



**LANDI RENZO S.p.A.**

**REMUNERATION REPORT 2018**

provided pursuant to article 123-*ter* of the Consolidated Law on Financial Intermediation and article 84-*quater* of the Issuers' Regulations

Issuer: Landi Renzo S.p.A.

Website: [www.landirenzogroup.com/it/](http://www.landirenzogroup.com/it/)

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## GLOSSARY

**Board of Directors:** the Company's Board of Directors.

**Board of Statutory Auditors:** the Company's Board of Statutory Auditors.

**Borsa Italiana:** Borsa Italiana S.p.A.

**Civil Code:** the Italian Civil Code.

**Issuers' Regulations:** the Regulations issued by Consob under its Resolution No. 11971 of 1999 (as amended) concerning the regulations on issuers.

**Consolidated Law on Financial Intermediation:** Legislative Decree No. 58 of 24 February 1998, as amended.

**Adjusted EBITDA:** the adjusted EBITDA that will be proposed from the Remuneration Committee and defined by the Board of Directors for the purpose of the remuneration policy.

**Financial Year 2017:** the financial period ending on 31 December 2017.

**Financial Year 2018:** the financial period ending on 31 December 2018.

**Instructions to the Market Rules:** the instructions accompanying the market rules applicable to the markets organised and operated by Borsa Italiana.

**Issuer or Landi Renzo or the Company:** Landi Renzo S.p.A.

**Market Rules:** the market rules applicable to the markets organised and managed by Borsa Italiana.

**Optimisation Agreement:** the agreement to optimise the Group's financial structure, executed on 27 March 2017 by the Company and its subsidiaries A.E.B. S.p.A. (later merged by absorption into Landi Renzo effective as from 21 December 2017), Eighteen Sound S.r.l. and Sound&Vision S.r.l. (later transferred to B&C Speakers S.p.A. on 11 December 2017, and which therefore are no longer parties to the agreement, given they are no longer Group companies), SAFE S.p.A., Lovato Gas S.p.A., and Emmegas S.r.l., with banking institutions.

**Report:** this remuneration report, prepared pursuant to article 123-*bis* of the Consolidated Law on Financial Intermediation, and article 84-*quater* of Issuers' Regulations.

**Self-Regulatory Code:** the self-regulatory code for listed companies approved by the Corporate Governance Committee in March 2006 (and subsequent amendments) and promoted by Borsa Italiana, Abi, Ania, Assogestioni, Assonime and Confindustria, publicly available on the Corporate Governance Committee website at <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>.

## SECTION I

### 1. INTRODUCTION

The Company establishes and applies a general remuneration policy with a view to attracting, motivating and retaining staff with the professional qualities required for the successful pursuit of the objectives of the Landi Renzo group.

The policy is the product of a well-defined and transparent process in which a central role is played by the Shareholders' Meeting, the Board of Directors, the Board of Statutory Auditors, and the Company's Remuneration Committee, the latter having been set up in accordance with the Market Rules in connection with the Company's admission to and continued presence as issuer on the STAR segment of the Milan Stock Exchange. More specifically, each of the above bodies has particular functions, as described below.

#### (a) *Shareholders' Meeting*

In respect of remuneration, the Shareholders' Meeting:

- determines the compensation due to the members of the Boards of Directors and Board of Statutory Auditors, pursuant to article 2364, first paragraph, part (3), of the Civil Code;
- pursuant to article 123-ter, sixth paragraph, of the Consolidated Law on Financial Intermediation, it provides a non-binding, advisory opinion on the section of the report concerning the remuneration policy for the members of the Board of Directors, General Managers and other executives with strategic responsibilities as defined by the Board of Directors (on proposal of the Remuneration Committee); and
- approves by resolution any compensation schemes based upon shares or other financial instruments that are addressed to members of the Board of Directors, employees and/or consultants, including executives with strategic responsibilities, pursuant to article 114-bis of the Consolidated Law on Financial Intermediation.

#### (b) *Board of Directors*

In respect of remuneration, the Board of Directors:

- establishes a Remuneration Committee from among its members, which must include one member with appropriate expertise and experience in financial matters or remuneration policies, the Board of Directors assessing the relevant individual's knowledge upon appointment of same;
- determines, at the proposal of the Remuneration Committee, the policy regarding the remuneration of directors and executives with strategic responsibilities;

- determines the remuneration of those Directors holding particular duties, having consulted with the Board of Statutory Auditors and at the proposal of the Remuneration Committee;
- approves the remuneration report prepared pursuant to article 123-ter of the Consolidated Law on Financial Intermediation, the first part of which is the subject of a non-binding vote from the Shareholders' Meeting;
- with the support of the Remuneration Committee, draws up the terms of any compensation schemes based upon shares or other financial instruments, and puts them to the Shareholders' Meeting for approval pursuant to article 114-bis of the Consolidated Law on Financial Intermediation; and
- with the support of the Remuneration Committee, implements any compensation schemes based upon shares or other financial instruments, in accordance with instructions delegated by the Shareholders' Meeting.

(c) ***Remuneration Committee***

Information regarding the duties and the role of the Remuneration Committee may be found in section 1, paragraph 3, of this Report.

