



**FIERA MILANO**

## 2018 Remuneration Report

Prepared in accordance with Article 123-ter of Legislative Decree no. 58 of 24 February 1998 and with Article 84-quater of the Listing Rules adopted by Consob with Resolution no. 11971 of 14 May 1999 (and subsequent amendments) and with the recommendations of the Self-regulatory Code for Listed Companies of Borsa Italiana S.p.A.

**This document contains a true translation in English of the document in Italian “Relazione sulla Remunerazione”. However, for information about Fiera Milano reference should be made exclusively to the original document in Italian.  
The Italian version of the “Relazione sulla Remunerazione” shall prevail upon the English version.**

12 March 2019

**Fiera Milano S.p.A.**

Registered office: Piazzale Carlo Magno, 1 - 20149 Milan, Italy

Operational and administrative headquarters: Strada Statale del Sempione, 28 - 20017 Rho (Milan) Italy

Share capital: Euro 42,445,141 fully paid up

Companies Register, Tax code and VAT no. 13194800150 – Economic Administrative Register 1623812

## FOREWORD

The present Report on Remuneration (hereinafter the "**Report**" or the "**Report on Remuneration**") has been prepared pursuant to Article 123-ter of Legislative Decree no. 58 of 24 February 1998 (hereinafter the "**Consolidated Finance Act**") and Article 84-quater of the Listing Rules adopted by Consob with Resolution no. 11971 of 14 May 1999 and subsequent amendments (hereinafter the "**Listing Rules**") as well as in compliance with Annex 3A Table 7-bis of those Listing Rules. The remuneration policy adopted by the Company conforms to the recommendations of Article 6 of the Self-regulatory Code for Listed Companies of Borsa Italiana S.p.A. of July 2018 (hereinafter the "**Self-regulatory Code**") to which the Company adheres.

The principles and guidelines of reference to determine and implement the remuneration policy respect and follow the values, culture, and historic mission of Fiera Milano S.p.A. (hereinafter, the "**Company**"). With this document, the company directors mean to describe the remuneration policy for the 2019 financial year concerning remuneration of the members of the Board of Directors and Executives with strategic responsibilities, also offering evidence of application of the policy adopted for the 2018 financial year.

The Report on Remuneration comprises two sections.

Section One describes and illustrates:

- 1) The Company Remuneration Policy for the remuneration of the members of the Board of Directors (hereinafter the "**BoD**") of the Company and of Executives with Strategic Responsibilities in the Company (as defined below) for at least the following year;
- 2) the procedures to adopt and implement this policy (hereinafter the "**Remuneration Policy**" or the "**Policy**").

Section Two:

- a) gives an appropriate illustration of each component part of the remuneration of the members of the Company BoD and of the Executives with Strategic Responsibilities, including the treatment stipulated should an appointment cease or the employment relationship be terminated, and of the members of the Board of Statutory Auditors, highlighting its consistency with the remuneration policy approved in the previous financial year;
- b) gives an analysis of all types of remuneration received on whatever basis and in whatever form in the financial year under review by the members of the Company BoD, Executives with Strategic Responsibilities, members of the Board of Statutory Auditors of the Company and the Company subsidiaries or associate companies (hereinafter the "**Group**") and highlights any eventual components that refer to financial years prior to that under review and any remuneration due to be paid in the

next or future financial years for activities carried out in the financial year under review.

The Remuneration Policy illustrated in this report is also adopted in compliance with that set forth in Consob Resolution no. 17221 of 12 March 2010 on transactions with correlated parties and by art. 12.2 of "*Procedure for transactions with Correlated Parties*" adopted by the BoD of the company on the 11 May 2018 (available on the Company's website at the URL [www.fieramilano.it](http://www.fieramilano.it), *Corporate Governance* section), according to which the approval of the Remuneration Policy by the Shareholders' Meeting exonerates the Company from applying the abovesaid procedure to the transactions with correlated parties in the resolutions concerning remuneration of the directors and Executives with strategic responsibilities, as long as the latter are consistent with the Remuneration Policy.

This report was approved by the BoD by proposal of the Appointments and Remuneration Committee in the session on 12 March 2019. Section One will be subject to a non-binding vote at the Ordinary Shareholders' Meeting convened just once on 18 April 2019.

