and the criteria used to determine said period, and, if foreseen, subsequent correction mechanisms**

The remuneration policy, in regard to executive director remunerations, foresees that:

- a) the short-term variable component is paid annually four months after it has matured;
- b) the medium-long term variable component is put aside annually and is paid four months after the expiry of the executive director's third year in the role.

**k) Information on the possible addition of a clause for maintaining financial instruments in portfolio after their acquisition with indication of the maintenance periods and the criteria used to determine said periods.**

The Company has no clauses for maintaining financial instruments in portfolio after their acquisition.

**l) Policy regarding severance pay should the role be suspended or work relations terminated, specifying the circumstances that give rise to any such right and any connection between them and Company performance.**

At the time of drafting the report, no severance pay allocation at mandate termination was foreseen and neither were there any damage mechanisms foreseen in case of suspension or termination of director or auditor relations either on the part of the Company or individual persons.

In reference to managers, the resolution of employment relations by the employer, without just cause, leads to the payment of compensation in accordance with the corresponding manager's employment contract and the legal provisions, which also establish the quantitative limits.

**m) Information on the existence of additional insurance, welfare or pension policies other than those required by law.**

In line with *best practices*, the Company has set up an insurance policy scheme against civil liability towards third parties for its company bodies and managers with strategic responsibilities (the so-called “D&O Directors & Officers Liability”), which aims at protecting the Company from any costs that may derive from damage claims.

**n) Remuneration policy in reference to: (i) independent directors, (ii) committee participation activities and (iii) the carrying out of particular roles (chairman, vice-chairman, etc.).**

Please refer to paragraph e) above.

**o) The use of other companies' remuneration policies and the criteria adopted in selecting these companies**

In processing this Report, the Company conducted an analysis of the remuneration policies of a selection of companies listed in the STAR sector that are comparable in size (in terms of turnover and number of employees) and the type/characteristics of the roles in question.

## SECTION II

Section II of this Report provides the following information nominally for directors and auditors and jointly for strategic managers:

- in the first part: an adequate representation of each item that makes up the remuneration, including any payment due to position termination or work contract resolution, highlighting its coherence with the company remuneration policy;
- in the second part:
  - an analytical illustration of remunerations paid in the 2016 financial period under any title and in any form by the Company or its subsidiaries;
  - in accordance with attachment 3A, Chart 7-ter of the Issuers' Regulations, a list of the shares held in the Company and its subsidiaries by members of the administrative and controlling bodies and by managers with strategic responsibilities, including those held by their legal spouses and under-age children, either directly or through subsidiaries or through a third party, as shown in the register of members, in communications received or in other information acquired from the members of the administrative and controlling bodies and the managers with strategic responsibilities themselves.

### FIRST PART

In reference to the 2016 financial period, the remuneration for **executive Directors Giampietro Magnani** and **Luigi Zanella** was made up of the following:

- a fixed gross annual remuneration of Euro 180,000.00, paid monthly with effect from the date of appointment made by the shareholders' meeting on April 29<sup>th</sup> 2015;
- a fixed gross annual remuneration to be paid in respect of the fulfilment of the following short and medium-long term objectives:
  - **Short-term objectives**  
Euro 40,000.00 gross annually on achieving an EBITDA gross operational result of no less than the percentage decided annually by the board of directors on the proposal of the nominating and remuneration committee, taken from the CAD IT financial statement approved by the shareholders'

meeting. This variable short-term remuneration will be paid annually four months after its actual maturity.

In reference to the 2015 financial period, this remuneration, subject to the achievement of an EBITDA result in the CAD IT S.p.A. financial statement of no less than 10% (ten per cent), has been reached;

- **Medium-long term objectives**

Euro 12,000.00 gross set aside annually and to be paid four months after the expiry of the third year of the mandate on reaching the objectives linked to the following parameters: EBITDA, value of production and cash flows from operating activities.

These values will be determined in reference to the financial statements of the three-year mandate.

At the end of the three-year period (2012 – 2014), the amount set aside will be Euro 36,000.00 and this sum will be paid four months after its maturity in measures equal to one third of each objective achieved;

- a gross remuneration (attendance fee) of Euro 650.00 for each board of directors meeting attended;
- no money set aside for severance pay or in the case of termination or resolution of collaboration relations.

Moreover, executive directors have the right to be reimbursed for any expenses sustained while carrying out their duties.