(d) ***Executive Directors***

In respect of remuneration, the Executive Directors:

- submit any compensation schemes based upon shares or other financial instruments to the Remuneration Committee, and if appropriate assist the Remuneration Committee with the preparation of such schemes;
- provide the Remuneration Committee with such information as it requires for the purpose of assessing the appropriateness and effective application of the general remuneration policy, with regard in particular to the remuneration of executives with strategic responsibilities; and
- implement the Company's remuneration policies in a manner consistent with this Report.

(e) ***Board of Statutory Auditors***

In relation to matters of remuneration, the Board of Statutory Auditors has an advisory role, under which it provides those opinions required by relevant legislation, in particular opinions on proposals for the remuneration of Executive Directors, and of Directors with particular duties more generally; as part of that process, the Board assesses the proposals the Remuneration Committee submits to the Board of Directors for consistency with the general remuneration policy.

In addition, the Board of Directors, the Board of Statutory Auditors and the Remuneration Committee are responsible for ensuring that the remuneration policy is properly implemented and appropriately applied.

The Company did not base itself upon the remuneration policy of any other companies in reaching its own general remuneration policy.

## 2. **AIMS AND PRINCIPLES**

The remuneration policy that the Company applies is intended to ensure competitiveness with the reference market, to provide appropriate means of assessing performance, and to align the interests of the executive directors and executives with strategic responsibilities with the pursuit of the Company's main objective, the creation of shareholder value in the medium to long term, through the creation of a powerful connection between individual performance and individual remuneration. The principles underlying the remuneration policy applied to the Company, the objectives pursued and the remuneration policy are consistent with the remuneration policy applied to the Company in the past.

## 3. **REMUNERATION COMMITTEE**

### 3.1 **Composition and functioning of the Remuneration Committee (pursuant to article 123-bis, second paragraph, of the Consolidated Law on Financial Intermediation)**

As at the date of this Report, the Company's Remuneration Committee is comprised of three Directors, namely Ivano Accorsi, chair of the Committee, and Sara Fornasiero, both Non-Executive Independent Directors of the Company, and Angelo Iori, Non-Executive Director.

The meeting of the Board of Directors of 29 April 2016 decided that each of the Remuneration Committee's members will receive annual gross compensation of Euro 7,500 in each of the three financial years ended and ending as at 31 December 2016, 2017 and 2018.

The Remuneration Committee is governed by its own internal rules, which provide *inter alia* that the Company's Chief Executive Officer may take part in its meetings, but he may not vote upon the Committee's business, and he must not attend if the discussions or resolutions regard proposals as to his own remuneration.

In Financial Year 2017, the Remuneration Committee held five meetings with an average duration of 29 minutes. During Financial Year 2017, Mr Ivano Accorsi, Ms Sara Fornasiero e Mr Angelo Iori attended 100% of the meetings. The meetings were attended also by the members of the Board of Statutory Auditors.

The Remuneration Committee is expected to meet at least twice during current financial year and one of these meeting was already held on 15 March 2018. The meetings of the Remuneration Committee were duly minuted and the Chairman of the Committee reported thereon during the first following meeting of the Board of Directors.

### 3.2 **Duties of the Remuneration Committee**

The Remuneration Committee is responsible for preparing proposals and providing opinions to the Board of Directors regarding the remuneration of the Chief Executive Officer and directors with specific duties, as well as the establishment of performance objectives in connection with the variable component of such remuneration. Members of the Remuneration Committee who are directly affected by particular proposals are required to be absent for the duration of their consideration. The Committee periodically also evaluates the criteria used to determine the remuneration of executives with strategic responsibilities, monitoring their application and making general recommendations in this area; it also monitors the application of adopted decisions by the Board of Directors, in particular with respect to the actual achievement of performance objectives.

In connection with the performance of its duties, the Remuneration Committee has access to such information and business departments as it may require, and it has not considered it necessary to rely on external advisors, drawing instead upon internal resources. The Remuneration Committee has not made use of the services of any advisor for the purposes of obtaining information on remuneration practices in the market.

In Financial Year 2017, the Remuneration Committee submitted proposals to the Board of Directors on the remuneration of the Chief Executive Officer, Mr Cristiano Musi and of the Chairman of the Board of Directors, Mr Stefano Landi, and the establishment of performance objectives in connection with the variable component of such remuneration. It has also verified the application of the proposals previously put forward with regard to the remuneration of the Chief Executive Officer and the other Executive Directors for the financial year ended 31 December 2017.

## 4. **REMUNERATION POLICY**

Under the Company's articles of association, the Board of Directors is granted emoluments by the Shareholders' Meeting, which may comprise both a fixed and variable component, the latter being linked to the achievement of specific objectives and/or the Company's financial results.

The Company believes that the remuneration policy as approved by the Board of Directors is consistent with the pursuit of medium to long-term interests of the Issuer. In particular, the Board of Directors established that the variable part of the remuneration shall represent a considerable percentage of the overall remuneration also with regard to the fixed component. Furthermore, a major portion of such a variable component shall be linked to specific and strategic performance objectives of the Company, such as for example the EBITDA and the revenues, financial figures which can be clearly appreciated by the market.

Compliance with the pursuit of medium to long-term interests of the Issuer is also guaranteed by the terms of payment of the variable component, which is paid according to progressive thresholds based on the performance objectives reached. Consequently, in the event that all the objectives are achieved, the maximum amount of the variable component is paid as variable remuneration; conversely if none of the performance objectives is achieved, no amount is paid as variable remuneration.