The present Report has been deposited at the registered office and the operational and administrative offices of the Company, as well as made available on the authorized stocking mechanism eMarket Storage ([www.emarketstorage.com](http://www.emarketstorage.com)) and is available on the Company website, [www.fieramilano.it](http://www.fieramilano.it), Corporate Governance Section.

## **SECTION ONE**

### **(a) Corporate bodies and subjects involved in the preparation, approval, and implementation of the Remuneration Policy**

Drawing up the Remuneration Policy was a clear and transparent process. The policy is prepared annually by the Appointments and Remuneration Committee with the support of the appropriate Functions of the Company, and is subsequently presented to the BoD of the Company for its approval. The Appointments and Remuneration Committee also submits the implementation criteria for the approval of the BoD and makes sure they are applied. Once the Remuneration Policy has been examined and approved, the BoD puts it to a non-binding vote of the Ordinary Shareholders' Meeting in accordance with Article 123-ter of the Consolidated Finance Act.

The Policy in the present Report was approved by the BoD at its meeting on 12 March 2019, upon compliant proposal of the Appointments and Remuneration Committee, and will be put to a non-binding vote at the Ordinary Shareholders' Meeting convened just once on 18 April 2019.

### **(b) Subjects and Bodies involved in the preparation and approval of the Remuneration Policy**

The main subjects and bodies involved in the preparation and approval of the Remuneration Policy are the Shareholders' Meeting, the BoD, the Appointments and Remuneration Committee, and the Board of Statutory Auditors.

#### **I. The BoD**

The BoD:

- sets up, within it, an Appointments and Remuneration Committee;
- draws up, on proposal of the Appointments and Remuneration Committee, the Remuneration Policy;
- consistently with the Remuneration Policy, with regard to the overall remuneration to be given to the Executive Directors or Directors invested with particular offices, on proposal of the Appointments and Remuneration Committee and having heard the opinion of the Board of Statutory Auditors - as set forth in article 2389, third paragraph of the Civil Code - sets the sum of the remuneration of the Chairperson of the BoD and the Chief Executive Officer;
- on proposal of the Appointments and Remuneration Committee, and having heard the opinion of the Board of Statutory Auditors, sets the remuneration of the Directors called to be part of committees set up by the BoD;

- approves the Remuneration Report as set forth in art. 123-ter of the Consolidated Finance Act and of art. 84-quater of the Listing Rules;
- prepares any remuneration plans based on actions or other financial tools addressed to Directors, employees, and collaborators, including the Executives with strategic responsibilities, and subjects them to the approval of the Shareholders' Meeting as set forth in art. 114-bis Consolidated Finance Act and sees to their implementation;
- for the top managers (those who report directly to the Chief Executive Officer and that have gross annual salaries in excess of Euro 200,000.00), has the power to hire, promote, transfer, discipline and dismiss, determine their duties, placement, remuneration, both fixed and variable, and any ancillary and/or extra agreements to the employment contract, while respecting the employment policies under Article 17.2 paragraph (b) of the Company Articles of Association, available on the Company website, [www.fieramilano.it](http://www.fieramilano.it) Corporate Governance Section.

## **II. Appointments and Remuneration Committee**

The BoD of the Company sets up an Appointments and Remuneration Committee within the BoD for consultation, advice and recommendations. This committee is made up of no. 3 Directors, all non-Executives and for the most part independent. For that which specifically concerns the remuneration topics, the committee assists the BoD carrying out preparatory work, offering advice and making recommendations, and in particular:

- presents the Report on Remuneration to the BoD for its approval and specifically the Remuneration Policy, for it to be presented to the Ordinary Shareholder's Meeting convened to approve the financial statements as required by law;
- prepares proposals for the remuneration of the Chairperson of the BoD and the Executive Directors covering all forms of remuneration and salary payments;
- prepares proposals for the remuneration of Directors appointed to the internal Committees of the Board of Directors ;
- examines any proposals from the Chief Executive Officer and suggests:
  - d.1 annual and long-term incentive schemes, also equity-based;
  - d.2 the general criteria for remuneration of managers, including Managers with strategic responsibilities;
  - d.3 identifies performance targets and the corporate results achieved in relation to the performance targets and their effect on the variable remuneration of Directors with specific responsibilities and on the implementation of the incentive scheme;

- monitors the implementation of the decisions taken by the BoD, verifying the effective achievement of any performance targets;
- periodically evaluates the overall adequacy, coherence and implementation of the strategy adopted and prepares relevant proposals for the BoD.

