

**F.I.L.A. – FABBRICA ITALIANA LAPIS ED AFFINI S.P.A.**

**REMUNERATION REPORT**

in accordance with Article 123-*ter* of Legislative Decree No. 58/1998  
at December 31, 2016



Report approved by the Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. at the meeting of March 21, 2017, available on the website [www.filagroup.it](http://www.filagroup.it) in the "Governance" section

## Contents

<b>PRINCIPAL DEFINITIONS .....</b>	<b>3</b>
<b>INTRODUCTION .....</b>	<b>6</b>
<b>SECTION I.....</b>	<b>7</b>
<b>1.1 PROCEDURES FOR THE ADOPTION AND IMPLEMENTATION OF THE REMUNERATION POLICY.....</b>	<b>7</b>
<b>1.2 INDEPENDENT SPECIALISTS INVOLVED IN THE PREPARATION OF THE REMUNERATION POLICY.....</b>	<b>9</b>
<b>1.3 REMUNERATION POLICY.....</b>	<b>10</b>
<b>1.3.1 AIMS AND PRINCIPLES OF THE REMUNERATION POLICY.....</b>	<b>10</b>
<b>1.3.2 REMUNERATION POLICY.....</b>	<b>11</b>
<b>(I) DIRECTORS.....</b>	<b>12</b>
<b>(A) NON-EXECUTIVE DIRECTORS.....</b>	<b>12</b>
<b>(B) EXECUTIVE DIRECTORS.....</b>	<b>12</b>
<b>(II) SENIOR EXECUTIVES.....</b>	<b>13</b>
<b>(III) SENIOR MANAGEMENT.....</b>	<b>13</b>
<b>(IV) HONORARY CHAIRMAN.....</b>	<b>14</b>
<b>1.3.3 LINK BETWEEN FIXED AND VARIABLE COMPONENTS OF REMUNERATION.....</b>	<b>14</b>
<b>(I) EXECUTIVE DIRECTORS.....</b>	<b>14</b>
<b>(II) SENIOR EXECUTIVES AND SENIOR MANAGEMENT - SHORT-TERM VARIABLE COMPONENT.....</b>	<b>19</b>
<b>(III) SENIOR EXECUTIVES AND SENIOR MANAGEMENT - MEDIUM/LONG TERM VARIABLE COMPONENT.....</b>	<b>21</b>
<b>1.4 2017 EXTRAORDINARY BONUS.....</b>	<b>22</b>
<b>1.5 POLICY UPON NON-MONETARY BENEFITS (FRINGE BENEFITS).....</b>	<b>23</b>
<b>1.6 POLICY UPON BENEFITS ON CONCLUSION OF OFFICE.....</b>	<b>23</b>
<b>1.7 INSURANCE, SOCIAL SECURITY AND PENSION COVERAGE.....</b>	<b>23</b>
<b>SECTION II.....</b>	<b>25</b>
<b>1.1 FIRST PART - ITEMS COMPRISING 2016 REMUNERATION.....</b>	<b>25</b>
1.1.1 Board of Directors.....	25
1.1.2 Executive Directors.....	25
1.1.3 Senior Executives.....	26
1.1.4 Board of Statutory Auditors.....	26
<b>1.2 SECOND PART - BREAKDOWN OF THE REMUNERATION PAID DURING THE YEAR...27</b>	
<b>1.3 THIRD PART - LIST OF INVESTMENTS HELD.....</b>	<b>32</b>

## PRINCIPAL DEFINITIONS

The principal definitions utilised in the present Report are illustrated below.

<b>Executive Directors</b>	Directors of the Company assigned operational or managerial powers or to whom the Board of Directors confers specific roles. At the Reporting date, the Executive Directors of the Company are the Chief Executive Officer Massimo Candela and the Executive Director Luca Pelosin.
<b>2017 Extraordinary Bonus</b>	the extraordinary bonus concerning the free assignment of a tantum of shares of the Company in favour of some managers of the Company, which the Board of Directors of March 21, 2017, on the proposal of the Remuneration Committee of the Company and with the prior favourable opinion of the Related Parties Committee, resolved to present for approval of the Shareholders' Meeting of April 27, 2017.
<b>Borsa Italiana</b>	Borsa Italiana S.p.A.
<b>Self-Governance Code</b>	the Self-Governance Code of listed companies approved in July 2015 by the Corporate Governance Committee and promoted by Borsa Italiana, ABI, Ania, Assogestioni, Assonime and Confindustria, available on the website <a href="http://www.borsaitaliana.it">www.borsaitaliana.it</a> in the section "Borsa Italiana - Regulation - Corporate Governance".
<b>TRP Committee</b>	the committee for transactions with the related parties of FILA, appointed in accordance with the Consob TRP Regulation and the Related Parties Procedure.
<b>Consob</b>	Consob-Commissione Nazionale per le Società e la Borsa (Italian financial market oversight authority).
<b>Senior Executives</b>	those persons having authority and responsibility, directly or indirectly, for planning, directing and controlling the activities of the Group.
<b>EBITDA</b>	indicates, in relation to the FILA Group consolidated financial statements, the difference between: <ol style="list-style-type: none"><li>1) total core business revenue and other revenue and income; and</li><li>2) total operating costs (including costs for raw materials, ancillary, consumables and goods, the change in inventories of raw materials, semi-finished and finished products, services and rent, lease and similar costs, other operating costs and labour</li></ol>

		costs).
<b>Relevant Events</b> and, individually, a <b>Relevant Event</b>		acquisitions (of companies, businesses and/or business units), disposals (of companies, businesses and/or business units), mergers, spin-offs, share capital increases, conferments, legislative or regulatory amendments, changes to the accounting standards adopted for the preparation of the financial statements or other exceptional events with significant impact on the Objectives.
<b>Senior Management</b>		Group management appointed to drive the growth and sustainability of the Group business, beneficiaries of the 2017-2018 Performance Shares Plan.
<b>Group</b>		FILA and the companies over which it exercises, directly or indirectly, control according to the applicable IFRS accounting standards.
<b>NFP</b>		indicates, in relation to the consolidated financial statements of the FILA Group, the sum of: <ul style="list-style-type: none"> <li>1) liquidity (cash, other cash equivalents, securities held-for-trading);</li> <li>2) current financial receivables;</li> <li>3) current financial debt (current bank payables, current portion of non-current debt, other current financial payables)</li> <li>4) non-current financial debt (non-current bank payables, bonds issued, other non-current payables);</li> <li>5) loans issued to third parties.</li> </ul>
<b>2016-2018 Plan</b>		the three-year business plan of the Company, approved by the Board of Directors on March 22, 2016.
<b>2017-2019 Performance Shares Plan</b>		the plan concerning the free assignment of shares of the Company, which the Board of Directors of March 21, 2017, on the proposal of the Remuneration Committee and with the prior favourable opinion of the Related Parties Committee, resolved to present for approval of the Shareholders' Meeting of April 27, 2017.
<b>Honorary Chairman</b>		the individual selected from among persons of high standing and who have contributed to the establishment and/or growth of the Company, in accordance with Article 12.5 of the By-Laws. At the date of the present Report, the Honorary Chairman