Lastly, compliance with the pursuit of long-term interests of the Issuer is also guaranteed by the provision, whereby a portion of the variable remuneration must be also computed on the Adjusted EBITDA increase (in absolute terms) overall recorded in the three-year period 2016-2018 against the increase foreseen, for the same period, in the multi-year business plan (2016-2018) used in support of the Optimisation Agreement. In this event, the variable portion of the remuneration will be paid only at the end of the three-year period, provided that the recipient's relation with the Company is continuing.

In any event, the maximum amount of the variable remuneration shall be limited to Euro 2,000,000, for the three-year period and for all Executive Directors.

Having regard to this aspect, the Board of Directors may provide, by way of separate regulations, specific procedures to protect the Company and the directors and executives with strategic responsibilities in the event of early termination of their relation for specific causes (for instance, resignation and/or revocation for cause or without cause, force majeure circumstances, etc.).

The Board of Directors confirmed the remuneration policy in respect of the relevant variable component for directors and executives for Financial Year 2018 consistently with the remuneration policy approved for Financial Year 2017, without prejudice to the due alignment and update of the policy to the Company's business development.

#### 4.1 **Executive Directors**

Subject to the Board of Directors' power under article 2389, third paragraph, of the Civil Code to grant further remuneration to those Directors who hold particular duties, the fixed component of Executive Directors' remuneration was established by the Shareholders' Meeting of 29 April 2016, as duly revised from time to time according to the increase and the following decrease of the number of members of the Board of Directors.

In terms of the variable component, the Market Rules for inclusion on the STAR segment require the Company to establish a Remuneration Committee, and for a significant part of the remuneration of Executive Directors and other senior executives to be incentive-based.

Consequently, at the meeting of the Board of Directors of 27 March 2017, the Remuneration Committee informed the Board that it considered that the additional requirement for companies listed on the STAR segment, regarding the variable component in the remuneration of Executive Directors and executives with strategic responsibilities, meant that particularly challenging objectives should be set, and payment of the variable component for Financial Year 2018 should depend upon their achievement. The Remuneration Committee proposed that it would identify those objectives bearing in mind, *inter alia*, the role played by the Executive Directors and the senior executives with strategic responsibilities, the demands made upon them by their duties, and the Company's position in the market, its size, and its prospects for growth.

On the basis of the indications provided by the Remuneration Committee, the meeting of the Board of Directors of that same day emphasised how payment of the variable



component had to be determined in a manner that: (i) took account of the requirement that a significant part of the remuneration of Executive Directors should be linked to the financial results achieved by the Company and/or the achievement of objectives previously identified by the Board of Directors; and (ii) be such as to ensure that the Executive Directors' interests aligned with the pursuit of the Company's main objective, the creation of shareholder value in the medium to long term. Specifically, the Board of Directors resolved, with the Board of Statutory Auditors' consent, in favour of the payment to each of the Executive Directors of a variable component of remuneration that would be subject to the achievement of specific objectives regarding the Group's revenues and the Group's Adjusted EBITDA laid down by the Board of Directors. In particular, the Board of Directors further established the following:

- (a) a portion of the variable remuneration, equal to 40% of the fixed annual gross remuneration for the Financial Year 2018, should be calculated as follows:
  - (i) 20% upon achievement of the objective for the Group's revenues;
  - (ii) 80% upon achievement of the objective for the Group's Adjusted EBITDA;
- (b) in the event that all two objectives (revenues and the Group's Adjusted EBITDA) are achieved, each Executive Director will receive the maximum amount of the variable component, *i.e.* 40% of the fixed annual gross remuneration;
- (c) in the event that none of the two objectives (revenues and the Group's Adjusted EBITDA) is achieved, the Executive Directors will receive no amount as variable component;
- (d) in the event that only one of the aforesaid objectives is achieved, each Executive Director will receive the corresponding percentage of the gross annual variable remuneration;
- (e) a further portion of the variable remuneration will be calculated also on the overall increase (in absolute terms) of the Group's Adjusted EBITDA over the three-year period 2016- 2018 compared to the overall increase planned for the same period by the multi-year business plan (2016-2018) used in support of the Optimisation Agreement. Said remuneration is equal to 5% of the above increase up to a maximum amount of such further variable payable remuneration which may not exceed twice the average of the annual base remuneration, received on any basis in the three-year period (or the shorter period of office). Such variable portion of the remuneration will be paid only at the end of the three-year period, provided that the recipients have an ongoing relation with the Company, without prejudice for the Board of Directors to provide specific procedures to protect the Company and its directors in the event of early termination of such relation for specific causes (for instance, resignation and/or revocation for cause or without cause, force majeure circumstances, etc.); lastly

- (f) the maximum amount of the overall variable remuneration, for the three-year period and for all Executive Directors, is determined in Euro 2,000,000.

#### 4.2 **Non-Executive Directors**

The gross annual remuneration of the Company's Non-Executive Directors will not be linked to the Company's achievement of any financial results but rather upon the commitment required of each such person in the performance of their duties.

#### 4.3 **Compensation for participation in committees**

By a resolution of the Board of Directors dated 29 April 2016, the Company decided upon a specific compensation equal to Euro 7,500.00 to those Directors who are also members of a committee within the Board, namely the Audit and Risk Committee and the Remuneration Committee.

