



**Giglio Group S.p.A.**

**2018-2021 STOCK OPTION PLAN**

**STOCK OPTION PLAN FOR THE SUBSCRIPTION OR ACQUISITION OF  
ORDINARY GIGLIO GROUP S.P.A. SHARES SUBJECT TO SHAREHOLDERS'  
MEETING APPROVAL DISCLOSURE DOCUMENT**

*(drawn up in accordance with Article 84-bis of the Regulation adopted by Consob with  
motion No. 11971 of May 14, 1999 and subsequent amendments and supplements)*

Milan, September 28, 2018

## INTRODUCTION

This disclosure document (the “**Disclosure Document**”) is prepared in accordance with Article 84-*bis* of Schedule 7 of Annex 3A of the Regulation adopted by Consob with motion No. 11971 of May 14, 1999 and subsequent amendments and supplements (the “**Issuer’s Regulation**”), and concerns the “2018-2021 Stock Option Plan” (the “**Plan**”) approved by the Board of Directors of Giglio Group S.p.A. (the “**company**” or “**Giglio**”) on September 3, 2018.

On September 3, 2018, the Board of Directors of Giglio, following the issue of the Appointments and Remuneration Committee’s favourable opinion, approved the submittal to the Shareholders’ Meeting called for October [29], 2018, as per Article 114-*bis* of Legislative Decree No. 58 of February 24, 1998 and subsequent amendments and supplements (the “**CFA**”), of the Plan stipulating the free assignment of options for the subscription or acquisition of ordinary company shares, in the ratio of one share for each option, at the terms and conditions established by the Plan and described in this Disclosure Document.

The above proposal to adopt the Plan was submitted for the approval of the Ordinary Shareholders’ Meeting of Giglio called for October 29, 2018.

At the date of this Disclosure Document, adoption of the Plan has not yet been approved by the Ordinary Shareholders’ Meeting of Giglio. Therefore, (i) this Disclosure Document is prepared exclusively on the basis of the content of the proposal to adopt the Plan approved by the Board of Directors of the company on September 3, 2018, and (ii) all references to the Plan contained in this Disclosure Document should be considered as regarding the proposal to adopt the Plan.

This Disclosure Document shall be updated, where necessary and according to the terms and means set out under the applicable regulation, where the proposal to adopt the Plan is approved by the Ordinary Shareholders’ Meeting of the company and in compliance with the motions adopted by this Shareholders’ Meeting and by the Board of Directors of the company, the body responsible for the Plan’s implementation.

The Plan is to be considered of “*particular relevance*” in accordance with Article 114-*bis*, paragraph 3 of the CFA and Article 84-*bis*, paragraph 2 of the Issuers’ Regulation as addressing, among other parties, the Executive Directors and the Senior Executives of the company.

This Disclosure Document is made available to the public at the registered office of the company, on the company’s website <https://www.giglio.org/>, Corporate Governance section, and on the authorised storage mechanism eMarket Storage at [www.emarketstorage.com](http://www.emarketstorage.com).

## DEFINITIONS

The following definitions are applied in the Disclosure Document.

<b>“Executive Directors”</b>	Company directors qualifying as executive in accordance with the Self-Governance Code.
<b>“Shares”</b>	Ordinary shares of the company, listed on the MTA - STAR Segment.
<b>“Bad Leaver”</b>	<p>Any situation whereby the Relationship concludes as a consequence of:</p> <ul style="list-style-type: none"><li>(a) dismissal and/or revocation and/or resolution and/or non-renewal of the Relationship with the Beneficiary by the company for just cause;</li><li>(b) violation by the Beneficiary of any non-competition obligations assumed towards the company and/or the Giglio Group; or</li><li>(c) the voluntary resignation of the Beneficiary from the company amid a situation not falling within the Good Leaver category.</li></ul>
<b>“Beneficiaries”</b>	The Executive Directors and Senior Executives, identified as Beneficiaries of the Plan by the Board of Directors of the company.
<b>“Self-Governance Code”</b>	The Self-Governance Code of listed companies approved in March 2006 by the Corporate Governance Committee (as subsequently amended) and promoted by Borsa Italiana, ABI, ANIA, Assogestioni, Assonime and Confindustria.
<b>“Appointments and Remuneration Committee”</b>	The Appointments and Remuneration Committee set up within the Board of Directors of Giglio which undertakes consultation and proposal functions regarding appointments and remuneration in accordance with the recommendations set out in Articles 4, 5 and 6 of the Self-Governance Code.
<b>“Board of Directors”</b>	The sitting Board of Directors of the company.
<b>“Assignment Date”</b>	The date on which the Board of Directors identifies the Beneficiaries and establishes the number of Options assigned to each.
<b>“Maturity Date”</b>	For each of the tranches indicated at paragraph 4.2 below, the date by which, at the risk of lapse, the matured and convertible options should be exercised.