Should the Appointments and Remuneration Committee opt to use the services of a consultant to obtain information on market practice on remuneration policies, it selects the consultant having first verified that the latter's circumstances can in no way compromise the independence of his/her opinion.

At the date of this Report, the members of the Appointments and Remuneration Committee are:

- i. Mrs. Elena Vasco, Independent Director under Article 148, paragraph 3 of the Consolidated Finance Act and under art. 3 of the Self-Regulatory Code; Chairperson of the Appointments and Remuneration Committee;
- ii. Mr. Alberto Baldan, Independent Director under Article 148, paragraph 3 of the Consolidated Finance Act and under art. 3 of the Self-Regulatory Code;
- iii. Mrs. Marina Natale, Non-Executive Director.

The Appointments and Remuneration Committee is also supported by the Legal Affairs Department in performing the relative activities. The meetings are regularly attended by one or more members from the Board of Statutory Auditors and by the Organization and Human Resources Director (the latter with a technical support role).

### **III. Shareholders' Meeting**

Concerning remuneration, the Shareholders' meeting:

- sets the pay for the members of the Bod and the Board of Statutory Auditors as set forth in art. 2364, paragraph 1, no. 3), Italian civil code;
- expresses an advisory vote on Section I of the Remuneration Report prepared by the BoD (on proposal of the Appointment and Remuneration Committee);
- decides on any remuneration plans based on Company Shares or other financial instruments for directors, employees, and collaborators, including the Executives with strategic responsibilities as set forth in art. 114-bis Consolidated Finance Act.

#### **IV. Board of Statutory Auditors**

The Board of Statutory Auditors expresses its opinion on the proposals for the remuneration of the Executive directors, and generally speaking, of the directors invested with particular offices, checking their consistency with the Remuneration Policy.

(c) **Independent experts**

The Company did not use an independent expert to prepare its Remuneration Policy.

(d) **Principles and purposes of the Remuneration Policy and description of the policies concerning fixed and variable parts of the remuneration**

The corporate governance model of the Company employs clear and stringent rules to ensure adequate control of the remuneration policies in keeping with the criteria established by the BoD and with the requirements of ethics, transparency, impartiality, sense of belonging, and creation of value. The Policy defines the principles and guidelines used by the BoD to determine the remuneration of:

1. members of the BoD and, in particular, the Chief Executive Officer;
2. members of Committees;
3. Group Executives with Strategic Responsibilities. On the date of this Report, the only Executive with Strategic Responsibilities in the Company besides the Chief Executive Officer, who also covers the role of General Manager, is the Chief Financial Officer (hereinafter, "**CFO**");
4. Members of Group management, selected by virtue of the importance of the position filled.

The Policy of the Company aims to:

- attract, motivate and retain personnel with the top professional qualities necessary for the advantageous pursuit of the Group objectives;
- align the interests of management with those of the shareholders, pursuing the main aim of sustainable value creation over the medium/long-term by forging a strong link between remuneration on the one hand and individual and Group performance on the other;
- reward merit in individuals thereby adequately recognising their contribution to the Group.

In 2018 a new system of "Performance & Leadership Management" (hereinafter, "**PLM**") was implemented.

This was deemed a way of promoting the attainment of strategic business targets and assessing expected behaviour based on a leadership model that is representative of the Group, and is linked to i) the annual schedule of so-called *management by objectives*, (hereinafter, "**MBO**") of the Group managers—including the Executive with Strategic Responsibilities—and ii) to the monetary incentives plan (the "**Incentives**") for the sales figures.

The MBO and incentive for the 2018 financial year are calculated and paid under the specific conditions and variables below. The value of the managers' target bonus—including the Executive with Strategic Responsibilities—expressed as a percentage (%) of their Gross Annual Salary ("**GAS**"), will be linked to the range they were placed in according to the role filled. For the sales figures, specific target bonus values were set at a fixed amount based on specific roles and responsibilities. MBO and Incentive payments will be triggered only on reaching a defined Group performance target (hereinafter, "**gate**"). No payment will be made if this target fails to be reached. To calculate the MBO of just the managers, the factor of Group performance will also have the function of multiplier according to an incremental scale, with a maximum of 120%.