#### 4.4 **General Manager**

As of the date of this Report, the Company has not appointed any General Manager.

#### 4.5 **Executives with strategic responsibilities**

With regard to the variable component of remuneration for those executives with strategic responsibilities which is a requirement for obtaining and maintaining listing on the STAR segment, the current legislative and regulatory environment requires a significant part of remuneration for executives with strategic responsibilities to be incentive-based, with payment conditional upon achievement of individual or business-wide objectives.

In that light, and on the basis of the indications provided by the Remuneration Committee, the Board of Directors resolved at its meeting of 15 March 2018 that the executives with strategic responsibilities, that could be identified from time to time, would receive a variable component of remuneration that would be subject to the achievement of the specific objectives regarding the Group's revenues, and in the Group's Adjusted EBITDA laid down by the Board of Directors. At the same meeting, in particular, the Board of Directors further established that:

- (a) for the Financial Year 2018, the variable component of remuneration for each of the executives with strategic responsibilities would be for up to 35% of the gross fixed component of their remuneration;
- (b) the variable component would be determined as follows:
  - (i) 40% of the maximum under the variable component would be paid to each executive with strategic responsibilities upon achievement of the business objectives in terms of the Group's revenues and the Group's Adjusted EBITDA, in the manner and with the mechanisms established for the Executive Directors; and
  - (ii) 60% of the variable component payable to each executive with strategic responsibilities, upon achievement of the individual

objectives identified for each by the Chief Executive Officer (or from the different competent function);

- (c) in the event that all two business-wide objectives (the Group's revenues and the Group's Adjusted EBITDA ) were achieved, and the particular executive with strategic responsibilities also achieved their specific individual objectives, then they receive the whole of their annual gross variable remuneration, being 35% of their gross fixed remuneration;
- (d) in the event that the two business-wide objectives (the Group's revenues and the Group's Adjusted EBITDA) were not achieved, and neither were the specific individual objectives of the particular executive with strategic responsibilities, nothing would be paid to such executive;
- (e) in the event that all two business-wide objectives (the Group's revenues and the Group's Adjusted EBITDA) are all achieved, but the particular executive with strategic responsibilities has not also achieved their specific individual objectives as described above, then they receive 40% of the total amount of the variable component of remuneration;
- (f) in the event that the particular executive with strategic responsibilities has achieved their specific individual objectives as described above, but the two business-wide objectives (the Group's revenues and the Group's Adjusted EBITDA) are not all achieved, then they receive 60% of the total amount of the variable component of remuneration;
- (g) in the event that the particular executive with strategic responsibilities has achieved their specific individual objectives as described above, and one of the two business-wide objectives (the Group's revenues and the Group's Adjusted EBITDA) are achieved, then they receive 60% of the total amount of the variable component of remuneration, and the percentage of the variable remuneration to which they are entitled for the achievement of those business-wide objectives; lastly
- (h) an additional portion of the variable remuneration will be computed also on the overall increase (in absolute terms) of the Adjusted EBITDA in the three-year period 2016-2018 compared to the overall increase planned, for the same period, by the multi-year business plan (2016-2018) used in support of the Optimisation Agreement. Said remuneration is equal to 5% of the above increase up to a maximum amount of such further variable payable remuneration which may not exceed twice the average of the annual gross remuneration received in the three-year period (or the shorter period during which the position of executive with strategic responsibilities was held). Such variable portion of the remuneration will be paid only at the end of the three-year period, provided that the recipients have an ongoing relation with the Company, without prejudice for the Board of Directors to provide specific procedures to protect the Company and its executives with strategic responsibilities in the event of early termination of such relation for specific causes (for instance, resignation and/or revocation for cause or without cause, force majeure circumstances, etc.).

In consideration of Landi Renzo's corporate and organizational structure, at the date of this Report, the Company didn't deem it necessary to identify any other executives with strategic responsibilities, as no other executives are vested with powers or direct or indirect responsibilities in respect of the planning, management and control of the Company.

#### **4.6 Benefits in kind**

Under the Company's general remuneration policy, some members of the Board of Directors and the executives with strategic responsibilities receive benefits in kind, such as a company car. The terms of such arrangements are agreed with the personnel department.

#### **4.7 Equity incentive schemes**

As at the date of this Report, there are no securities-based incentive schemes in place with the members of the Board of Directors, employees and independent contractors of the Company, or members of the Boards of Directors, employees and contractors of other controlling companies or subsidiaries.

#### **4.8 Lock-up agreements regarding financial instruments**

As at the date of this Report, the Company has not entered into any agreements with provisions that restrict the sale or disposal of financial instruments following their acquisition.

#### **4.9 Compensation to Directors in the event of their dismissal or resignation, or loss of office following a public tender offer (pursuant to article 123-bis, paragraph 1, part (i), of the Consolidated Law on Financial Intermediation)**

As at the date of this Report, there are no agreements in place between the Company and any members of the Board of Directors that provide for the payment of compensation in the event of their dismissal, resignation, and/or revocation of their office for reasons other than gross misconduct or breach of contract, or for loss of office following a public tender offer.

#### **4.10 Insurance and pension provision**

The Company's remuneration policy does not provide for any insurance or pension provision in addition to those required by law.