In reference to the 2016 financial period, the remuneration of **Giuseppe Dal Cortivo**, who was an executive director of the Company until July 8<sup>th</sup> 2016, was made up of:

- a fixed gross annual remuneration of Euro 180,000.00 – adapted to the actual term of office - paid monthly with effect from the date of appointment made by the shareholders' meeting on April 29<sup>th</sup> 2015 until July 8<sup>th</sup> 2016, when the board of directors of the Company acknowledged, as mentioned above, his renounce to the office of chairman and executive director of the Company, and appointed him as non-executive director.

No medium to long-term remuneration was due to Giuseppe Dal Cortivo with reference to 2016 financial year, as his term of office as an executive director ceased before the end of the year. The short and the medium to long-term variable remuneration related to 2015 financial year is no longer distributable.

The remuneration of the **Executive Director who is employee of the Company Paolo Dal Cortivo** is made up as follows:

- a fixed gross annual remuneration of Euro 25,000.00 – adapted to the actual term of office - paid monthly with effect from the date of appointment made by the shareholders' meeting on April 29<sup>th</sup> 2015 until July 26<sup>th</sup> 2016;
- a fixed gross annual remuneration of Euro 80,000.00 – adapted to the actual term of office – set by the board of directors on July 27<sup>th</sup> 2016 following the new tasks assigned to him (see footnote 2), paid monthly with effect from July 27<sup>th</sup> 2016;
- a fixed gross annual remuneration to be paid in respect of the fulfilment of the following short and medium-long term objectives:
  - **Short-term objectives**

Euro 40,000.00 gross annually on achieving an EBITDA gross operational result of no less than the percentage decided annually by the board of directors on the proposal of the nominating and remuneration committee, taken from the CAD IT financial statement approved by the shareholders' meeting. This variable short-term remuneration will be paid annually four months after its actual maturity.

In reference to the 2016 financial period, this remuneration will be paid upon achieving an EBITDA result in the CAD IT S.p.A. financial statement of no less than 10% (ten per cent);
  - **Medium-long term objectives**

Euro 12,000.00 gross set aside annually and to be paid four months after the expiry of the third year of the mandate on reaching the objectives linked to the following parameters: EBITDA, value of production and cash flows from operating activities.

These values will be determined in reference to the financial statements of the three-year mandate.

At the end of the three-year period (2015 – 2017), the amount set aside will be Euro 36,000.00 and this sum may be paid four months after his maturity in measures equal to one third of each objective achieved;
- a gross remuneration (attendance fee) of Euro 650.00 for each board of directors' meeting attended;
- no money set aside for severance pay or in the case of termination or resolution of collaboration relations.

Considering the executive director Paolo Dal Cortivo is an employee of the Company, he is also granted the following non-monetary benefits;

- industrial injury insurance;
- life insurance;
- additional pension fund;
- additional healthcare fund.

Moreover, for the same reason, the executive director Paolo Dal Cortivo will be entitled to a compensation should the work contract be resolved by the Employer without just cause or justified reason, in accordance with the director's professional contract and the law, which will establish the amount limits.

Lastly, he has the right to be reimbursed for any expenses sustained while carrying out its duties.

The remuneration of the **executive director appointed for employee management Giulia Dal Cortivo** was made up as follows:

- a fixed gross annual remuneration of Euro 15,000.00 - adapted to the actual term of office - paid monthly with effect from the date of appointment made by the shareholders' meeting on April 29<sup>th</sup> 2015;
- a fixed gross annual remuneration of Euro 50,000.00 – adapted to the actual term of office – set by the board of directors on July 27<sup>th</sup> 2016 following the new tasks assigned to her (see footnote 2), paid monthly with effect from July 27<sup>th</sup> 2016;
- a fixed gross annual remuneration to be paid in respect of the fulfilment of the following short and medium-long term objectives:

- **Short-term objectives**

Euro 3,000.00 gross annually on achieving an EBITDA gross operational result of no less than the percentage decided annually by the board of directors on the proposal of the nominating and remuneration committee, taken from the CAD IT financial statement approved by the shareholders' meeting. This variable short-term remuneration will be paid annually four months after its actual maturity.