An individual performance will be determined for each participant in the MBO plan, assessing both the attainment of performance objectives—mainly aimed at ensuring the creation of overall Group's profit margins and the Group organic growth—as well as leadership behaviours.

From the final assessment of performance and of leadership behaviour—weighted equally—a placing is determined in a matrix up to 9 squares, each of which corresponds to a multiplier or de-multiplier factor of the MBO or Incentives for sales figures, on a scale that runs from 10% to 115%. MBOs and Incentives for the 2018 financial year, although reached, will be paid off only after approval of the 2018 financial statement by the Ordinary Shareholders' Meeting.

The guidelines just described were reconfirmed for 2019. Specifically, the approach under which MBO and Incentive payments will be triggered only on reaching a Group performance target, which will act as a gate, was kept. No payment will be made if this target fails to be reached. Taking into account the Group's foreseen good performance and with the intent to further stimulate performance, the BoD approved this gate - on the proposal of the Appointments and Remuneration Committee - in the session on 13 December 2018, identifying it with the attainment of 90% of the budgeted consolidated EBITDA.

Concerning the medium to long-term incentive policy, on 12 March 2018, given the managerial and corporate governance changes in the Company, the BoD decided to submit a proposal to the Shareholders' Meeting, in accordance with article 114-bis of the Consolidated Finance Act, to approve a medium to long-term Incentive Plan structured in the mixed "cash" and "performance share" (shares) form, called "2018-2019 Performance Shares Plan", (hereinafter, the "**Plan**"), as a replacement of the 2017-2023 Stock Option Plan approved by the Ordinary Shareholders' Meeting on 28 April 2016, never implemented.



The Ordinary Shareholders' Meeting held on 23 April 2018 approved the Plan, giving the BoD all the necessary and appropriate powers to fully implement the Plan. The Plan, which entails the assignment by the Company of a "cash" sum (Bonus) and a certain number of its ordinary shares (Shares) to the Beneficiaries free of charge for reaching specific set of performance objectives measured at the end of each financial year of reference, aims to incentivise the management of the Company and the Group to reach the Company's strategic objectives, as well as to create value over the medium to long-term period. Specifically, with the Plan, the Company means to promote and pursue the following objectives:

- (i) align the interests of management with those of shareholders through the use of equity-based incentives and build a more stable shareholder base for the Company;
- (ii) retain and incentivise those persons in the Group most responsible for attaining the corporate objectives and motivate them to add value to the Company whilst, at the same time, creating a means of increasing the Beneficiary's loyalty to the Company;
- (iii) link total remuneration and, in particular, the incentive schemes aimed at Executives and key Group personnel to the real growth in the Company and value creation of the Group as recommended in the Self-regulatory Code.

For more information on the Plan's characteristics, see the Information Document, approved by the Shareholders' Meeting of the Company on 23 April 2018, posted on the Company's website at the URL [www.fieramilano.it](http://www.fieramilano.it), "Shareholders' Meeting" Section.

Following the opinion of the Appointments and Remuneration Committee, the BoD of 11 May 2018 adopted the Regulations that implemented the Plan in which the Beneficiaries of the Plan were identified, in addition to the procedures and criteria for attributing the variable component of remuneration to the Beneficiaries (hereinafter, the "**Performance Share Plan Regulations**"). The Beneficiaries' participation in the plan is subject to conditions, exhaustively described in the above-mentioned Regulations. The maturation of the variable component of remuneration linked to the Plan (i.e., Bonus and Shares in the Company) implies achievement of specific performance objectives, represented by the Consolidated Adjusted Ebit<sup>1</sup> actually achieved in the financial year of reference compared to the corresponding target value foreseen in i) the Budget for the 2018 financial year, and ii) in the 2018-2022 Strategic Plan - approved during the BoD on 22 May 2018 - for the 2019 financial year.