<b>“Vesting Date”</b>	The Working Day subsequent to the final day of the Vesting Period, on which the Matured Options become exercisable in accordance with the Regulation.
<b>“Senior Executives”</b>	Executives with the authority and responsibility, directly or indirectly, for planning, directing and controlling the company’s activities.
<b>“Disclosure Document”</b>	This Disclosure Document prepared in accordance with Article 84- <i>bis</i> of the Issuers’ Regulation and complying with, also in terms of the numbering of the relative paragraphs, the indications of Schedule 7 of Annex 3A of the same Issuers’ Regulation.
<b>"EBITDA "</b>	<p>For each financial year, on the basis of the annual consolidated financial statement results of the company, prepared as per IAS/IFRS and certified without exceptions, the sum of the following accounts:</p> <ol style="list-style-type: none"> <li>1. (+) Revenues from sales and services;</li> <li>2. (+) Other revenues;</li> <li>3. (+/-) Change in inventories;</li> <li>4. (-) Costs of production;</li> <li>5. (+) Amortisation, depreciation and write-downs;</li> <li>6. (+) Provisions for risks;</li> <li>7. (+) Other provisions.</li> <li>8. (-) Non-Recurring Charges</li> </ol>
<b>“Working Day”</b>	A trading day on the MTA, according to the applicable Borsa Italiana S.p.A. calendar.
<b>"Good Leaver"</b>	<p>Any situation whereby the Relationship concludes as a consequence of:</p> <ol style="list-style-type: none"> <li>(a) the death or permanent invalidity of the Beneficiary;</li> <li>(b) the dismissal, revocation, resolution or non-renewal of the working relationship and/or the mandate of the Beneficiary by the company for reasons other than just cause;</li> <li>(c) the transfer and/or conferment of business units of the company;</li> <li>(d) resignation from office or conclusion of the working</li> </ol>

relationship in the case of death or physical or psychological disability (due to illness or accident);  
or

- (e) resignation of the Beneficiary in the case of serious non-fulfilment by the company – as declared by a legal judgment – of the terms of conditions of employment of the Beneficiary, such as not to allow the Beneficiary to continue to work for the company, even temporarily.

<b>“Giglio Group” or “Group”</b>	Giglio Group S.p.A. and its subsidiaries as per Article 93 of the CFA.
<b>"MTA"</b>	The “Mercato Telematico Azionario” organised and managed by Borsa Italiana S.p.A.
<b>“Objectives”</b>	The performance objectives to which maturation of the Assigned Options is linked.
<b>“Option”</b>	The right conferred to Beneficiaries to subscribe or acquire shares in compliance with all the terms and conditions set out by the Plan. Every 1 (one) Option confers the right to subscribe or acquire 1 (one) Share.
<b>“Assigned Options”</b>	The Options assigned by the Board of Directors to each Beneficiary at the Assignment Date.
<b>“Matured Options”</b>	The Options which, following achievement of the Objectives, may be exercised by the Beneficiaries in the relative Exercise Periods.
<b>"Exercise Period"</b>	For each of the tranches indicated in paragraph 4.2 below, the period between the Vesting Date and the Maturity Date, during which each Beneficiary may exercise the Matured Options, with the exception of the days for which exercise is not permitted in accordance with the Regulation.
<b>“Vesting Period”</b>	For each of the tranches indicated in paragraph 4.2 below, the Vesting Period of the Options assigned to the Beneficiaries – between the Assignment Date of the Options and the Vesting Date – during which the Assigned Options may not be exercised.
<b>“Plan”</b>	The “2018-2021 Stock Option Plan” approved by the Board of Directors of the company on September 3, 2018, following the issue of a favourable opinion by the Appointments and Remuneration Committee, which will be submitted for the approval of the Shareholders’ Meeting of the company in accordance with Article 114-

*bis* of the CFA.

**“Exercise Price”**

The consideration that each Beneficiary is required to pay to exercise the Matured Options for subscribing or acquiring the Shares.

**“Relationship”**

The relationship regarding management and/or of employment between each Beneficiary and the company.

**“Issuers’ Regulation”**

The Regulation adopted by Consob with motion No. 11971 of May 14, 1999, as subsequently amended and supplemented.

**“Regulation”**

The regulation containing the rules for implementation of the Plan, which will be approved by the Board of Directors on approval of the Plan by the Shareholders’ Meeting of the company.

**“Company” or “Giglio”**

Giglio Group S.p.A., with registered office in Milan (MI) Piazza Diaz, 6 – 20123.