In reference to the 2016 financial period, this remuneration will be paid upon achieving an EBITDA result in the CAD IT S.p.A. financial statement of no less than 10% (ten per cent);

- **Medium-long term objectives**



Euro 3,000.00 gross set aside annually and to be paid four months after the expiry of the third year of the mandate on reaching the objectives linked to the following parameters: EBITDA, value of production and cash flows from operating activities.

These values will be determined in reference to the financial statements of the three-year mandate.

At the end of the three-year period (2015 – 2017), the amount set aside will be Euro 9,000.00 and this sum may be paid four months after his maturity in measures equal to one third of each objective achieved;

- a gross remuneration (attendance fee) of Euro 650.00 for each board of directors meeting attended;
- no money set aside for severance pay or in the case of termination or resolution of collaboration relations.
- reimbursement for any expenses sustained while carrying out its duties.

The remuneration of the executive directors Paolo Dal Cortivo and Giulia Dal Cortivo are coherent with the Company's remuneration policy in that they fully conform to the following criteria:

- a) a correct balance between the fixed and variable components in terms of the Company's strategic objectives and risk management policy;
- b) the setting of maximum limits for the variable components up to a maximum 50% of the total remuneration, in the understanding that the fixed component is, in any case, sufficient to remunerate the directors' services should the variable component not be paid due to the non-fulfilment of the performance targets set by the board of directors;
- c) the performance targets to which the payment of the variable component is linked, are pre-determined, measurable and connected to the creation of value for the shareholders.

The remuneration of **non-executive directors Thomas Burkhart and Gian Paolo Tosoni** for the 2016 financial period was made up as follows:

- a fixed gross annual remuneration of Euro 15,000.00;
- a gross remuneration (attendance fee) of Euro 650.00 for each board of directors meeting attended.

The remuneration of **non-executive director Debora Cremasco** for the 2016 financial period was made up as follows:

- a fixed gross annual remuneration of Euro 15,000.00 determined by the board of directors on October 19<sup>th</sup> 2016 in accordance with the criteria set forth by the shareholders' meeting on April 29<sup>th</sup> 2015 with regard to non-executive directors and adjusted to her actual term of office;
- a gross remuneration (attendance fee) of Euro 650.00 for each board of directors meeting attended.

Moreover, these non-executive directors will have the right to be reimbursed for any expenses sustained while carrying out their duties.

The remuneration of Giuseppe Dal Cortivo, who was a non-executive director of the Company from July 8<sup>th</sup> 2016 until October 19<sup>th</sup> 2016 when he resigned from the office, was made up of:

- a fixed gross annual remuneration of Euro 15,000.00 determined by the board of directors on October 19<sup>th</sup> 2016 in accordance with the criteria set forth by the shareholders' meeting on April 29<sup>th</sup> 2015 with regard to non-executive directors and adjusted to his actual term of office;
- a gross remuneration (attendance fee) of Euro 650.00 for each board of directors meeting attended.

The above non-executive director remuneration is coherent with the Company remuneration policy in that, in line with best practices, it does not foresee any variable component and is not linked to the Company's economic results.

Lastly, he had the right to be reimbursed for any expenses sustained while carrying out its duties.

The remuneration of **directors members of board's internal committees Lamberto Lambertini, Alessandra Pedrollo and Maurizio Rizzoli** in reference to the 2016 financial period was as follows:

- a fixed gross annual remuneration of Euro 20,000.00 - adjusted to his actual term of office when necessary - for each director appointed as chairman of a committee (Lamberto Lambertini);
- a fixed gross annual remuneration of Euro 18,000.00 - adjusted to his/her actual term of office when necessary - for each director appointed as a member of a committee (Alessandra Pedrollo and Maurizio Rizzoli);

- a gross remuneration (attendance fee) of Euro 650.00 for each board of directors meeting attended.
- a gross remuneration (attendance fee) of Euro 650.00 for each committee's meeting attended, if the meeting is not held in the same day of a board's meeting.

Furthermore, those directors who are members of the board of directors' internal committees are also entitled to the reimbursement of expenses incurred during their activity.

The remuneration of those directors with particular duties is coherent with the Company remuneration policy in that it foresees a further fixed remuneration for the responsibility and the extra work deriving from being a member of one or more Committees.

The remuneration of **auditors Chiara Benciolini, Gian Paolo Ranocchi and Renato Tengattini** in reference to the 2016 financial period is as follows:

- for the office of standing auditor and chairman of the board of auditors, a fixed gross annual remuneration of Euro 25,000.00, based on the effective duration of the office effective from the date of appointment;
- for the office of standing auditor, a fixed gross annual remuneration of euro 17,000.00, based on the effective duration of the office effective from the date of appointment.