Within the scope and purposes of approval of the Share Performance Plan Regulations the Beneficiaries of the Plan itself were identified by virtue of the importance of the position filled. In particular, the BoD identified as beneficiaries of the Plan: the Chief Executive Officer, by virtue of his work relationship in the capacity of Manager and General Manager; the CFO; as well as other 5 members of the Group management, identified by virtue of the

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<sup>1</sup> By "Consolidated Adjusted Ebit" we mean the Consolidated EBIT not including adjustments to the value of non-current assets by impairment tests.

importance of the position filled (that is, the Organization and Human Resources Director and no. 4 managers responsible for management and development of sales activities and strategic marketing for the Group).

For more information on implementation of the Plan, see Section II of this Report.

Lastly, the costs of the Plan were included in the financials of the Strategic Business Plan mentioned above so that the cost of the Plan will be "self-financed" by reaching those same objectives.

(e) **Short-term and medium/long-term fixed and variable components of remuneration**

(e.1) **Members of the BoD.**

The Company makes a distinction between Executive Directors and Non-Executive Directors in its policies on the fixed and variable components of remuneration of the members of the BoD.

***Non-Executive Directors***

The remuneration of Non-Executive Directors with no specific responsibilities (including Independent Directors) is composed of a fixed amount set by the Shareholders' Meeting when these Directors are appointed. This compensation is currently set at Euro 35,000.00 (thirty-five thousand/00). Moreover, Non-Executive Directors (including independent directors) receive an attendance allowance of Euro 350.00 (three hundred and fifty/00) for each Board of Directors meeting they attend and are reimbursed for business expenses sustained.

Best practice and Article 6 of the Self-Regulatory Code both recommend that these Directors receive no remuneration related to the achievement of key performance targets by the Company nor are they recipients of remuneration plans using financial securities.

The Chairperson of the BoD, as a Non-Executive Director, receives no variable component of remuneration.

***Executive Directors***

The remuneration package of the Chief Executive Officer who, at the date of this Report, is the only Executive Director, is composed as follows: (i) a gross annual fixed sum in payment of his role as Director and Chief Executive Officer plus remuneration as an employee for his position as an Executive of the Company; (ii) a short-term variable cash component paid to him as an Executive of the Company, receipt of which is dependent on the achievement of pre-established annual objectives set by the BoD or is subject to the attainment of annual targets that are closely linked to the budget targets approved by the BoD. For 2019, said objectives are tied to the budgeted consolidated EBITDA, to the consolidated Net Cash Flow, and to the contribution margin of one of the major events owned by the Company; and (iii) a

medium/long-term variable component comprising cash and performance shares linked to the 2018-2019 Share Performance Plan, calculated on an annual basis, whose payment is subject to reaching set performance objectives established by the Share Performance Plan Regulations.

For the purposes of the above, the Appointments and Remuneration Committee verifies annually that the Company and Group key performance targets for the previous financial year have been met and, based on its findings, prepares recommendations for the BoD. The BoD, having consulted the Board of Statutory Auditors, decides the variable components of the remuneration paid to Executive Directors. No bonus will be paid unless the minimum level of the performance targets set by the BoD is reached.

On the proposal of the Appointments and Remuneration Committee, the BoD may pay one-off bonuses to Executive Directors linked to the success of operations held to be of particular strategic value to the Company and the Group.

The personal remuneration plan of the Chief Executive Officer and, in particular, the weighting of the fixed component of this remuneration was based on the following criteria:

**(a)** the fixed component will not be more than 50% of the total expected annual remuneration (including the remuneration received under the Plan calculated on an annual basis<sup>2</sup>) assuming the targets on which the variable component depends are attained and **(b)** if the targets on which the variable remuneration is based are exceeded, the variable component will not be more than 75% of the total annual remuneration (including the remuneration received under the Plan calculated on an annual basis).

#### (e.2) **Committees**

In the session on 15 May 2017, the BoD passed resolution to attribute the members of the Committees formed within the BoD (*i.e.*, Control and Risk Management Committee and Appointments and Remuneration Committee), effective as of 2 May 2017, a fixed remuneration, equal to another Euro 22,500.00 (twenty-two thousand five hundred/00) over the pay they received in the capacity of members of the BoD. All members of the Committees are entitled to reimbursement of expenses incurred carrying out their roles.