	of FILA is Alberto Candela.
<b>Related Parties Procedure</b>	the procedure for transactions with related parties adopted by the Company in compliance with the Consob TRP Regulation.
<b>Consob TRP Regulation</b>	the regulation concerning transactions with related parties adopted by Consob with motion No. 17221 of 2010, as subsequently amended and supplemented.
<b>Issuers' Regulation</b>	the regulation adopted by Consob with motion No. 11971 of 1999, as subsequently amended and supplemented.
<b>ROI</b>	ratio between consolidated EBITDA and net invested capital, as per the 2016-2018 Plan (see pages 90 and 91).
<b>By-Laws</b>	the By-Laws of FILA, currently in force.
<b>CFA</b>	Legislative Decree No. 58 of 1998, as subsequently amended and supplemented.

## INTRODUCTION

The present report (the **Report**) is divided into two sections:

- section I: the Remuneration Policy. This section is submitted annually for the consultative vote of FILA's Shareholders' Meeting (the **Shareholders' Meeting**);
- section II: the 2016 Report, which provides detailed disclosure on remuneration paid in the year to directors and members of the Board of Statutory Auditors (the **Board of Statutory Auditors**) of FILA.

The Report, approved by the Board of Directors of FILA (the **Board of Directors**) on March 21, 2017, on the proposal of the Remuneration Committee (the **Remuneration Committee**), is prepared in accordance with the applicable rules and regulations.

The Remuneration Policy is established in line with the recommendations of the Self-Governance Code, which the Company adopted on March 15, 2016.

The Remuneration Policy was adopted by the Company in accordance with the Consob TRP Regulation, as incorporated into the Related Parties Procedure available on the Company website [www.filagroup.it](http://www.filagroup.it) in the "Governance" section.

For the establishment of the Remuneration Policy, the company appointed Mercer Italia S.r.l., leading consultancy firm in human capital development and organisation through its Career and Wealth business division, and as benchmark, utilised the remuneration policies of comparable companies -mainly listed - to the Company and the Group.

The present Report was sent to Borsa Italiana and made available to the public at the registered office of the company (via XXV Aprile n. 5, Pero, Milan) and on the Company website [www.filagroup.it](http://www.filagroup.it) in the "Governance" section, within twenty-one days before the date of the Shareholders' Meeting.

## **SECTION I**

The Remuneration Policy defines the principles and guidelines adopted by FILA for the remuneration of the members of the Board of Directors and Senior Executives.

### **1.1 PROCEDURES FOR THE ADOPTION AND IMPLEMENTATION OF THE REMUNERATION POLICY**

#### **1.1.1 Parties involved in the preparation, approval and implementation of the Remuneration Policy**

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

##### Shareholders' Meeting

The Shareholders' Meeting:

- (i) establishes the remuneration of the members of the Board of Directors in accordance with Article 2364, paragraph 1, No. 3) of the Civil Code, also in accordance with Article 2389, paragraph 3 of the Civil Code and Article 15 of the By-Laws;
- (ii) in accordance with Article 123-ter, paragraph 6 of the CFA, decides in favour or against section I of the Report (in accordance with the above-stated regulation; this Shareholders' Meeting decision is not binding);
- (iii) establishes any remuneration plans based on shares or other financial instruments for directors, employees or consultants, including key management personnel, where existing, in accordance with Article 114-bis of the CFA.

##### Board of Directors

The Board of Directors:

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

- (iv) approves the Report in accordance with Articles 123-*ter* of the CFA and 84-*quater* of the Issuers' Regulation;
- (v) prepares any remuneration plans based on shares or other financial instruments for directors, employees and consultants, including key management personnel, where existing, submitting such for the approval of the Shareholders' Meeting in accordance with Article 114-*bis* of the CFA and oversees their implementation.

#### Remuneration Committee

The Remuneration Committee is a body with consulting and proposal functions, with the principal duty to draw up for the Board of Directors proposals upon the Remuneration Policy, including any stock option plans or assignment of shares, of the Chief Executive Officer and the other Executive Directors, in addition to, on the indication of the Chief Executive Officer, the establishment of the criteria for the remuneration of key management personnel, where in place.

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

With regard to the role, composition and functioning of the Remuneration Committee, reference should be made to Paragraph 1.1.2 below.

#### Board of Statutory Auditors

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

### **1.1.2 Remuneration Committee**

The Remuneration Committee was established by Board of Directors motion of July 22, 2015 and comprises three non-executive directors, the majority of whom independent, in the persons of:

- Francesca Prandstraller (Chairperson) - non-executive independent director;
- Sergio Ravagli - non-executive independent director;
- Annalisa Barbera - non-executive director.

On appointment, the Board of Directors positively assessed the meeting of, by the non-executive director Annalisa Barbera, the knowledge and competence requirements concerning financial matters and remuneration policies.

The composition, duties and operating rules of the Remuneration Committee are governed by the Self-Governance Code and the regulation adopted by the



Remuneration Committee from October 7, 2015 (available on the Company website [www.filagroup.it](http://www.filagroup.it) in the "Governance" section).

The meetings of the Remuneration Committee are held as a collective and are appropriately minuted.

Directors do not take part in meetings of the Remuneration Committee in which proposals upon their specific remuneration to the Board of Directors are drawn up.

On invitation, representatives of company departments and independent experts and/or other parties, whose participation is considered beneficial for the discussion of the matters at issue, may attend meetings of the Remuneration Committee.

Where considered necessary and beneficial for the execution of its duties, the Remuneration Committee may utilise outside remuneration policy consultants.

In relation to the activities of the Remuneration Committee in 2016, reference should be made to the 2016 corporate governance and ownership structure report, available on the Company website [www.filagroup.it](http://www.filagroup.it) in the "Governance" section.

At the meetings between January and March 2017, the Remuneration Committee:

- (i) established the Remuneration Policy for Executive Directors for the year 2017;
- (ii) established the Remuneration Policy for Senior Executives and Senior Management for the years 2017-2019;
- (iii) prepared the present Report;
- (iii) verified the achievement of the 2016 annual objectives by the Chief Executive Officer Massimo Candela and the Executive Director Luca Pelosin;
- (v) presented proposals to the Board of Directors for the variable remuneration component of the Executive Directors for the year 2016;
- (vi) presented a proposal for additional remuneration to the members of the Board Committees of the Company.