The above-described auditors' remuneration is coherent with the Company's remuneration policy in that it is considered adequate for the responsibility and effort required for their auditing activity.

**TABLE 1 (Issuers' Regulation – Appendix 3A Scheme 7-bis)**

**Remunerations for the administrative and controlling bodies, executive directors and other managers with strategic responsibilities.**

**TABLE 3B (Issuers' Regulation – Appendix 3A Scheme 7-bis)**

**Monetary incentive plans in favour of members of the administrative bodies, executive directors and other managers with strategic responsibilities.**

**TABLES 1 and 2 (Issuers' Regulation – Appendix 3A Scheme 7-ter)**

**Chart showing information relating to the holdings of members of the administrative and controlling bodies. Executive directors and other managers with strategic responsibilities.**

**TABLE 1 (Issuers' Regulation – Appendix 3A Scheme 7-bis)**

**Remunerations for the administrative and controlling bodies, executive directors and other managers with strategic responsibilities**

COMPENSATION DISTRIBUTED BY THE COMPANY PREPARING THE FINANCIAL STATEMENTS													
(A)	(B)		(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Surname and Name	Office		Office period	Office term	Fixed Compensation (a)(b) (c)	Compensation for Committees (d)	non equity variable compensation		Non monetary benefits (e)	Other Compensation	TOTAL	Fair value of equity compensation	End of office/relationship indemnity
							Bonuses and other incentives	Profit-sharing					
Magnani Giampietro	Executive Director	CAD IT SpA	01/01 - 08/07	Close of 2017	185,850		40,000				225,850		
	Chairman		08/07 - 31/12										
Zanella Luigi	Executive Director	CAD IT SpA	01/01 - 31/12	Close of 2017	185,850		40,000				225,850		
Dal Cortivo Paolo	Executive Director	CAD IT SpA	01/01 - 31/12	Close of 2017	167,405		40,000		9,430		216,835		
Dal Cortivo Giulia	Executive Director	CAD IT SpA	01/01 –31/12	Close of 2017	35,937		3,000				38,937		
Rizzoli Maurizio	Director	CAD IT SpA	01/01 - 31/12	Close of 2017	20,750	3,833					24,583		
Lambertini Lamberto	Director	CAD IT SpA	01/01 - 31/12	Close of 2017	20,850	5,000					25,850		
Thomas Burkhart	Director	CAD IT SpA	13/03 - 31/12	Close of 2017	16,950						16,950		
Pedrollo Alessandra	Director	CAD IT SpA	01/01 - 31/12	Close of 2017	20,850	3,000					23,850		
Tosoni Gianpaolo	Director	CAD IT SpA	01/01 - 31/12	Close of 2017	20,332						20,332		
Creiasco Debora	Director	CAD IT SpA	19/10 - 31/12	Next General Meeting	3,830						3,830		
Dal Cortivo Giuseppe	Chairman and Executive Director	CAD IT SpA	01/01 - 08/07	08/07/2016	95,402		52.000				95,402		
	Director	CAD IT SpA	08/07 - 19/10	19/10/2016	781						781		
Benciolini Chiara	Chairman Board of Directors	CAD IT SpA	01/01 - 31/12	Close of 2017	26,000						26,000		
Tengattini Renato	Standing Auditor	CAD IT SpA	01/01 - 31/12	Close of 2014	17,680						17,680		
Ranocchi Gianpaolo	Standing Auditor	CAD IT SpA	01/01 - 31/12	Close of 2017	17,680						17,680		
Ferrari Riccardo	Chairman Board of Directors	CAD IT SpA	01/01 –29/04	Close of 2014	8.667						8.667		
Miazzi Michele	Manager charged with preparing financial reports	CAD IT SpA	01/01 - 31/12	Indet.	91.129		3,000		4,310		98,439		
TOTAL compensation in CAD IT S.p.A.					<b>927,276</b>	<b>11,833</b>	<b>126,000</b>		<b>13,740</b>		<b>1,078,849</b>		