#### (e.3) **Executives with Strategic Responsibilities**

The principles and criteria described above for Executive Directors are also applied when determining the remuneration of the Executive with Strategic Responsibilities and other Executives identified by virtue of the importance of position filled. The aim is the same - to attract, motivate and retain highly qualified Executives through a remuneration package that is competitive in the marketplace and that rewards the managerial merit of those involved and their contribution to Company and Group growth. The remuneration of these Executives

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<sup>2</sup> In which the share component is valued at fair value when allocated.

is divided into a fixed component and a variable component and aims to create sustainable value over the medium/long-term and ensure a direct link between remuneration and the specific objectives of the Company and Group.

Generally speaking, the remuneration of the Executive with Strategic Responsibilities and some other Executives identified by virtue of the importance of the position filled consists of the following components: (i) a gross annual fixed sum; (ii) a short-term variable cash component, receipt of which is dependent on the achievement of pre-established objectives (so-called *management by objectives*, "MBO" defined by a specific policy, as described above in paragraph d), i.e. PLM system); (iii) for Beneficiaries of the Plan, a medium/long-term variable component comprising both cash and performance shares (iv) benefits recognized by the Italian collective labour agreement (CCNL) applied and the Company practices, in line with the best market practices. It should be noted that determination of the fixed component of the Executive with strategic responsibilities and some other managers identified by virtue of the position filled is set at an amount that ensures sufficient remuneration even when the variable components are not paid because the pre-established key performance targets have not been met.

The short-term variable cash component permits annual assessment of the performance of the beneficiary. Specifically, the Chief Executive Officer, in line with the Company policies, determines the MBO targets for the Executive with Strategic Responsibilities and for other Executives that report directly to the Chief Executive Officer. Payment of the short-term variable component of remuneration depends on a trigger condition being met (known as "on/off" or "gate") that has been set by the BoD and is based on the targets of the annual budget (as described more in detail in paragraph d) above).

Also for the Executive with strategic responsibilities **(a)** the fixed component of the remuneration will not be more than 50% of the total expected annual remuneration (including the remuneration received under the Plan calculated on an annual basis<sup>3</sup>) assuming the targets on which the variable component depends are attained and **(b)** if the targets on which the variable remuneration is based are exceeded, the variable component will not be more than 75% of the total annual remuneration (including the remuneration received under the Plan calculated on an annual basis).

The above being stated, if the employment position/mandate ceases early and/or is terminated by the Company for just cause, the right to the short and medium/long-term variable components of remuneration will lapse.

Lastly, in addition to the MBO plans, the Chief Executive Officer may in exceptional circumstances award one-off bonuses to the Executive with Strategic Responsibilities and some other managers identified by virtue of the importance of the position filled for specific transactions deemed to be of exceptional strategic importance or due to their effects on the

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<sup>3</sup> In which the share component is valued at fair value when allocated.

results of the Company and/or the Group and on the attainment of specific performance targets.

(e.4) **Other beneficiaries**

The performance of the other Group Executives and sales people will be assessed and aligned to the MBO plans, in line with Company policy, as per the process described in paragraph d) above. The Group sets a maximum limit to the incentive payable if the targets are exceeded. Specifically, under the MBO plans for managers, the maximum incentive payable cannot be more than 50% of the gross annual remuneration. In addition to the MBO plans, the Chief Executive Officer may in exceptional circumstances award one-off bonuses to other managers or employees of the Group for specific transactions deemed to be of exceptional strategic importance or due to their effects on the results of the Company and/or the Group and on the attainment of specific performance targets.

(f) **Non-cash benefits**

The Company gives non-cash benefits to Directors and Executives in line with market best practice and reimburses business expenses incurred in carrying out their roles. The description of the insurance benefits is in point m) below. For managers, the non-monetary benefits are the following ones: assignment of company car that can be used also for personal purpose; legal protection; Life insurance; Accident insurance; Permanent disability due to disease insurance; Medical expense reimbursement; Travel insurance.

(g) **Criteria for determining the variable component of remuneration**

Please refer to paragraph (e) above.

(h) **Financial instruments**

Please refer to letter d) and e) of this report as well as the Information Document on the Plan available on the company website at the URL [www.fieramilano.it](http://www.fieramilano.it) (in the Investor Relations/Corporate Governance/Shareholders' Meeting section).