**“CFA”**

Legislative Decree No. 58 of 1998, as subsequently amended and supplemented.

## 1. **PLAN BENEFICIARIES**

### 1.1 **Names of the beneficiaries who are members of the Board of Directors of the issuer of financial instruments, of parent companies of the issuer and of their direct or indirect subsidiaries**

The Plan is reserved for Executive Directors and/or Senior Executives of the company, identified by the Board of Directors, having consulted the Appointments and Remuneration Committee.

At the date of this Disclosure Document, the Plan has not yet been approved by the Shareholders' Meeting and it is therefore not possible to indicate the names of the Beneficiaries.

### 1.2 **Categories of employees or collaborators of the issuer of financial instruments and of the parent companies or subsidiaries of this issuer**

At the date of this Disclosure Document, the Plan has not yet been approved by the Shareholders' Meeting and therefore it is not possible to indicate the categories of employees or collaborators included as Beneficiaries.

### 1.3 **Names of the parties benefitting from the plan belonging to the following groups**

#### (a) *general managers of the issuer of financial instruments*

At the date of this Disclosure Document, the Plan has not yet been approved by the Shareholders' Meeting and it is therefore not possible to indicate the names of the Beneficiaries.

#### (b) *other senior executives of the issuer of financial instruments which are not considered of "smaller size", as per Article 3, paragraph 1, letter f) of Regulation No. 17221 of March 12, 2010, in the case in which they have received during the year total remuneration (obtained by adding the monetary compensation and the financial instrument-based compensation) of greater than the higher total compensation between that allocated to the members of the Board of Directors, or the management board, and to general directors of the issuer of financial instruments*

Not applicable as the company qualifies as an issuer of "smaller size" in accordance with Article 3, paragraph 1, letter f) of Regulation No. 17221 of March 12, 2010.

#### (c) *physical persons controlling the share issuer, who are employees or who provide collaboration to the share issuer*

At the date of this Disclosure Document, the Plan has not yet been approved by the Shareholders' Meeting and it is therefore not possible to indicate the names of the Beneficiaries.

### 1.4 **Description and numeric indication, by category**

#### (a) *of senior executives other than those indicated at letter b) of paragraph 1.3*

At the date of this Disclosure Document, the Plan has not yet been approved by the

Shareholders' Meeting and it is therefore not possible to indicate the names of the Beneficiaries.

- (b) *in the case of companies of “smaller size”, in accordance with Article 3, paragraph 1, letter f) of Regulation No. 17221 of March 12, 2010, indication for the totality of senior executives of the issuer of financial instruments*

At the date of this Disclosure Document, the Plan has not yet been approved by the Shareholders' Meeting and it is therefore not possible to provide indications regarding the Beneficiaries.

- (c) *of any other categories of employees or collaborators for which differentiated features of the plan are provided for (e.g. executives, senior managers, white-collar employees etc.)*

There are no categories of employees or collaborators for which differentiated features of the Plan are provided for.

## 2. REASONS FOR ADOPTION OF THE PLAN

### 2.1 Objectives served by assignment of the Plan

The company considers share-based remuneration plans as an effective instrument to incentivise and create loyalty among those in key roles, in order to maintain and improve performance levels and also to contribute to boosting growth and the success of the company and of the Group.

The Plan is an appropriate instrument to align the interest of the Beneficiaries with those of shareholders, supporting the pursuit of the key objective of creating value over the medium/long-term.

The Plan also recognises key personnel for their dedicated efforts to the Group's growth over recent years, culminating with the successful listing and the transfer from the AIM - Italian market to the STAR Segment on the main Italian Stock Exchange index.

### 2.2 Key variables, also in the form of performance indicators, considered for the allocation of the financial instrument-based plan

The Assigned Options shall become Matured Options, and shall be therefore be exercisable by the Beneficiaries in the relative Exercise Periods, only on achievement of the specific performance Objectives concerning each tranche and according to the terms indicated in the following tables:

<b>First tranche</b>	
<b>EBITDA as per the financial statements of the company at December 31, 2018</b>	<b>% of Options from the first tranche matured</b>
under Euro 7,947,000	0%
equal to or above Euro 7,947,000	100%



<b>Second tranche</b>	
<b>EBITDA as per the financial statements of the company at December 31, 2019</b>	<b>% of Options from the second tranche matured</b>
under Euro 8,495,000	0%
equal to or above Euro 8,495,000	100%

<b>Third tranche</b>	
<b>EBITDA as per the financial statements of the company at December 31, 2020</b>	<b>% of Options from the third tranche matured</b>
under Euro 9,918,000	0%
equal to or above Euro 9,918,000	100%

Achievement of the Objectives shall be verified by the Board of Directors of the company following approval by the Shareholders' Meeting of the relative annual financial statements.