For 2017, the Remuneration Committee scheduled the additional main activities of:

- presentation of the Report to the Shareholders' Meeting (scheduled for April 2017);
- assessment of the adequacy, consistency and application of the Remuneration Policy (scheduled for November 2017);
- setting out the activities for the first quarter of 2018 (scheduled for November 2017).

## **1.2 INDEPENDENT SPECIALISTS INVOLVED IN THE PREPARATION OF THE REMUNERATION POLICY**

The Company utilised the services of the independent specialist consultancy firm Mercer Italia S.r.l. in the preparation of the Remuneration Policy. In particular, this specialist firm carried out an analysis of the remuneration packages of companies, primarily listed, comparable with the Company.

### **1.3 REMUNERATION POLICY**

#### **1.3.1 AIMS AND PRINCIPLES OF THE REMUNERATION POLICY**

The Remuneration Policy is drawn up so as to ensure an overall remuneration structure which recognises the managerial value of the beneficiaries and the contribution provided to the growth of the company in terms of their respective competences. This policy seeks to attract, maintain and motivate individuals of high professional standing, with particular regard to key positions for the development and management of the business, in addition to awarding the achievement of the individual and company performance objectives on the basis of the company economic-financial growth indicators and as a principal aim seeks to align the interests of the management of the Company with the achievement of the core objective of the creation of value for the shareholders of FILA over the medium/long-term.

The Remuneration Policy, in line with the general aims outlined above, is based on the following key principles and is defined according to the following criteria:

- (i) appropriate balance between the fixed and variable components according to the strategic objectives and the risk management policy of the Company, taking account of the sector in which the FILA Group operates and the operations executed, in order to avoid conduct which does not serve the creation of sustainable value over the short and medium/long-term period.
- (ii) setting of limits for the variable components;
- (iii) pre-setting and measurability of the performance objectives for the issue of the variable components;
- (iv) creation of a direct link between remuneration and performance, through mechanisms which provide for the issue of differing levels of bonuses linked to the partial or total achievement of the objectives;
- (iii) establishment of overall remuneration levels which recognise the professional value of individuals and their contribution to the creation of sustainable value over the short and medium/long-term period.

In line with the principles outlined above, the company will propose to the Shareholders' Meeting of April 27, 2017:

- the adoption of the 2017-2019 Performance Shares Plan, to which reference should be made to Paragraph 0;
- the 2017 Extraordinary Bonus, to which reference should be made to Paragraph 1.4.

These plans wish to encourage the retention and incentivise management, enhancing the value of the Company and of the Group, with primary focus on value creation in all strategic and operating decisions.

The Company may stipulate contractual conditions which would allow for the restitution, in full or in part, of the variable remuneration components paid (or withhold any sums subject to deferred payment), on the basis of data which is subsequently clearly erroneous in accordance with Application Criterion 6.C.1, letter f) of the Self-Governance Code (so-called claw-back).

There is no obligation to retain the shares assigned to the beneficiaries of the 2017 Extraordinary Bonus and the 2017-2019 Performance Shares Plan as the company considers that the creation of value over the medium/long-term period may be guaranteed also in the absence of this commitment.

### **1.3.2 REMUNERATION POLICY**

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

In fact on March 21, 2017, the Board of Directors of the company, on the proposal of the Remuneration Committee, identified - in view of the positions and respective roles within the Group - Senior Executives, Senior Management and an Employee of the Group as beneficiaries of the 2017 Extraordinary Bonus, as well as Senior Executives and Senior Management as beneficiaries of the 2017-2019 Performance Shares Plan.

The company therefore considered it appropriate to distinguish the remuneration structure in relation to the competences and executive/managerial responsibilities recognised to the persons concerned and consequently autonomously define the remuneration criteria of:

- (i) directors, and in particular
  - (a) Non-Executive Directors; and
  - (b) Executive Directors;
- (ii) Senior Executives;
- (iii) Senior Management;
- (iv) Honorary Chairman.

**(i) DIRECTORS**

The remuneration of directors seeks to attract and motivate the best professional talent for the exercise of their duties and the achievement of the goals of the Remuneration Policy.

All directors receive a fixed remuneration component in order to ensure adequate remuneration for the activities and commitments undertaken by the directors on behalf of the Company.

The Board of Directors meeting of March 21, 2017, on the proposal of the Remuneration Committee and with prior favourable opinion of the Related Parties Committee, established the following additional remuneration for the participation of the directors on Board Committees: Euro 10,000.00 for the Chairman of the Committees and Euro 5,000.00 for each member of the Committees.

**(a) NON-EXECUTIVE DIRECTORS**

Non-executive directors (whether independent directors or not) are recognised a remuneration established by the Shareholders' Meeting in accordance with Article 2389 of the Civil Code, in addition to the reimbursement of expenses incurred.

The remuneration of these directors is not linked to the economic results or specific objectives of the Company.

**(b) EXECUTIVE DIRECTORS**

The remuneration of Executive Directors is adequately calibrated to ensure the correct balance between development objectives in the short term and sustainable creation of value for shareholders over the medium/long-term period.

In particular, the remuneration of the Executive Directors comprises:

- a *fixed component*: this component takes account of the extent and strategic importance of the role, its subjective distinctive characteristics and the strategic competences of the respective directors. The amount is sufficient to remunerate the service also in the case of the non-reaching of the performance objectives upon which the variable remuneration component is based, and therefore - among other issues - discourages the undertaking of conduct not consistent with the risk propensity of the company. In particular, the fixed component is based on the size of the business managed and the capacity for contribution to the consolidated results of the FILA Group;
- a *short-term variable component*: this component seeks to incentivise directors to work towards reaching the annual objectives, in order to maximise the value of the FILA Group, in line with the interests of shareholders. This component is achieved only with the reaching of the minimum annual performance objectives established by the Board of Directors, on the proposal of the Remuneration Committee.
- a *medium/long-term variable component*: this component seeks to incentivise Executive Directors to maximise the value of the FILA Group and to align the interests of such directors with those of the shareholders. The payment of this remuneration may be deferred to the conclusion of a three-year timeframe;

- fringe benefit: fringe benefits provide for the provisions of goods and/or services in line with market practice and applicable regulations.

For the description of the short-term variable component and the medium/long-term component of the Executive Directors reference should be made to Paragraph 1.3.3(i).

## **(ii) SENIOR EXECUTIVES**

The remuneration of Senior Executives aims to concentrate greater management focus on the long-term results of the company and on the creation of value.

The company therefore adopted a policy to achieve these objectives also through the implementation of a variable remuneration system, with a strong retention function, in line with the need for growth and internal development within the Company and the Group.