#### **4.11 Remuneration policy with reference to Independent Directors, and the performance of particular duties. Deferred payment systems**

As at the date of this Report, the Company does not have a remuneration policy with reference to Independent Directors, the conduct of particular duties.

Having regard to deferred payment systems, the Board of Directors established that a portion of the variable remuneration of directors and executives with strategic responsibilities (i.e. the portion computed on the increase – in absolute terms - of the Adjusted EBITDA attained at the end of the three-year period 2016-2018 compared to the overall increase, for the same period, as foreseen in the business plan used in

support of the Optimisation Agreement, based on a pre-set percentage) be paid to the recipients at the end of the three-year period provided that their relation with the Company is continuing.

## SECTION II

### FIRST PART

#### 1. COMPENSATION TO THE BOARD OF DIRECTORS

##### **Stefano Landi, Chairman of the Board of Directors and Executive Director**

The Board of Directors' meeting of 28 April 2017 resolved to award to Mr Stefano Landi (i) gross fixed annual compensation of Euro 100,000 for his role as Chairman of the Board of Directors, and (ii) gross fixed compensation of Euro 300,000 for Financial Year 2017 on a *pro rata temporis* basis as Director in charge of special roles.

During Financial Year 2017, the Chairman of the Board of Directors, Mr Stefano Landi, received compensation of Euro 367,954, non-monetary benefits for Euro 6,624, corresponding to the value of compensation in kind, and Euro 7,500 as attendance fees for his attendance at the meetings of the Board of Directors.

Mr Stefano Landi also received compensation of Euro 2,028 as Chairman of the Board of Directors of the subsidiaries Lovato Gas S.p.A and SAFE S.p.A.

In consideration of the achievement of the performance objectives set for the Financial Year 2017, Chairman Mr Stefano Landi received a variable compensation for Financial Year 2017 of Euro 120,000.

##### **Cristiano Musi, Executive Director and Chief Executive Officer**

The Shareholders' Meeting of the Company of 28 April 2017 resolved to award to Executive Director, Mr Cristiano Musi, a gross fixed annual compensation of Euro 12,500. Furthermore, the Board of Directors' meeting of 28 April 2017 resolved to award to Mr Cristiano Musi a gross fixed compensation of Euro 87,500 for Financial Year 2017 on a *pro rata temporis* basis, as Director in charge of special roles.

Since his appointment, dated 28 April 2017, the Chief Executive Officer, Mr Cristiano Musi, for the period of his office during Financial Year 2017 received compensation of Euro 66,667, non-monetary benefits for Euro 2,856, corresponding to the value of compensation in kind, and Euro 5,000 as attendance fees for his attendance at the meetings of the Board of Directors.

In consideration of the achievement of the performance objectives set for the Financial Year 2017, Chief Executive Officer Mr Cristiano Musi received a remuneration of Euro 120,000.

During Financial Year 2017, Mr Cristiano Musi also received a compensation of Euro 233,333 for his role as executive of the Company.

##### **Giovanna Domenichini, Non-Executive Director**

The Board of Directors' meeting of 29 April 2016 resolved to award to Non-Executive Director and Honorary Chair of the Board of Directors, Ms Giovanna Domenichini, gross fixed annual compensation of Euro 15,000.

During Financial Year 2017, Non-Executive Director Ms Giovanna Domenichini received compensation of Euro 15,000, as well as Euro 4,500 as attendance fees for her attendance at the meetings of the Board of Directors.

**Silvia Landi, Non-Executive Director**

The meeting of the Board of Directors of 29 April 2016 resolved to award to Non-Executive Director, Ms Silvia Landi, gross fixed annual compensation of Euro 12,500.

During Financial Year 2017, Non-Executive Director Ms Silvia Landi received compensation of Euro 12,500 and Euro 7,500 as attendance fees for her attendance at the meetings of the Board of Directors.

**Angelo Iori, Non-Executive Director**

The meeting of the Board of Directors of 29 April 2016 resolved to award to Non-Executive Director, Mr Angelo Iori, gross fixed annual compensation of Euro 12,500.

During Financial Year 2017, Non-Executive Director Mr Angelo Iori received compensation of Euro 12,500 and Euro 7,500 as attendance fees for his attendance at the meetings of the Board of Directors, and Euro 15,000 as compensation as member of the Audit and Risk Committee and the Remuneration Committee.

**Anton Karl, Non-Executive Director**

The meeting of the Board of Directors of 29 April 2016 resolved to award to Non-Executive Director, Mr Anton Karl, a gross fixed annual compensation of Euro 12,500.

During Financial Year 2017, Non-Executive Director Mr Anton Karl received compensation of Euro 12,500 and Euro 7,000 as attendance fees for his attendance at the meetings of the Board of Directors.

**Sara Fornasiero, Independent Director**

The Board of Directors' meeting of 29 April 2016 resolved to award to Independent Director, Ms Sara Fornasiero, gross fixed annual compensation of Euro 12,500.

During Financial Year 2017, Independent Director Ms Sara Fornasiero received compensation of Euro 12,500, Euro 7,500 as attendance fees for her attendance at the meetings of the Board of Directors, as well as Euro 15,000 as compensation as member of the Audit and Risk Committee and the Remuneration Committee and Euro 5,000 as member of the Supervisory Body.