**2.3 Elements upon which the financial instrument-based remuneration is calculated - i.e. the measurement criteria**

At the Assignment Date, the Board of Directors of the company, having consulted with the Appointments and Remuneration Committee, will establish the number of Options devolving to each Beneficiary.

The number of Options to be assigned to each Beneficiary shall be defined by the Board of Directors by assessing the contribution of each Beneficiary to the achievement of the strategy and the objectives to create fresh value, taking account of the strategic relevance of the position held and the centrality of the activities undertaken to company and Group operations.

**2.4 Reasons for any decision to assign compensation plans based on financial instruments not issued by the issuer of financial instruments, such as the financial instruments issued by subsidiaries or parent companies or third-party companies outside of the Group; in the case in which the above instruments are not traded on regulated markets, information on the criteria utilised for the calculation of the attributable value**

Not applicable, as the Plan provides for the allocation to each Beneficiary of the right to receive (freely) Options which attribute the right to subscribe or acquire Shares of the company.

**2.5 Assessments concerning significant tax and accounting implications impacting the drawing up of the Plan**

At the date of this Disclosure Document, significant accounting and tax implications upon the company impacting the definition of the Plan have not emerged.

**2.6 Support to the Plan by the Special fund to incentivise worker involvement in enterprises, as per Article 4, paragraph 112 of Law No. 350 of December 24, 2003**

The Plan does not receive support from the Special fund to incentivise worker involvement in enterprises, as per Article 4, paragraph 112 of Law No. 350 of December 24, 2003.

**3. APPROVAL PROCESS AND SHARE ALLOCATION TIMING**

**3.1 Scope of powers and functions delegated by the Shareholders' Meeting to the Board of Directors for implementation of the Plan**

On September 3, 2018, the Board of Directors of the company approved, following the issue of the Appointments and Remuneration Committee's favourable opinion, submittal of the plan to the Shareholders' Meeting called for October [29], 2018 to consider its approval.

The Shareholders' Meeting shall be called to consider, in addition to the approval of the Plan, also the conferment to the Board of Directors of all powers necessary or beneficial to ensure full and complete implementation of the Plan, including (for example purposes only and not to be considered exhaustive) all powers to (i) approve the Regulation, amend it and/or supplement it, (ii) identify the Beneficiaries, (iii) establish the Exercise Price of the Options, (iv) set the quantity of Options to be assigned to each Beneficiary, (v) proceed with the allocation of the Options to each Beneficiary, and (vi) prepare and/or finalise all documents necessary or beneficial for the implementation of the Plan, in addition to undertake any act, requirement, formality or communication which may be necessary or opportune for the management and/or implementation of the Plan, with the faculty to delegate its powers, duties and responsibilities with regards to the execution and application of the Plan.

**3.2 Parties appointed to administer the Plan and their functions and duties**

The responsibility for the Plan's execution lies with the Board of Directors, who - in the case of a favourable decision by the Shareholders' Meeting of October [29], 2018 - shall be tasked by the Shareholders' Meeting with managing and implementing the Plan, availing of the advisory and consultative support of the Appointments and Remuneration Committee, in addition to the support of the Human Resources Department.

The Plan may be administered by a trustee company operating on the basis of a specific mandate assigned by the company and acting in compliance with the Regulation.

**3.3 Any procedures for the review of the Plan, also in relation to any changes to the underlying objectives**

Subject to the remit of the Shareholders' Meeting for the legally established cases, the Board of Directors, having consulted the Appointments and Remuneration Committee, may at any time make amendments as considered appropriate, in order to (i) ensure the compliance of the Plan with legislation or any legislative or regulatory amendments, or (ii) improve the Plan's efficacy in terms of its objectives, while ensuring not to affect the rights acquired by the

Beneficiaries following assignment of the Options.

**3.4 Means to establish availability and for the assignment of the financial instruments on which the Plan is based (e.g.: free assignment of shares, share capital increases with exclusion of pre-emption rights, purchase and sale of treasury shares)**

The Plan stipulates the free assignment to Beneficiaries of Options valid for the subscription of newly issued company Shares or the acquisition of Treasury shares held by the company, in the ratio of 1 (one) Share for every 1 (one) Option exercised.

The maximum number of Shares to be assigned to Beneficiaries in execution of the Plan is set at 690,000.

Exercise of the Options shall be subject to payment by the Beneficiary of the Exercise Price, as established by paragraph 4.19 below.