**NOTES**

(a) of which attendance fees: Dal Cortivo Giuseppe euro 1,950 – Magnani Giampietro euro 5,850 – Rizzoli Maurizio euro 5,850 – Zanella Luigi euro 5,850 – Dal Cortivo Paolo euro 5,850 – Lambertini Lamberto euro 5,850 – Burkhart Thomas euro 1,950 – Dal Cortivo Giulia euro 5,850 – Pedrollo Alessandra euro 5,850 - Tosoni Gianpaolo euro 4,550 – Cremasco Debora euro 650

(b) of which employee compensation: Dal Cortivo Paolo euro 112,845 – Miazzi Michele euro 91.129, of which euro 7.200 for the position of manager charged with preparing financial reports

(c) of which for occupational pension funds: Tosoni Gian Paolo euro 782 – Cremasco Debora euro 147 – Benciolini Chiara euro 1,000 – Ranocchi Gian Paolo euro 680 – Tengattini Renato euro 680

(d) ///

(e) Dal Cortivo Paolo: Managers insurance policy euro 890 - Additional pension fund euro 4.800 - Additional health insurance fund euro 3,344 - Managers life insurance policy euro 396

Miazzi Michele: Managers insurance policy euro 662 - Additional health insurance fund euro 3,344 - Managers life insurance policy euro 303

COMPENSATION DISTRIBUTED BY SUBSIDIARIES AND AFFILIATES													
(A)	(B)		(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Surname and Name	Office and Company		Office Period	Office term	Fixed Compensation (a)(b)	Compensation for Committees	Non-equity variable compensation		Non monetary benefits (c)	Other compensation	TOTAL	Fair value equity compensation	End of office/relationship indemnity
							Bonuses and other incentives	Profit-sharing					
Magnani Giampietro	Chairman and executive director	CAD Srl	01/01-27/07	27/07/2016	86,765						86,765		
	Attorney		03/08 - 31/12	Indet.									
	Director	DATAFOX Srl	14/04 - 31/12	Close of 2018	2,853					2,853			
	Director	SMART LINE SRL	01/01 - 31/12	Close of 2016	16,000						16,000		
Zanella Luigi	Attorney	CAD Srl	01/01 - 31/12	Indet.	86,765						86,765		
	Director	CESBE Srl	01/01 - 31/12	Indet.	9,000						9,000		
	Director	DATAFOX Srl	14/04 - 31/12	Close of 2018	2,853						2,853		
	Director	SICOM Srl	01/01 - 31/12	Indet.	6,198						6,198		
Dal Cortivo Giulia	Director	CESBE Srl	01/01 - 31/12	Indet.	142,095				9,231		151,327		
	Director	DATAFOX Srl	25/07 - 31/12	Close of 2018	1,743						1,743		
	Director	SICOM Srl	18/07 - 31/12	Indet.	3,099						3,099		
Dal Cortivo Paolo	Director	CAD Srl	27/07 - 31/12	Close of 2018	37,341						37,341		
	Director	CESBE Srl	25/07 - 31/12	Indet.	3,923						3,923		
Dal Cortivo Giuseppe	Attorney	CAD Srl	01/01 - 22/07	22/07/2016	48,612						48,612		
	Director	CESBE Srl	01/01 - 22/07	22/07/2016	5,042						5,042		

	Director	DATAFOX Srl	14/04 - 22/07	22/07/2016	1,094					1,094		
	Director	SICOM Srl	01/01 - 22/07	22/07/2016	3,099					3,099		
Ranocchi Gian Paolo	Chairman of the board of auditors	CAD Srl	01/01 - 14/04	Close of 2015	6,240					6,240		
	Sole Auditor		14/04 - 31/12	Close of 2018								
TOTAL compensation by subsidiaries and affiliates					462,722			9,231		471,952		

**NOTES**

(a) of which employee compensation: Dal Cortivo Giulia euro 93,785

(b) of which for occupational pension funds: Ranocchi Gian Paolo euro 240

(c) Dal Cortivo Giulia: Managers insurance policy euro 740 - Additional pension fund euro 4,800 - Additional health insurance fund euro 3,344 - Managers life insurance policy euro 347

	Fixed compensation	Compensation for Committees	Non-equity variable compensation		Non monetary benefits	Other compensation	TOTAL	Fair value equity compensation	End of office/ relationship indemnity
			Bonuses and other incentives	Bonuses and other incentives					
CAD IT S.p.A. compensation	927,276	11,833	126,000		13,740		1,078,849		
Subsidiaries and affiliates compensation	462,722				9,231		471,952		
<b>TOTAL</b>	<b>1,389,998</b>	<b>11,833</b>	<b>126,000</b>		<b>22,971</b>		<b>1,550,802</b>		