**Ivano Accorsi, Independent Director**

The Board of Directors' meeting of 29 April 2016 resolved to award to Independent Director, Mr Ivano Accorsi, gross fixed annual compensation of Euro 12,500.

During Financial Year 2017, Independent Director Mr Ivano Accorsi received compensation of Euro 12,500 and 7,500 as attendance fees for his attendance at the

meetings of the Board of Directors, as well as Euro 15,000 as compensation as member of the Audit and Risk Committee and the Remuneration Committee.

#### **Claudio Carnevale, Executive Director**

The Board of Directors' meeting of 29 April 2016 had resolved to award Executive Director Mr Claudio Carnevale (i) gross fixed annual compensation of Euro 12,500 for his role as Director and (ii) gross fixed compensation of Euro 200,000 on a yearly basis for financial year 2016, for his role as Director in charge of special roles. The meeting of the Board of Directors of 28 April 2017 – in the context of the organizational restructuring aimed at, *inter alia*, assess the efficiency of the delegation of powers system within the Company and its subsidiaries in consideration of their specific needs – revoked all the powers granted to the Directors, including those granted to Mr Claudio Carnevale.

At the end of July 2017, Director Claudio Carnevale resigned from his office and received for the period of his office during Financial Year 2017 compensation of Euro 71,401, non-monetary benefits for Euro 3,699, corresponding to the value of compensation in kind, and Euro 370 for his role as director of the subsidiary Emmegas S.r.l.

## **2. COMPENSATION TO THE BOARD OF STATUTORY AUDITORS**

#### **Eleonora Briolini, Chair of the Board of Statutory Auditors**

The ordinary Shareholders' Meeting of 29 April 2016 resolved to award to the Chair of the Board of Statutory Auditors Ms Eleonora Briolini gross annual compensation of Euro 35,000 and provide reimbursement of such documented expenses incurred in the performance of such duties.

During Financial Year 2017 Mr Eleonora Briolini received compensation of Euro 35,000.

#### **Diana Rizzo, Standing Statutory Auditor**

The ordinary Shareholders' Meeting of 29 April 2016 resolved to award to standing Statutory Auditor Ms Diana Rizzo gross annual compensation of Euro 25,000 and provide reimbursement of such documented expenses incurred in the performance of such duties.

During Financial Year 2017, Ms Diana Rizzo received compensation of Euro 25,000.

#### **Massimiliano Folloni, Standing Statutory Auditor**

The ordinary Shareholders' Meeting of 29 April 2016 had resolved to award to standing Statutory Auditor Mr Massimiliano Folloni gross annual compensation of Euro 25,000 and provide reimbursement of such documented expenses incurred in the performance of such duties.

It should be noted that, on 19 May 2017, standing Statutory Auditor Mr Massimiliano Folloni passed prematurely.



For the period of his office in Financial Year 2017, Mr Massimiliano Folloni received compensation of Euro 9,384.

In addition, Mr Massimiliano Folloni, for the period of his office in Financial Year 2017, received compensation of Euro 15,013 for his role as Chairman of the Board of Statutory Auditors of the subsidiaries Lovato Gas S.p.A. and A.E.B. S.p.A., and as standing statutory auditor of the subsidiary SAFE S.p.A.

#### **Domenico Sardano, Standing Statutory Auditor**

The ordinary Shareholders' Meeting of 17 October 2017 resolved to award to standing Statutory Auditor Mr Domenico Sardano gross annual compensation of Euro 25,000, and provide reimbursement of such documented expenses incurred in the performance of such duties.

The Auditor was appointed on 17 October 2017 and received compensation of Euro 5,205 for the period of his office in Financial Year 2017.

#### **Filomena Napolitano, Alternate Auditor**

Following Mr Massimiliano Folloni's death, alternate Statutory Auditor Filomena Napolitano temporarily replaced him as standing member of the Board of Statutory Auditors.

Until 17 October 2017, date of appointment of Mr Domenico Sardano as standing Statutory Auditor, Ms Filomena Napolitano received compensation of Euro 10,480 for the period of her office, as well as compensation of Euro 19,491 for her role as standing statutory auditor of the subsidiaries Lovato Gas S.p.A., A.E.B. S.p.A. and SAFE S.p.A.

### **3. COMPENSATION TO EXECUTIVES WITH STRATEGIC RESPONSIBILITIES**

In consideration of Landi Renzo's corporate and organizational structure, the Company didn't deem it necessary to identify any other executives with strategic responsibilities, in addition to Chief Executive Officer Mr Cristiano Musi, and Chairman of the Board of Directors, Mr Stefano Landi, as no other executives are vested with powers or direct or indirect responsibilities in respect of the planning, management and control of the Issuer.

## **SECTION II**

### **SECOND PART**

The following tables set forth details of compensation paid in Financial Year 2017, on any basis and in any form, by the Company or subsidiaries and affiliates of the Issuer.