The Plan may be served through utilising (i) treasury shares acquired following authorisation as per Article 2357 of the Civil Code granted by the Shareholders' Meeting; (ii) newly-issued shares from a paid-in divisible share capital increase approved by the Board of Directors, including in a number of tranches, subject to approval by the Shareholders' Meeting of the Plan and the faculty to increase the share capital as per Article 2443 of the Civil Code, for a maximum nominal Euro 138,000, without pre-emption rights in accordance with Article 2441, paragraph 8 - and where applicable - paragraph 5 of the Civil Code, through the issue of a maximum 690,000 ordinary shares, without nominal value, and attaching the same features as the ordinary shares in circulation at the issue date, with full rights, to be reserved to the Beneficiaries.

For further details on the share capital increase in service of the Plan, reference should be made to the report drawn up as per Article 72 and Annex 3A of the Issuers' Regulation made available to the public in accordance with law, through publication on the company website <https://www.giglio.org/>, Corporate Governance section and on the eMarket Storage authorised storage mechanism at [www.emarketstorage.com](http://www.emarketstorage.com).

The company will make available to the Beneficiaries the Options devolving to them according to the terms and means established by the Regulation.

**3.5 Role carried out by each director in establishing the characteristics of the Plan; any conflicts of interest involving the interested Directors**

The establishment of the characteristics of the Plan, to be submitted for the approval of the Shareholders' Meeting, in accordance with Article 114-*bis* of the CFA, was decided collectively by the Board of Directors, with the proposal and consultative support of the Appointments and Remuneration Committee.

On September 3, 2018, the Board of Directors, having received the favourable opinion of the Appointments and Remuneration Committee and with the abstention of the Executive Directors among the Beneficiaries, approved the submittal to the Shareholders' Meeting of the proposal to adopt the Plan.

**3.6 Date of the decision taken by the competent body to propose approval of the Plan by the Shareholders' Meeting and of the proposal of the Appointments and Remuneration Committee**

On September 3, 2018, the Board of Directors of the company approved the proposal to submit to the Shareholders' Meeting adoption of the Plan, having received the favourable opinion of the Appointments and Remuneration Committee, meeting in advance on the same day to consider the Plan.

**3.7 Date of the decision taken by the competent body with regards to the assignment of the instruments and any proposal to this body drawn up by a Remuneration Committee**

Not applicable, as at the date of this Disclosure Document, the Plan has not yet been approved by the Ordinary Shareholders' Meeting.

**3.8 Market price, recorded on the above-stated dates, of the financial instruments on which the plans are based, if traded on regulated markets**

Although at the date of this Disclosure Document the Plan has not yet been approved by the Shareholders' Meeting, the market price of the Shares at September 3, 2018 was Euro 3.26.

**3.9 In the case of financial instrument-based plans traded on regulated markets, the issuer takes account of the terms and the means, within the identification of the timelines for the awarding of instruments under the plans, of possible timing issues between: (i) the assignment or any decisions undertaken by the Remuneration Committee; and (ii) the communication of any relevant information in accordance with Article 17 of Regulation (EC) No. 596/2014; for example, where this information is: a) not yet published and which may prompt an increase in the market share price, or b) already published and may prompt a decrease in the market share price.**

The structure of the Plan, the conditions, the duration and the means to assign the Options, currently does not indicate that the assignment may be significantly influenced by any circulation of relevant information as per Article 17 of Regulation (EC) No. 596/2014, while the procedure to assign the options shall be undertaken, in any case, in full compliance with the disclosure obligations upon the company, in order to ensure transparency and the provision of equal information to the market, in addition to compliance with the internal procedures adopted by the company.

The Plan stipulates that the Beneficiaries may not exercise the Options during the thirty calendar days preceding the announcement to the market of the annual financial statements and the interim financial reports which the company is required to publish in accordance with applicable legislation and regulations.

The Board of Directors, having consulted the Appointments and Remuneration Committee, may set additional extraordinary blocking periods regarding the exercise of the options or amend the terms indicated in this paragraph in the case of significant legislative or regulatory changes.

The Beneficiaries shall also be required to comply with the applicable regulatory provisions, particularly with regards to the market abuse regulation concerning the exercise of Options and the availability of Shares from the exercise of the Options allocated as a result of participation

in the Plan.

Declared violations by Beneficiaries, even non-definitively, regarding conduct qualifying as the abuse of inside information or market manipulation as per the CFA and the internal dealing code adopted by the company, shall result in the automatic exclusion of the Beneficiary from the Plan and the lapsing of the relative unexercised Options.