**TABLE 3B (Issuers' Regulation – appendix 3A scheme 7-bis)**

**Monetary incentive plans in favour of members of the administrative bodies, executive directors and other managers with strategic responsibilities<sup>4</sup>**

A	B	(1)	(2)			(3)			(4)
Surname and Name	Office	Plan	Year's Bonus			Previous years' bonus			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Distributable/ Sistributed	Postponed	Postponement period	No longer distributable	Distributable/ distributed	Further postponed	
Magnani Giampietro	Chairman and executive director	Variable compensation resolution of 29/04/2015	40,000	12,000				12,000	
Zanella Luigi	Executive director		40,000	12,000				12,000	
Dal Cortivo Paolo	Executive director		40,000	12,000				12,000	
Dal Cortivo Giulia	Executive director		3,000	3,000				3,000	
Dal Cortivo Giuseppe	Chairman and executive director from 01/01 to 08/07					12,000			
Rizzoli Maurizio	Director								
Lambertini Lamberto	Director								
Burkhardt Thomas	Director								
Pedrollo Alessandra	Director								
Tosoni Gian Paolo	Director								
Cremasco Debora	Director since 19/10								
Benciolini Chiara	Chairman of the Board of Auditors								
Tengattini Renato	Standing Auditor								
Ranocchi Gian Paolo	Standing auditor								
Other managers with strategic responsibilities: 1			3,000						
<b>TOTAL</b>			<b>126,000</b>	<b>39,000</b>		<b>12,000</b>		<b>39,000</b>	

<sup>4</sup> It is hereby pointed out that the table refers to all types of monetary incentive plans, both short and medium-long term.



**TABLES 1 and 2 (Issuers' Regulation – appendix 3A scheme 7-ter)**

**Chart showing information relating to the holdings of members of the administrative and controlling bodies, executive directors and other managers with strategic responsibilities**

Surname and name	Office	Company	Number of shares held at the end of the previous financial year		Number of shares bought	Number of shares sold	Number of shares held at the end of the current financial year	
			Total	Of which held by the spouse			Total	Of which held by the spouse
Magnani Giampietro	Executive director until 08/07	CAD IT SpA	1,331,021	370,885			1,331,021	370,885
	Chairman of the BoD and executive director since 08/07							
Rizzoli Maurizio	Director	CAD IT SpA	1,352,793	1,344,793			1,352,793	1,344,793
Zanella Luigi	Executive director	CAD IT SpA	1,333,480	380,985			1,333,480	380,985
Dal Cortivo Paolo	Executive director	CAD IT SpA	5,481				5,481	
Dal Cortivo Giulia	Executive director	CAD IT SpA	1,830				1,830	
Dal Cortivo Giuseppe	Chairman of the BoD and executive director until 08/07	CAD IT SpA	1,334,534	370,885			1,334,534	370,885
	Non-executive director from 08/07 to 19/10							
Burkhart Thomas	Director	CAD IT SpA						
Lambertini Lamberto	Director	CAD IT SpA						
Pedrollo Alessandra	Director	CAD IT SpA						
Tosoni Gian Paolo	Director	CAD IT SpA						
Cremasco Debora	Director since 19/10	CAD IT SpA						
Benciolini Chiara	Chairman of the board of auditors	CAD IT SpA						
Ranocchi Gian Paolo	Standing auditor	CAD IT SpA	11,084	11,084			11,084	11,084
Tengattini Renato	Standing auditor	CAD IT SpA	60				60	

Number of managers with strategic responsibilities	Company	Number of shares held at the end of the previous financial year		Number of shares bought	Number of shares sold	Number of shares held at the end of the current financial year	
		Total	Of which held by the consort			Total	Of which held by the consort
1	CAD IT SpA	2				2	

Dear Shareholders,

all things being considered, we kindly invite you to agree or disagree on Section I of the Report as follows:

*“CAD IT S.p.A. Shareholders' Meeting on April 27<sup>th</sup> 2017, having read the remuneration report, declares to be in favour of the first section of the remuneration report relating to the policies adopted in terms of the remuneration of the members of the administrative bodies and managers with strategic responsibilities and the procedures used to adopt and activate such policies”.*