**Table 1 (Form 7-bis): Compensation paid to members of the Board of Directors and Board of Auditors, the General Manager and other executives with strategic responsibilities<sup>1</sup>**

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Full name	Office held	Period for which office is held	Expiry of term of office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation	Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Compensation at end of office or upon termination of employment
<b>Board of Directors</b>											
<b>Giovanna Domenichini</b>	Honorary Chairman	01/01/2017 - 31/12/2017	Approval of financial statements 2018			Bonus and other incentives	Profit sharing				
	Compensation from the company preparing the financial statements			15,000 (emoluments) 4,500 (attendance fees)					19,500		
	Compensation from subsidiaries and affiliates										
	Total			19,500					19,500		
<b>Stefano Landi</b>	Chairman of the Board of Directors	01/01/2017 - 31/12/2017	Approval of financial statements 2018			Bonus and other incentives	Profit sharing				
	Compensation from the company preparing the financial statements			367,945 (emoluments) 7,500 (attendance fees)		120,000	6,624		502,069		

<sup>1</sup> Figures shown in the tables are in Euro.

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Full name	Office held	Period for which office is held	Expiry of term of office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation	Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Compensation at end of office or upon termination of employment
	Compensation from subsidiaries and affiliates			2,028					2,028		
	Total			377,473		120,000	6,624		504,097		
<b>Cristiano Musi</b>	Chief Executive Officer	28/04/2017 - 31/12/2017	Approval of financial statements 2018			Bonus and other incentives	Profit sharing				
	Compensation from the company preparing the financial statements			66,667 <sup>2</sup> (emoluments)  233,333 (compensation as employee) <sup>3</sup>  5,000 (attendance fees)		120,000	2,856		427,856		
	Compensation from subsidiaries and affiliates										
	Total			305,000		120,000	2,856		427,856		
<b>Silvia Landi</b>	Director	01/01/2017 - 31/12/2017	Approval of financial statements			Bonus and other incentives	Profit sharing				

<sup>2</sup> Compensation shown refers to the aggregate for the period 28/04/2017 – 31/12/2017.

<sup>3</sup> Compensation shown includes compensation received for the role as Chief Executive Officer of the Company in the period 01/01/2017 – 31/12/2017.

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Full name	Office held	Period for which office is held	Expiry of term of office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation	Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Compensation at end of office or upon termination of employment
			2018								
	Compensation from the company preparing the financial statements			12,500 (emoluments) 7,500 (att. fees)					20,000		
	Compensation from subsidiaries and controlled companies										
	Total			20,000					20,000		
<b>Angelo Iori</b>	Director	01/01/2017 - 31/12/2017	Approval of financial statements 2018			Bonus and other incentives	Profit sharing				
	Compensation from the company preparing the financial statements			12,500 (emoluments) 7,500 (att. fees)	15,000 <sup>4</sup>				35,000		
	Compensation from subsidiaries or controlled companies				15,000						
	Total			20,000	15,000				35,000		
<b>Anton Karl</b>	Independent	01/01/2017 -	Approval of			Bonus and other	Profit				

<sup>4</sup> Director Mr Angelo Iori is a member of (i) the Audit and Risk Committee (for this office he receives annual gross compensation of Euro 7,500 and (ii) the Remuneration Committee (for this office he receives annual gross remuneration of Euro 7,500).

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Full name	Office held	Period for which office is held	Expiry of term of office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Compensation at end of office or upon termination of employment
	Director	31/12/2017	financial statements 2018			incentives	sharing					
	Compensation from the company preparing the financial statements			12,500 (emoluments)						19,500		
	Compensation from subsidiaries and affiliates											
	Total			19,500						19,500		
<b>Sara Fornasiero</b>	Independent Director	01/01/2017 - 31/12/2017	Approval of financial statements 2018			Bonus and other incentives	Profit sharing					
	Compensation from the company preparing the financial statements			12,500 (emoluments)	15,000 <sup>6</sup>					40,000		
				7,500 (att. fees)								
				5,000 <sup>5</sup> (supervisory body)								

<sup>5</sup> Independent Director Ms Sara Fornasiero is a member of the Supervisory Body and for this office she receives annual gross compensation of Euro 5,000.

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Full name	Office held	Period for which office is held	Expiry of term of office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Compensation at end of office or upon termination of employment
	Compensation from subsidiaries and affiliates											
	Total			25,000	15,000					40,000		
<b>Ivano Accorsi</b>	Independent Director	01/01/2017 - 31/12/2017	Approval of financial statements 2018			Bonus and other incentives	Profit sharing					
	Compensation from the company preparing the financial statements			12,500 (emoluments) 7,500 (attendance fees)	15,000 <sup>7</sup>					35,000		
	Compensation from subsidiaries and affiliates											
	Total			20,000	15,000					35,000		
<b>Claudio Carnevale</b>	Executed Director	01/01/2017- July 2017	Approval of financial statements 2018			Bonus and other incentives	Profit sharing					

<sup>6</sup> Independent Director Ms Sara Fornasiero is a member of (i) the Audit and Risk Committee (for this office he receives annual gross compensation of Euro 7,500 and (ii) the Remuneration Committee (for this office he receives annual gross remuneration of Euro 7,500) and (iii) the Committed for transactions with related parties.

<sup>7</sup> Independent Director Mr Ivano Accorsi is a member of (i) the Audit and Risk Committee (for this office he receives annual gross compensation of Euro 7,500 and (ii) the Remuneration Committee (for this office he receives annual gross remuneration of Euro 7,500) and (iii) the Committed for transactions with related parties.