#### 4. FEATURES OF THE INSTRUMENTS ASSIGNED

##### 4.1 **Description of the forms by which the financial instrument-based compensation plans are structured; e.g. indicate whether the Plan is based on the allocation of: financial instruments (assignment of restricted stock); the increase in the value of these instruments (phantom stock); rights which permit the subsequent acquisition of financial instruments (grant options) with settlement by physical provision (“stock options”) or in cash on the basis of a differential (“stock appreciation right”)**

The Plan stipulates the free assignment of Options which permit, at pre-established conditions, the subsequent subscription or acquisition of the Shares, settled through physical assignment. The Plan provides therefore for the assignment of stock options.

Each 1 (one) Option assigned confers the right to the Beneficiary to subscribe or acquire 1 (one) share, with full rights, against the payment to the company of the Exercise Price.

The Assigned Options are exercisable in a number of tranches, subject to the achievement of the Objectives indicated in paragraph 2.2 above, and according to the means and terms set out in paragraph 4.2 below

##### 4.2 **Indication of the effective implementation period of the Plan with regards also to any differing cycles established**

The Plan stipulates that the Options are assigned by the Board of Directors, following consultation with the Appointments and Remuneration Committee.

The Options may be exercised over a three-year vesting period, broken down into three tranches, as indicated below:

- **first tranche:** up to 20% of the assigned options; such may be exercised within 1 year from the Assignment Date;
- **second tranche:** up to 30% of the assigned options; such may be exercised within 2 years from the Assignment Date; and
- **third tranche:** up to 50% of the assigned options; such may be exercised within 3 years from the Assignment Date;

The Options Assigned included in the above-mentioned tranches shall mature – and therefore shall become exercisable in the relative Exercise Periods - only where the Objectives described in paragraph 2.2 above have been achieved.

#### 4.3 **Plan duration**

The duration of the Plan extends until the final deadline by which the options relating to the third tranche may be exercised by the Beneficiary and therefore covers six years from the Assignment Date.

The Options not exercised by the relative Maturity Date shall be considered to all effects and purposes as void, with the consequent release of the company from any obligation deriving under the Plan towards the Beneficiary.

Subject to that stated in paragraph 3.3 above, the Shareholders' Meeting may renew it or extend its duration, applying all the supplementations and amendments considered necessary or appropriate to adjust the Plan to regulations, as applicable, or to altered Group needs.

#### 4.4 **Maximum number of financial instruments, also in the form of options, assigned in each fiscal year in relation to the named parties or to the categories indicated**

The Plan provides for the assignment of a maximum 690,000 Options, which give the right to subscribe to or acquire an equal maximum number of Shares.

The Plan does not provide for a maximum number of Options to be assigned in a given financial year.

#### 4.5 **Methods and implementation clauses of the Plan, specifying whether the effective assignment of the instrument is subject to the achievement of conditions or the achievement of results (including performance based); description of these conditions and results**

In relation to the Plan implementation methods and clauses, reference should be made to the specific paragraphs of this Disclosure Document. In particular, at the Assignment Date, the Board of Directors of the company shall establish the number of Options to be assigned to each Beneficiary according to the criteria indicated in paragraph 2.3 below.

The assignment of the Options to Beneficiaries is free of charge. Each Beneficiary may exercise the Matured Options, on conclusion of the relative Vesting Period, subscribing to or acquiring the Shares, at the conditions set out in paragraphs 2.2 and 4.2 above.

#### 4.6 **Indication of any restrictions upon availability of the instruments assigned or upon the instruments deriving from exercise of the Options, with particular regard to the deadline by which the subsequent transfer to the company or to third parties is permitted or prohibited**

The Plan Beneficiaries are required to hold on a continuous basis, for at least 18 months from the date on which they have received the Shares following exercise of the Matured Options, at least 20% of the Shares subscribed or acquired as a result of exercising the Options matured, less an amount of shares whose value corresponds to the exercise price of the Options matured which have been exercised and the related tax, pension and social security charges related to the conversion of the exercised Matured Options which have been effectively paid (the "sell to cover").

In addition, the Plan Beneficiaries who are Executive Directors, as per the recommendations of the Self-Governance Code, are however obliged, also following the above-indicated period

of unavailability, to hold on a continuous basis, until the conclusion of mandate concerning each of the Vesting Periods, at least 20% of the shares subscribed or acquired as a result of exercising the Options matured, less a number of shares corresponding to the exercise price of the matured options converted and the tax, pension and social security charges related to the exercise of the options matured which have been effectively paid.

There are no further unavailability restrictions binding the Shares assigned following the exercise of the Matured Options.

**4.7 Description of any resolution conditions in relation to the assignment of the Plan in the case in which the Beneficiaries carry out hedges which permit the neutralisation of any prohibitions on the sale of the assigned financial instruments, also in the form of options, or of the financial instruments deriving from the exercise of these options**

Not applicable, as no resolution conditions in the case in which the Beneficiary undertakes hedges are stipulated.