The remuneration of Senior Executives is composed of:

- a fixed component;
- a short-term variable component;
- a medium/long-term variable component<sup>1</sup>;
- fringe benefits.

For the description of the short-term variable component of Senior Executives reference should be made to Paragraph 1.3.3(ii).

For the description of the medium/long-term variable component of Senior Executives, represented by the 2017-2019 Performance Shares Plan, reference should be made to Paragraph 0.

## **(iii) SENIOR MANAGEMENT**

Senior Management remuneration policy is based on the position and responsibilities held in the Group in order to achieve sustainable earnings and the creation of medium/long term value for the shareholders.

The remuneration of Senior Management is composed of:

- a fixed component;
- a short-term variable component;
- a medium/long-term variable component;
- fringe benefits.

For the description of the short-term variable component of Senior Management reference should be made to Paragraph 1.3.3(ii).

For the description of the medium/long-term variable component of Senior Management, represented by the 2017-2019 Performance Shares Plan, reference should be made to Paragraph 1.3.3(iii).

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<sup>1</sup> With the exception of 1 Senior Executive, in which the present remuneration policy is not applicable.

#### (iv) HONORARY CHAIRMAN

The Honorary Chairman receives an annual remuneration set by the Board of Directors, in addition to the reimbursement of expenses incurred.

### 1.3.3 LINK BETWEEN FIXED AND VARIABLE COMPONENTS OF REMUNERATION

#### (i) EXECUTIVE DIRECTORS

The gross annual overall remuneration of the Chief Executive Officer is established as follows.

REMUNERATION COMPONENT	DESCRIPTION OF THE GROUP OBJECTIVES AND APPLICABLE CLAUSES
Fixed component	Annual fixed component (the <b>CEO Annual Fixed Component</b> )
Short-term variable component	<p>Short-term variable component of a maximum amount of approx. 120% of the CEO Annual Fixed Component (the <b>CEO Short-term Variable Component A</b>) linked to the reaching of the quantitative objectives and qualitative objectives described below.</p> <p>- <b>Quantitative objectives:</b> 70% of the CEO Short-term Variable Component A is issuable on the meeting of the EBITDA and NFP objectives established by the 2016-2018 Plan. In particular:</p> <ul style="list-style-type: none"><li>○ 70% linked to the reaching of the consolidated EBITDA objectives on the basis of a performance scale with a variable range from a minimum 80% to a maximum of 105% (corresponding to the issue of a short-term variable remuneration respectively from 34.3% to 58.8% of the CEO Annual Fixed Component). Within this range, the amount of the variable component linked to EBITDA will be based according to the pre-set brackets; and</li><li>○ 30% linked to the reaching of the consolidated NFP objectives on the basis of a performance scale with a variable range from a minimum of Euro 40 million to a maximum of Euro 40 million (corresponding to the issue of a variable remuneration respectively from 14.7% to 31.5% of the CEO Annual Fixed Component). Within this range, the amount of the variable component linked to NFP will be based according to the pre-set brackets</li></ul> <p>- <b>Qualitative objectives:</b> 30% of the CEO Short-term Variable Component A (the <b>CEO Qualitative Component</b>) is issuable subject to the reaching of the following qualitative objectives</p> <ul style="list-style-type: none"><li>○ constant improvement of the governance with particular reference of the functioning of the Strategic Committee;</li><li>○ constant presence in the meetings with the investors, (collectively, the <b>Short-term CEO Qualitative Objectives</b>).</li></ul>

	<p>- <b>Issue:</b> following approval of the 2017 consolidated financial statements, with the passing of a motion by the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors.</p> <p>The Chief Executive Officer, at least one month in advance of the date set for the approval of the 2017 consolidated financial statements, should present to the Remuneration Committee and the Board of Directors a report on the state of implementation of the activities whose completion constitutes a condition for the issue of the CEO Qualitative Component. On the basis of this report, the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors, will verify the reaching of the Short-term CEO Qualitative Objectives, deciding upon the allocation of the CEO Qualitative Component.</p> <p>- <b>Compliance with the financial covenants:</b> the Chief Executive Officer shall not receive any variable remuneration where one or more of the financial covenants set out in the loan contracts undertaken by the Company have not been met.</p> <p>- <b>Claw-back clause:</b> obligation for the repayment to the Company of the variable remuneration components in the case of material violation of company or legal rules, or harmful or seriously damaging conduct such as to alter the data utilised for the achievement of the objectives.</p>
<p><b>Medium/long-term variable component</b></p>	<p>Variable medium/long-term component of a maximum, aggregated over a three-year period, of approx. 141% of the CEO Annual Fixed Component (the <b>CEO Medium/Long-term Variable Component</b>) linked to the reaching of the quantitative objectives and the qualitative objectives described below.</p> <p>- <b>Quantitative objective:</b> 70% of the CEO Medium/Long-term Variable Component A is issuable on condition that, in the 2016-2018 three-year period, the ROI objectives are met.</p> <p>- <b>Qualitative objective:</b> 30% of the CEO Medium/Long-term Variable Component A (the <b>CEO Medium/Long-term Qualitative Variable Component</b>) is issuable on condition that in the 2016-2018 three-year period the following objectives are met:</p> <ul style="list-style-type: none"> <li>o by December 31, 2018, presentation to, and favourable reception by, the Board of Directors of a succession plan for the current top management of the FILA Group;</li> <li>o by January 31, 2018, roll-out of the ERP system, with review of all first-line software systems;</li> <li>o strategic integration of Daler-Rowney into the FILA Group,</li> </ul> <p>(collectively, the <b>CEO Medium/Long-term Qualitative Objectives</b>).</p>

	<p>- <b>Issue:</b> following approval of the 2018 consolidated financial statements, with the passing of a motion by the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors.</p> <p>The Chief Executive Officer, at least one month in advance of the date set for the approval of the 2018 consolidated financial statements, should present to the Remuneration Committee and the Board of Directors a report on the state of implementation of the activities whose completion constitutes a condition for the issue of the CEO Medium/Long-term Qualitative Component. On the basis of this report, the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors, will verify the reaching of the Medium/Long-term CEO Qualitative Objectives, deciding upon the allocation of the Medium/Long-term CEO Qualitative Component.</p>
	<p>- <b>Claw-back clause:</b> obligation for the repayment to the Company of the variable remuneration components in the case of material violation of company or legal rules, or harmful or seriously damaging conduct such as to alter the data utilised for the achievement of the objectives.</p>

#### Executive Director Luca Pelosin

The gross annual overall remuneration of the Executive Director Luca Pelosin is established as follows.