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Full name	Office held	Period for which office is held	Expiry of term of office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Compensation at end of office or upon termination of employment
	Compensation from the company preparing the financial statements			71,401 (emoluments)				3,699		75,100		
	Compensation from subsidiaries and affiliates			370						370		
	Total			71,771				3,699		75,470		
<b>Board of Statutory Auditors</b>												
<b>Eleonora Briolini</b>	Chairman of the Board of Statutory Auditors	01/01/2017 - 31/12/2017	Approval of financial statements 2018			Bonus and other incentives	Profit sharing					
	Compensation from the company preparing the financial statements			35,000						35,000		
	Compensation from subsidiaries and affiliates											
	Total			35,000						35,000		
<b>Diana Rizzo</b>	Standing Statutory Auditor	01/01/2017 - 31/12/2017	Approval of financial statements 2018			Bonus and other incentives	Profit sharing					
	Compensation from the company preparing the financial statements			25,000						25,000		



(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Full name	Office held	Period for which office is held	Expiry of term of office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Compensation at end of office or upon termination of employment
	Compensation from subsidiaries and affiliates											
	Total			25,000						25,000		
<b>Domenico Sardano</b>	Standing statutory auditor	01/01/2017 - 31/12/2017	Approval of financial statements 2018			Bonus and other incentives	Profit sharing					
	Compensation from the company preparing the financial statements			5,205						5,205		
	Compensation from subsidiaries and affiliates											
	Total			5,205 <sup>8</sup>						5,205		
<b>Massimiliano Folloni</b>	Standing statutory auditor	01/01/2017 - 19/05/2017	Approval of fin. statements 2018			Bonus and other incentives	Profit sharing					
	Compensation from the company preparing the financial statements			9,384						9,384		
	Compensation from subsidiaries and affiliates			15,013						15,013		
	Total			24,397						24,397		

<sup>8</sup> Compensation shown refers to the aggregate for the period 17/10/2017 – 31/12/2017.

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Full name	Office held	Period for which office is held	Expiry of term of office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Compensation at end of office or upon termination of employment
<b>Filomena Napolitano</b>	Alternate statutory auditor	19/05/2017 - 17/10/2017	Approval of financial statements 2018			Bonus and other incentives	Profit sharing					
	Compensation from the company preparing the financial statements			10,480						10,480		
	Compensation from subsidiaries and affiliates			19,491						19,491		
	Total			29,971						29,971		

**Table 3B (Form 7-bis): Cash-based incentive schemes for members of the Board of Directors<sup>9</sup>**

A	B	(1)	(2)			(3)			(4)
Full name	Office held	Programme	Bonus for the year			Bonus for previous years			Other bonuses
<b>Board of Directors</b>									
			(A)	(B)	(C)	(A)	(B)	(C)	
<b>Stefano Landi</b>	Chairman of the Board of Directors		Payable/paid	Deferred	Deferral period	No longer payable	Payable/paid	Deferred and unpaid	
(I) Compensation from the company preparing the financial statements		Programme A (under resolution of 27 March 2017)	120,000						
		Programme B (under resolution of 14 March 2016)					0		
		Programme C (under resolution of 14 March 2015)					0		
		Programme D (under resolution of 13 March 2014)					0		
		Programme E (under resolution of 14 March 2013)					0		
		Programme F (under resolution of 15 March 2012)					0		
		Programme G (under resolution of 15 March 2011)					0		
(II) Compensation from subsidiaries and affiliates									
(III) Total			120,000				0		

<sup>9</sup> The following tables reflect all cash-based incentive programmes, both short- and medium-to-long-term, and the figures are in Euro.

<b>A</b>	<b>B</b>	<b>(1)</b>	<b>(2)</b>			<b>(3)</b>			<b>(4)</b>
<b>Full name</b>	<b>Office held</b>	<b>Programme</b>	<b>Bonus for the year</b>			<b>Bonus for previous years</b>			<b>Other bonuses</b>
<b>Board of Directors</b>									
			<b>(A)</b>	<b>(B)</b>	<b>(C)</b>	<b>(A)</b>	<b>(B)</b>	<b>(C)</b>	
<b>Cristiano Musi</b>	Chief Executive Officer		Payable/paid	Deferred	Deferral period	No longer payable	Payable/paid	Still deferred	
(I) Compensation from the company preparing the financial statement		Programme A (under resolution of 27 March 2017)	120,000				0		
(II) Compensation from subsidiaries and associates									
(III) Total			120,000				0		

**TABLE 1 (Form 7-ter): Shares owned by members of the Board of Directors and the Board of Statutory Auditors**

<b>FULL NAME</b>	<b>OFFICE HELD</b>	<b>COMPANY IN WHICH SHARES ARE HELD</b>	<b>NUMBER OF SHARES HELD AT END OF PREVIOUS FINANCIAL PERIOD</b>	<b>NUMBER OF SHARES PURCHASED</b>	<b>NUMBER OF SHARES SOLD</b>	<b>NUMBER OF SHARES HELD AT END OF CURRENT FINANCIAL PERIOD</b>
Angelo Iori	Director	Landi Renzo S.p.A.	1,000			1,000
Anton Karl	Director	Landi Renzo S.p.A.	1,010,845			1.010.845
Cristiano Musi	Chief Executive Officer	Landi Renzo S.p.A.		20,000		20,000