**4.8 Description of the effects from resolution of administration/employment relationship of the Beneficiaries**

In the case of the conclusion of the relationship, the provisions at paragraph 4.8 above shall continue to be applied, except where otherwise decided by the Board of Directors in a favourable sense for the Beneficiaries and subject to the faculty of the Board of Directors, following consultation with the Appointments and Remuneration Committee, to reach agreements featuring differing content with each Beneficiary.

In the case of the conclusion of the Relationship resulting in a Good Leaver situation, whose conclusion date is before the expiry of the relative Exercise Period, the Beneficiary (or his/her heirs or legitimate successors) shall maintain the right to exercise the Matured Options not yet exercised, in compliance with the Plan, by the conclusion of the relative Exercise Period. The Assigned Options, although not yet matured, shall be considered as lapsed.

In the case of the conclusion of the Relationship with regards to a Bad Leaver situation, the Beneficiary shall definitively lose, from the conclusion date of the Relationship, the right to exercise the Options (both the Assigned Options and the Matured Options) which have not yet been exercised.

The following are not considered as conclusion of the Relationship: (i) the natural maturity of the office of directorship followed by immediate renewal, (ii) the transfer of the Relationship to another Group company, and (iii) the conclusion of the Relationship and the simultaneous establishment of a new Relationship with the company or with another Group company.

The right of the Beneficiaries to exercise the Matured Options shall however be considered as suspended from the moment any letter regarding disciplinary action is sent and until conclusion of the disciplinary process.

The Board of Directors, having consulted the Appointments and Remuneration Committee, may in addition permit the Beneficiaries to exercise the Options, in full or in part, in the case of the consensual resolution of the Relationship by common agreement among the parties, while also having the faculty to assign the remaining unexercised options following interruption of the relationship with one or more Beneficiaries to other Beneficiaries of the

Plan, or to other parties identified in accordance with the criteria established by the Plan, establishing the relative maturation and exercise terms of such assigned Options.

Where after the Assignment Date a “*change of control*” takes place the Beneficiary is granted the faculty to continue their participation in the Plan according to the means, conditions and terms of the Regulation, subject to any differing contractual proposals put in place by the party which shall acquire control, or exercise the totality of the Assigned Options, so long as the relative Vesting Period has not yet concluded and independently of the achievement of the performance Objectives.

For the purposes of the Plan, a “*change of control*” is considered to have taken place where a party or a number of parties acting in concert (other than Alessandro Giglio and Meridiana Holding S.r.l and/or any of the entities controlled by the former), directly or indirectly, acquires a holding in the company, in relation to which:

(i) the obligation to promote a mandatory public purchase offer upon the ordinary shares of the company in accordance with the CFA arises for this party (or parties); or

(ii) this party (or parties) appoints or removes the majority of directors of the company.

#### 4.9 **Indication of any other causes of the Plan’s annulment**

Except for that indicated in other paragraphs of this Disclosure Document, no other causes for the annulment of the Plan exist.

#### 4.10 **Reasons behind any provision for the “redemption” by the company of the financial instruments subject to the plans, established as per Articles 2357 and subsequent of the Civil Code; the beneficiaries of the redemption indicate whether such applies only to particular categories of employees; the effects of conclusion of the working relationship on this redemption**

The Plan does not stipulate redemption clauses in favour of the company.

The Plan establishes revocation and return clauses. In particular, where the Board of Directors, following consultation with the Appointments and Remuneration Committee, declares, within 3 years from conclusion of the Plan indicated at paragraph 4.3, that the Objectives had been considered on the basis of data which was manifestly erroneous, or where declaring the malicious alteration of the data used as the basis for the achievement of the Objectives, the Board of Directors, following consultation with the Appointments and Remuneration Committee, reserves the right to obtain from the Beneficiaries or the Beneficiary responsible for one of the above-stated acts and/or events, revocation of the Options assigned, or the return of the Shares owned by the Beneficiary, less a number of shares corresponding to the exercise price of the Matured Options exercised and the tax, pension and social security charges related to the conversion of the exercised Matured Options effectively paid, or, the return of the sale value (less the amount corresponding to the exercise price of the converted Matured Options and the tax, pension and social security charges related to the exercise of the matured Options) where the shares of the Beneficiary have been sold.



**4.11 Any loans or other supports considered to be provided for the acquisition of the shares in accordance with Article 2358 of the Civil Code**

Not applicable, as the Plan provides for the free assignment of the Options and does not provide for loans or other supports in favour of the Beneficiaries, subject to that described at paragraph 4.6 concerning the “sell to cover”, for the payment of the Exercise Price.