REMUNERATION COMPONENT	DESCRIPTION OF THE GROUP OBJECTIVES AND APPLICABLE CLAUSES
Fixed component	Fixed annual component (the <b>ED Fixed Annual Component</b> ).
Short-term variable component	Short-term variable component of a maximum amount of approx. 120% of the ED Annual Fixed Component (the <b>ED Short-term Variable Component A</b> ) linked to the reaching of the quantitative objectives and qualitative objectives described below.
	<p>- <b>Quantitative objectives:</b> 70% of the ED Short-term Variable Component A is issuable on the meeting of the EBITDA and NFP objectives established by the 2016-2018 Plan. In particular:</p> <ul style="list-style-type: none"> <li>○ 70% linked to the reaching of the consolidated EBITDA objectives on the basis of a performance scale with a variable range from a minimum 80% to a maximum of 105% (corresponding to the issue of a short-term variable remuneration respectively from 34.3% to 58.8% of the CEO Annual Fixed Component). Within this range, the amount of the variable component linked to EBITDA will be based according to the pre-set brackets; and</li> <li>○ 30% linked to the reaching of the consolidated NFP</li> </ul>



	<p>objectives on the basis of a performance scale with a variable range from a minimum of Euro 40 million to a maximum of Euro 40 million (corresponding to the issue of a variable remuneration respectively from 14.7% to 31.5% of the CEO Annual Fixed Component). Within this range, the amount of the variable component linked to NFP will be based according to the pre-set brackets</p> <p>- <b>Qualitative objectives:</b> 30% of the ED Short-term Variable Component A (the <b>ED Qualitative Component</b>) is issuable subject to the reaching of the following qualitative objectives:</p> <ul style="list-style-type: none"> <li>• upgrade the organisational structures of the subsidiaries to the Group model;</li> <li>• progress in the programme for the governance, business processes and Group organisation and IT systems in accordance with the time-table presented to the Board of Directors,</li> </ul> <p>(collectively, the <b>ED Short-term Qualitative Objectives</b>)</p> <p>- <b>Issue:</b> following approval of the 2017 consolidated financial statements, with the passing of a motion by the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors.</p> <p>The Executive Director, at least one month in advance of the date set for the approval of the 2017 consolidated financial statements, should present to the Remuneration Committee and the Board of Directors a report on the state of implementation of the activities whose completion constitutes a condition for the issue of the ED Qualitative Component. On the basis of this report, the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors, will verify the reaching of the Short-term ED Qualitative Objectives, deciding upon the allocation of the ED Qualitative Component.</p> <p>- <b>Compliance with the financial covenants:</b> the Executive Director shall not receive any variable remuneration where one or more of the financial covenants set out in the loan contracts undertaken by the Company have not been met.</p> <p>- <b>Claw-back clause:</b> obligation for the repayment to the Company of the variable remuneration components in the case of material violation of company or legal rules, or harmful or seriously damaging conduct such as to alter the data utilised for the achievement of the objectives.</p>
<p><b>Medium/long-term variable component</b></p>	<p>Variable medium/long-term component of a maximum, aggregated over a three-year period, of approx. 167% of the ED Annual Fixed Component (the <b>ED Medium/Long-term Variable Component</b>) linked to the reaching of the quantitative objectives and the qualitative objectives described below.</p>

	<p>- <b>Quantitative objective:</b> 70% of the ED Medium/Long-term Variable Component A is issuable on condition that, in the 2016-2018 three-year period, the ROI objectives are met.</p>
<p>- <b>Qualitative objective:</b> 30% of the ED Medium/Long-term Variable Component A (the <b>ED Medium/Long-term Qualitative Variable Component</b>) is issuable on condition that in the 2016-2018 three-year period the following objectives are met:</p> <ul style="list-style-type: none"> <li>o three-year retention;</li> <li>o by December 31, 2018, presentation to the Board of Directors of a succession plan;</li> <li>o by January 31, 2018, roll-out of the ERP system, with review of all first-line software systems;</li> </ul> <p>(collectively, the <b>ED Medium/Long-term Qualitative Objectives</b>).</p>	
<p>- <b>Issue:</b> following approval of the 2018 consolidated financial statements, with the passing of a motion by the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors (the <b>Issue Date</b>).</p> <p>The Executive Director, at least one month in advance of the date set for the approval of the 2018 consolidated financial statements, should present to the Remuneration Committee and the Board of Directors a report on the state of implementation of the activities whose completion constitutes a condition for the issue of the ED Medium/Long-term Qualitative Component. On the basis of this report, the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors, will verify the reaching of the Medium/Long-term ED Qualitative Objectives, deciding upon the allocation of the ED Medium/Long-term Qualitative Component</p>	
<p>- <b>Claw-back clause:</b> obligation for the repayment to the Company of the variable remuneration components in the case of material violation of company or legal rules, or harmful or seriously damaging conduct such as to alter the data utilised for the achievement of the objectives.</p>	
<p>- <b>Retention clause:</b></p> <ul style="list-style-type: none"> <li>• obligation to repay to the Company 50% of the net amount of the ED Medium/Long-term Variable Component matured and received (the <b>Pay-Out</b>) in the case of voluntary resignation without just cause or revocation/dismissal for just cause (<b>Bad Leaver Cases</b>), communicated by the first anniversary of the Issue Date;</li> <li>• repayment of 25% of the Pay-Out in the Bad Leaver Cases communicated by the second anniversary of the Issue Date,</li> </ul> <p>subject to the fact that in the case of dismissal from (or however conclusion of office) the Board of Directors in circumstances other than Bad Leaver Cases, the Executive Director Luca Pelosin will receive the pro-rata amount of the remuneration until</p>	

	the matured date.
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### ***Common application provisions***

The criteria for the normalisation of EBITDA and the NFP are described at Annex A of the present Report. The calculation of the EBITDA and the NFP will be based on a like-for-like consolidation scope (without including therefore the EBITDA and NFP of the companies acquired and/or disposed of and/or merged and/or incorporated and not considered in the 2016-2018 Plan), normalising (i) in the calculation of the NFP also the acquisition costs and (ii) in the calculation of the EBITDA the value of the bonus, both in the budget and actual figures, for the verification of the achievement of the quantitative objectives of this component of the Executive Directors as well as the Senior Executives and Senior Management.

Where one or more of the Relevant Events occurs, the Board of Directors - also on the proposal on the Remuneration Committee - shall make the amendments and supplementations considered necessary and appropriate to neutralise the effects of the Relevant Events to the objectives and/or governance of the remuneration plans of the executive directors, and maintain therefore as far as possible the substantial content of the plan and the concrete opportunity to achieve the bonuses therein unchanged.

The Remuneration Committee may also, on the indication of its Chairman, propose to the Board of Directors the payment of any exceptional bonuses in favour of the Executive Directors in relation to extraordinary events of such significance to substantially positively impact the value and the volume of business operations of the Company and/or the relative income, so as to justify such an additional disbursement. In such cases, adequate disclosure concerning the amount, reasons and establishment criteria of any extraordinary bonuses should be provided in the first remuneration report subsequent to the issue.

### **(ii) SENIOR EXECUTIVES AND SENIOR MANAGEMENT - SHORT-TERM VARIABLE COMPONENT**

The variable remuneration of Senior Executives<sup>2</sup> is composed of a short-term variable component and a medium/long term variable component.

The short-term variable component is based on different principles concerning the various persons qualifying as Senior Executives. In particular, in the establishment of the short-term variable component, Senior Executives are distinguished between:

- the Country CEO;
- the CFO;
- Senior Managers with Global/Regional/Local responsibilities.

The principles and procedures for the establishment of the short-term variable component of Senior Executives is shown below.

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<sup>2</sup> See note 1.

	Country CEO	CFO and Senior Managers with global responsibility	Managers with Regional or Local responsibility
<b>Short-term variable component</b>	Short-term variable component of a maximum amount of between 20% and 50% of the CEO* Annual Fixed Component (the <b>CEO Short-term Variable Component A</b> ) linked to the reaching of the quantitative objectives and qualitative objectives described below.	Short-term variable component of a maximum amount of between 20% and 50%** of the CFO Annual Fixed Component (the <b>CFO and SM Short-term Variable Component A</b> ) linked to the reaching of the quantitative objectives and qualitative objectives described below.	Short-term variable component of a maximum amount of between 20% and 50% of the MRLR* Annual Fixed Component (the <b>MRLR Short-term Variable Component A</b> ) linked to the reaching of the quantitative objectives and qualitative objectives described below.
<b>Quantitative objectives</b>	70% of the CEO Short-term Variable Component A is issuable on the meeting of the EBITDA and NFP objectives.  In particular: <ul style="list-style-type: none"> <li>• 70% linked to the reaching of the regional EBITDA objectives on the basis of a performance scale with a variable range; and</li> <li>• 30% linked to the reaching of the regional NFP objectives on the basis of a performance scale with a variable range.</li> </ul>	50% of the CFO and SM Short-term Variable Component A is issuable on the meeting of the EBITDA and NFP objectives.  In particular: <ul style="list-style-type: none"> <li>• 70% linked to the reaching of the consolidated EBITDA objectives on the basis of a performance scale with a variable range; and</li> <li>• 30% linked to the reaching of the consolidated NFP objectives on the basis of a performance scale with a variable range.</li> </ul>	50% of the MRLR Short-term Variable Component A is issuable on the meeting of the EBITDA and NFP objectives.  In particular: <ul style="list-style-type: none"> <li>• 70% linked to the reaching of the regional EBITDA objectives on the basis of a performance scale with a variable range; and</li> <li>• 30% linked to the reaching of the NFP objectives on the basis of a performance scale with a variable range.</li> </ul>
	The performance curve is defined between a minimum of 80% and a maximum of 100% of the EBITDA and with a NFP range between a minimum negative change of Euro 40 million and a maximum of 100%.	The performance curve is differentiated by country.	
<b>Pay-out curve</b>	EBITDA and NFP: between 70% of the relative bonus (if minimum level reached) and 100% of the relative bonus (if maximum level reached).	EBITDA: between 70% and 100% of the target bonus related to the EBITDA.  NFP: between 70% and 100% of the target bonus related to NFP.	EBITDA and NFP: between 70% of the relative bonus (if minimum level reached) and 100% of the relative bonus (if maximum level reached).
<b>Qualitative objectives</b>	Between 30% and 50% of the variable component (the <b>Qualitative Component</b> ), is issuable subject to the reaching of the qualitative objectives which depend on the specific characteristics of the role.		

<b>Compliance with financial covenants</b>	The Senior Executives and Senior Managers shall not receive any variable remuneration where one or more of the financial covenants set out in the loan contracts undertaken by the Company have not been met.
<b>Caw-back clause</b>	Obligation for the repayment to the Company of the variable remuneration components in the case of material violation of company or legal rules, or harmful or seriously damaging conduct such as to alter the data utilised for the achievement of the objectives.

\* This interval does not consider the opportunity bonus of the North American CEO, linked to the specifics of the role and the market.

\*\* With the exception of the new Group CIO, for which the percentage is 15% for the first year.

### **(iii) SENIOR EXECUTIVES AND SENIOR MANAGEMENT - MEDIUM/LONG TERM VARIABLE COMPONENT**

The Remuneration Policy of the company provides that the medium/long-term variable component for Senior Executives<sup>3</sup> and Senior Management is established in accordance with the objectives and principles outlined in the 2017-2019 Performance Shares Plan.

The 2017-2019 Performance Shares Plan represents a new medium/long-term incentive plan based on the free assignment of shares of the company and subject to the performance of the company and, in particular, the achievement of the objectives of the Industrial Plan for the three-year period 2017-2019. The 2017-2019 Performance Shares Plan was approved by the Board of Directors on March 21, 2017, on the proposal of the Remuneration Committee and with the prior favourable opinion of the Related Parties Committee, and will be presented for approval to the Shareholders' Meeting of April 27, 2017.

The 2017-2019 Performance Shares Plan was implemented in order to:

- link remuneration with the medium/long-term enterprise performance, in order to further align managerial prospects with the interests of the shareholders, ensuring conduct based on the sustainability of the performance and the achievement of the industrial and business objectives defined;
- increase the level of motivation and engagement of management;
- increase the potential to attract talent and a strong retention policy through its Remuneration Policy.

The guidelines of the 2017-2019 Performance Shares Plan are outlined below.

<b>2017-2019 Performance Shares Plan</b>		
<b>1.</b>	<b>Beneficiaries</b>	Senior Executives (5) and Senior Management (14).

<sup>3</sup> Cfr. note 1.

2.	<b>Quantitative objective</b>	<p>Achievement of the average ROI in the 2017-2019 three-year period. The shares to be allocated to each beneficiary on the achievement of the quantitative objectives are as follows:</p> <ul style="list-style-type: none"> <li>• performance less than 95%: no issuance;</li> <li>• performance between 95% (included) and 97.5%: issuance of 50% of the shares assigned in relation to the quantitative objective;</li> <li>• performance between 97.5% (included) and 100%: issuance of 75% of the shares assigned in relation to the quantitative objective;</li> <li>• performance equal to or greater than 100%: issuance of 100% of the shares assigned in relation to the quantitative objective.</li> </ul>
3	<b>Qualitative objective</b>	<p>Achievement of the individual or group strategic objectives.</p> <p>The achievement of this objective will result in the issuance of the shares in accordance with the weighting and the number assigned for this objective.</p>
4	<b>Vesting period of the results</b>	January 1, 2017 - December 31, 2019.
5	<b>Conditions for the assignment of the shares</b>	<ul style="list-style-type: none"> <li>• Maintenance of the relationship of the beneficiary with the company or with the companies of the Group on the issuance of the bonus;</li> <li>• achievement of the objectives as per points 2 and 3.</li> </ul>
6	<b>Assignment of the shares</b>	In a single tranche, subsequent to the vesting period as per point 4.
7	<b>Caw-back clause</b>	Obligation for the repayment to the Company of the variable remuneration components in the case of material violation of company or legal rules, or harmful or seriously damaging conduct such as to alter the data utilised for the achievement of the objectives.