**4.12 Indication on the valuations regarding the expected charge upon the company at the relative assignment date, as may be estimated on the basis of the terms and conditions thus far defined, for the total amount and in relation to each Plan instrument**

Not applicable, as at the date of this Disclosure Document the Plan has not yet been approved by the Shareholders' Meeting of the company and, consequently, the Beneficiaries and the number of Options to be assigned to them has not yet been established.

**4.13 Dilutive effects on the share capital deriving from the Plan**

Full subscription of the share capital increase in service of the Plan following the exercise of all the Options, and assuming that further share capital increases are not undertaken, would result in a dilution for shareholders equal to 4.30% of the current share capital.

**4.14 Any limits on voting rights and concerning the assignment of equity rights**

No limits are stipulated for the exercise of voting rights and for the assignment of equity rights regarding the Shares from the exercise of the Options.

**4.15 In the case in which the shares are not traded on regulated markets, all useful information for a comprehensive valuation**

Not applicable, as the Shares are listed on the MTA.

**4.16 Number of financial instruments underlying each option**

Every 1 (one) Option assigned confers the right to the Beneficiary to subscribe or acquire 1 (one) Share.

**4.17 Maturity of the Options**

The maturity of the Options from the first tranche is established as four years from the Assignment Date, the date by which all of the Option rights concerning the first tranche which have matured and not lapsed should be exercised.

The maturity of the Options from the second tranche is established as five years from the Assignment Date, the date by which all of the Option rights concerning the second tranche which have matured and not lapsed should be exercised.

The maturity of the Options from the third tranche is established as five years from the Assignment Date, the date by which all of the Option rights concerning the third tranche which have matured and not lapsed should be exercised.

**4.18 Timing method (American/European) (for example exercise periods) and exercise clauses (for example knock-in and knock-out clauses)**

The Options, matured in the relative Vesting Period indicated in paragraph 4.2 above, shall be exercised according to the “American” method.

For the exercise periods and methods of the Options, reference should be made to paragraph 4.2 above.

**4.19 Exercise price of the Option or measurement methods or criteria, with particular regard to: a) the formula for the calculation of the exercise price in relation to a set market price (“fair market value”) (e.g.: exercise price at 90%, 100% or 110% of the market price), and b) the method for the calculation of the market price, considered for the calculation of the exercise price (e.g.: last price on the day preceding assignment, daily average, average over the last 30 days etc.);**

The Exercise Price shall be calculated at the Assignment Date by the Board of Directors, having consulted with the Appointments and Remuneration Committee, on the basis of the average official price of the company shares on the Italian Stock Exchange in the month preceding the option assignment date.

This criterion in line with best practice for listed companies with regards to the criterion adopted to establish the exercise price of shares in service of share incentive plans and was assessed by the Board of Directors as representative of the market price of the Shares.

**4.20 In the case in which the exercise price is not equal to the set market price as indicated by point 4.19 (b) (fair market value), reasons for this difference**

Reference should be made to paragraph 4.19 above.

**4.21 Criteria upon which different exercise prices are considered between the various parties or various beneficiaries**

Not applicable, as the Plan stipulates the same Exercise Price for all Beneficiaries.

**4.22 In the case in which the underlying financial instruments to the Options are not traded on regulated markets, indication of the value attributable to the underlying instruments or their measurement criteria**

Not applicable, as the Shares underlying the Options are traded on the MTA.

**4.23 Criteria for adjustments necessary following extraordinary share capital operations or other operations affecting the number of underlying instruments (share capital increases, extraordinary dividends, reverse stock split and splits of underlying shares, mergers and spin-offs, conversions to other share classes etc.).**

In the case of corporate transactions concerning the company or other events which may impact the Objectives, the Options, the shares or the Plan, the Board of Directors (having consulted the Appointments and Remuneration Committee) may apply to the Plan the amendments and supplements considered necessary and/or appropriate to maintain the essential content of the Plan, as far as possible, in accordance with the objectives and the goals pursued and the economic and equity rights recognised.

All amendments and supplements shall concern, among other matters, the number and the type of Shares subject of the Options, the Exercise Price, the Objectives, the Vesting Period, the Maturity Date and the Exercise Period.

The adjustment established by this paragraph, definitive and binding, shall be communicated in a timely manner in writing to the Beneficiaries.

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Implementation of the Plan and the details set out in the summary table as per Article 4.24 of Schedule 7 of Annex 3A of the Issuers' Regulation shall be communicated according to the terms and means established by the applicable regulation.

The Plan shall be implemented subsequent to approval by the Shareholders' Meeting called for October 29, 2018.