For further information on the 2017-2019 Performance Shares Plan reference should be made to the Information Document prepared in accordance with Article 84-*bis* and Statement 7 of Attachment 3A of the Issuers' Regulations and of the relative Illustrative Report prepared in accordance with Articles 114-*bis* and 125-*ter* of the CFA made available to the public in accordance with the terms and conditions required by applicable legislation.

#### 1.4 2017 EXTRAORDINARY BONUS

The Board of Directors of the company on March 21, 2017, on the proposal of the Remuneration Committee and with the prior favourable opinion of the Related Parties Committee, resolved to present for approval of the Shareholders' Meeting of April 27, 2017 the issuance in favour of an Executive Director, Senior Executives and Senior Management the 2017 Extraordinary Bonus.

The 2017 Extraordinary Bonus provides for the free assignment of shares of the company and wishes to reward the highly professional commitment of the management of the Group holding key roles in the expansion of the Group.

Specifically the 2017 Extraordinary Bonus will be assigned during 2017 to the following persons:

- Executive Director Luca Pelosin (Executive Director);
- 2 Senior Executives;
- 6 Senior Management; and
- 1 employee of a company of the Group,

for a total of 10 beneficiaries.

For further information on the 2017 Extraordinary Bonus reference should be made to the Information Document prepared in accordance with Article 84-*bis* and the Statement 7 of Attachment 3A of the Issuers' Regulation and the relative Illustrative Report prepared in accordance with Articles 114-*bis* and 125-*ter* of the CFA made available to the public in accordance with the terms and provisions required by applicable legislation.

#### **1.5 POLICY UPON NON-MONETARY BENEFITS (FRINGE BENEFITS)**

The non-executive directors are not assigned non-monetary benefits, with the exception of insurance coverage for liability arising from the exercise of office.

The remuneration package of the Honorary Chairman comprises, with regard to non-monetary benefits, insurance coverage for liability arising from the exercise of office, insurance coverage in the case of death or accident, a health policy and the assignment of a company car for general use.

The remuneration package of the Executive Directors comprises, with regard to the non-monetary benefits, D&O insurance coverage, insurance coverage in the case of death or accident, a health policy and the assignment of a company car for general use.

The recognition of non-monetary benefits to Senior Executives and Senior Management is in line with market practice and applicable regulations.

#### **1.6 POLICY UPON BENEFITS ON CONCLUSION OF OFFICE**

Subject to that outlined in the previous Paragraph in relation to the payment of the medium/long-term variable component, no severance payments are provided for.

The company may stipulate non-competitive clauses with Senior Executives and Senior Management.

No agreements have been undertaken between the Company and directors which provide for post-employment benefits following a public purchase offer.

#### **1.7 INSURANCE, SOCIAL SECURITY AND PENSION COVERAGE**

See Paragraph 1.5.



## SECTION II

In the first part of Section II of the present Report, an adequate outline of each of the items comprising the remuneration paid to directors and to statutory auditors of the Company is provided.

### 1.1 FIRST PART - ITEMS COMPRISING 2016 REMUNERATION

#### 1.1.1 Board of Directors

On July 22, 2015, the Shareholders' Meeting of FILA approved (i) a gross annual remuneration of Euro 15,000.00 for each non-executive director; and (ii) a gross annual remuneration of Euro 90,000.00 for the Chairman of the Board of Directors.

Also on July 22, 2015, the Board of Directors of the Company, with the approval of the Related Parties Committee and the Board of Statutory Auditors, allocated a gross annual remuneration of Euro 80,000.00 until December 31, 2015 and, from January 1, 2016, a gross annual remuneration of Euro 150,000.00, to the Honorary Chairman.

#### 1.1.2 Executive Directors

On March 21, 2016, with the approval of the Board of Statutory Auditors and the Related Parties Committee, the Board of Directors allocated the remuneration to the Chief Executive Officer Massimo Candela and the Executive Director Luca Pelosin.

- Chief Executive Officer Massimo Candela
  - fixed annual remuneration for 2016 of Euro 850,000.00;
  - short-term quantitative variable remuneration equal to Euro 678,300.00;
  - short-term qualitative variable remuneration equal to Euro 255,000.00;
  - D&O insurance coverage, insurance coverage in the case of death or accident, a health policy and the assignment of a company car for general use.
- Executive Director Luca Pelosin
  - fixed annual remuneration for 2016 of Euro 300,000.00;
  - short-term quantitative variable remuneration equal to Euro 239,400.00;
  - short-term qualitative variable remuneration equal to Euro 90,000.00;
  - D&O insurance coverage, insurance coverage in the case of death or accident, a health policy and the assignment of a company car for general use.

### **Summary of Executive Director remuneration for 2016**

<i>(Euro)</i>	<b>2016 Fixed remuneration</b>	<b>2016 quantitative variable remuneration</b>	<b>2016 qualitative variable remuneration</b>
<b>Chief Executive Officer Massimo Candela</b>	850,000.00	678,300.00	255,000.00
<b>Executive Director Luca Pelosin</b>	300,000.00	239,400.00	90,000.00
<b>TOTAL</b>			2,412,700.00

#### **1.1.3 Senior Executives**

Senior Executives were identified by the Board of Directors of the company during 2016, in addition to two Executive Directors of the company.

The remuneration policy described in the present Report for Senior Executives will be applicable from January 1, 2017.

#### **1.1.4 Board of Statutory Auditors**

The Shareholders' Meeting of July 22, 2015 approved a gross annual remuneration for each statutory auditor of Euro 22,000.00 and of Euro 29,000.00 for the Chairman of the Board of Statutory Auditors.

## 1.2 SECOND PART - BREAKDOWN OF THE REMUNERATION PAID DURING THE YEAR

**Table 1**

The following table reports the remuneration - including social security charges - recognised in any capacity and in any form to the members of the Board of Directors and the Board of Statutory Auditors.

Name	Office held	Period of office	Concl. of office	Fixed Remun.	Remuneration for committee participation	Variable Remuneration non equity		Non-monetary benefits	Other Remun.	Total	Fair Value of equity remun.	Post-employment benefits
						Bonuses and other incentives	Profit sharing					
Gianni Mion	Chairman of the Board of Directors	01/01/2016 – 31/12/2016	2017	90,000.00								
Massimo Candela	Chief Executive Officer	01/01/2016 – 31/12/2016	2017	850,000.00		933,300.00		8,261.00		1,791,561.00		
Luca Pelosin	Executive Director	01/01/2016 – 31/12/2016	2017	300,000.00		329,400.00		6,975.20	2,500.00 550.00	639,425.20		

Name	Office held	Period of office	Concl. of office	Fixed Remun.	Remuneration for committee participation	Variable Remuneration non equity	Non-monetary benefits	Other Remun.	Total	Fair Value of equity remun.	Post-employment benefits
						Bonuses and other incentives	Profit sharing				
Alberto Candela	Director - Honorary Chairman	01/01/2016	2017	150,000.00			9,568.40	2,500.00	178,618.40		
		–						550.00			
		31/12/2016						16,000.00			
Annalisa Barbera	Director	01/01/2016	2017	15,000.00							
		–									
		31/12/2016									
Fabio Zucchetti	Director	01/01/2016	2017	15,000.00				1,100.00	17,200.00		
		–						16,000.00			
		31/12/2016									
Sergio Ravagli	Director	01/01/2016	2017	15,000.00							
		–									
		31/12/2016									
Francesca Prandstraller	Director	01/01/2016	2017	15,000.00							
		–									
		31/12/2016									

Name	Office held	Period of office	Concl. of office	Fixed Remun.	Remuneration for committee participation	Variable Remuneration non equity	Non-monetary benefits	Other Remun.	Total	Fair Value of equity remun.	Post-employment benefits
						Bonuses and other incentives	Profit sharing				
Gerolamo Caccia Dominioni	Director	01/01/2016 – 31/12/2016	2017	15,000.00							
Claudia Mezzabotta	Chair. Board of Statutory Auditors	01/01/2016 – 31/12/2016	2017	29,000.00							
Rosalba Casiraghi	Statutory Auditor	01/01/2016 – 31/12/2016	2017	22,000.00							
Stefano Amoroso	Statutory Auditor	01/01/2016 – 31/12/2016	2017	22,000.00				6,500.00			
Pietro Villa	Alternate Auditor	01/01/2016 – 31/12/2016	2017								

Name	Office held	Period of office	Concl. of office	Fixed Remun.	Remuneration for committee participation	Variable Remuneration non equity	Non-monetary benefits	Other Remun.	Total	Fair Value of equity remun.	Post-employment benefits
						Bonuses and other incentives	Profit sharing				
Sonia Ferrero	Alternate Auditor	01/01/2016 – 31/12/2016	2017								
<b>Remuneration from Company 2,752,504.60</b>											
<b>Remuneration from subsidiaries and associates 45,700.00</b>											
<b>Total 2,795,704.60</b>											

**Table 3 B**

The following table reports the monetary incentive plans in favour of the member of the Board of Directors and Board of Statutory Auditors.

Name	Office	Plan	Bonus for the year			Prior year bonuses			Other Bonuses
			Issuable/Issued	Deferred	Period of deferment	No longer issuable	Issuable/Issued	Still deferred	
Massimo Candela	Chief Executive Officer	Variable Remuneration BoD Motion March 21, 2017	933,300.00						
Luca Pelosin	Executive Director	Variable Remuneration BoD Motion March 21, 2017	329,400.00						
<b>Remuneration from Company</b>		1,262,700.00							
<b>Remuneration from subsidiaries and associates</b>		-							
<b>Total:</b>		<b>1,262,700.00</b>							

### 1.3 THIRD PART - LIST OF INVESTMENTS HELD

**Table 1**

The following table reports the investments held by members of the Board of Directors and Board of Statutory Auditors.

Name	Company	Manner of holding (direct / indirect)	Number of shares held at 31/12/2015	Number of shares purchased	Number of shares sold	Number of shares held at 31/12/2016
Gianni Mion	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.					
	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.	Indirect	6,566,508 Class B Shares 13,133,032 ordinary shares			6,566,508 Class B Shares 13,133,032 ordinary shares
Massimo Candela	Omyacolor S.A.	Direct	2		2	-
	Fila Hispania S.L.	Direct	500			500
	Lycin Ltda (Brazil)	Direct	1			1
	Dixon SA	Direct	445			445
	Servidix (Mexico)	Direct	1			1
	Dixon comercializadora (Mexico)	Direct	4			4



Name	Company	Manner of holding (direct / indirect)	Number of shares held at 31/12/2015	Number of shares purchased	Number of shares sold	Number of shares held at 31/12/2016
	Dixon Ticonderoga (Mexico)	Direct	1			1
Luca Pelosin	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.					
	Omyacolor S.A.	Direct	1			1
Alberto Candela	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.					
	Omyacolor S.A.	Direct	1			1
Annalisa Barbera	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.	Direct	1,635 ordinary shares			1,635 ordinary shares
Fabio Zucchetti	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.					
Sergio Ravagli	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.					

Name	Company	Manner of holding (direct / indirect)	Number of shares held at 31/12/2015	Number of shares purchased	Number of shares sold	Number of shares held at 31/12/2016
Francesca Prandstraller	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.					
Gerolamo Caccia Dominioni	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.					
Claudia Mezzabotta	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.					
Rosalba Casiraghi	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.					
Stefano Amoroso	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.					
Pietro Villa	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.					
Sonia Ferrero	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.					



## **ATTACHMENT A**

The Actual EBITDA and the Actual NFP are normalised through precise formulae which take into account the economic and financial elements to be considered and to be excluded from the normalisation scope.

More specifically, the Actual EBITDA and the Actual NFP are calculated beginning with the reported EBITDA/NFP as per the consolidated financial statements and normalised through neutralisation of all costs/charges and revenue/income (and relative financial movements) outside of the ordinary operations of the company and not envisaged in the 2016-2018 Plan (both conditions should be present).

For example: extra direct and indirect costs concerning goodwill, the transfer and closure of commercial or industrial operations; restructuring charges for the portion not capitalised, such as for example, leaving and mobility incentives, bonuses; consultancy charges incurred by the companies of the FILA Group in relation to market research, regulatory adjustments, the acquisition of new companies, the listing of securities of the Company on regulated markets and any other extraordinary corporate operations; commissions and consultancy charges concerning financing operations or the issue of debt securities deriving from changes to the accounting standards during the year; indemnities, penalties, bonuses or similar cash amounts received or recognised as compensation in relation to any disputes concerning non-recurring events.

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Milan, March 30, 2017

**F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.**

For the Board of Directors

Gianni Mion

Chairman