*Risk management policy*

The Company has a risk management policy. Detailed information on this policy is given in the section on Risk factors affecting Fiera Milano Group that is part of the Board of Directors' Management Report in the Annual Report, available on the company website, at the URL [www.fieramilano.it](http://www.fieramilano.it) (in the Investor Relations/Corporate Governance section).

(j) **Deferred remuneration plans and clawback mechanisms**

With regard to clawback mechanisms, it should be noted that the short-term variable remuneration is based on MBO plans that are not very complex and the Company is confident that no any single Executive who is a beneficiary of the MBO plan can easily manipulate the underlying reference parameters.

Therefore the Company has deemed the introduction of clawback causes unnecessary, in any event holding that the interest of the Company is safeguarded.

As for the medium to long-term variable component of the remuneration, the Plan includes the option to activate the clawback clause in order to request the return of the variable components of remuneration already paid if these have been allocated based on information that subsequently proves to be manifestly incorrect.

(k) **Clauses for retaining financial instruments**

With comparable best market practices, the Plan requires that 50% of the Company's shares accrued in function of achievement of the performance objectives set in the Share Performance Plan Regulations may neither be transferred nor made subject to restraints or be the object of other acts of disposal inter vivos for any reason for a period of 12 months from the date of receipt of the shares accrued (so-called *lock up period*).

(l) **Compensation in cases of resignation, dismissal or termination of employment**

It is the policy of the Company to not set severance agreements with Directors (with the exception of the Chief Executive Officer of the Company, whose compensation is described in Section Two of this Report), Executives with Strategic Responsibilities and other Executives, regulating in advance the financial conditions ensuing from an earlier than expected termination of employment whether it be instigated by the Company or an individual (good leaver or bad leaver clauses). In cases of termination of employment with the Company or the Group for reasons other than just cause, the standard procedure is to seek to reach a consensual agreement on the termination of employment. Subject to the legal and/or contractual requirements, agreements for termination of employment with the Group use the relevant reference benchmarks and adhere to the legal conditions and procedures of the country in which the contract was agreed.

(m) **Insurance cover and social security or pension payments that are not mandatory**

In line with best practices, an insurance policy is also included for third party liability to the benefit: of the Directors (including the Directors of Group companies); of the members of the Board of Statutory Auditors of Group companies; the members of the Supervisory Bodies of Group companies; of the employees appointed Managers of the Prevention and Safety Protection of Group companies; of the Risk Manager of the Company. The insurance covers acts committed in exercising their functions, not including criminal cases or for gross negligence. Lastly, for Company Directors there is a policy covering work and non-work accidents.

(n) **Remuneration policy for specific roles**

Please refer to paragraph (e) above.

(o) **Group policy**

The remuneration policy of the Company is based on that of any other company. The subsidiaries and associate companies apply the policies of the Company.

## **SECTION TWO**

### **I. Remuneration of members of the administrative and control bodies**

The remuneration of the members of the BoD are deemed in line with market rates. In any case the decisions on the special remuneration of Directors with specific roles remains the competence of the BoD in accordance with Article 17.7 of the Company Articles of Association.

- The Chairperson of the BoD has a fixed annual remuneration of Euro 107,000.00 (one hundred and seven thousand/00).
- Each of the other Directors has a fixed annual remuneration of Euro 35,000.00 (thirty-five thousand/00) and an attendance allowance of Euro 350.00 (three hundred and fifty/00) payable to every Director for each Board meeting attended and reimbursement of expenses incurred in carrying out their roles.
- Directors that at the same time are members of committees within the BoD have a fixed remuneration, equal to another Euro 22,500.00 (twenty-two thousand five hundred/00), all as better described below.

As regards remuneration, members of the BoD are either:

- Directors with specific roles who may also have been given other specific responsibilities;
- Directors with no specific roles.

#### **Directors with specific roles**

During the BoD meeting of 2 May 2017, at which the new members of the Board took up their appointments, the Chairperson of the BoD, Professor Lorenzo Caprio, in addition to legal representation and other duties under the law and the Company Articles of Association, was assigned the following responsibilities:

- (i) to convene and prepare the agenda of BoD meetings and to Chair the meetings;
- (ii) to stimulate internal discussion, promote the effective functioning of the corporate governance system and guarantee a balance of powers with the Chief Executive Officer;
- (iii) to coordinate the work of the BoD ensuring that adequate information regarding items on the agenda is provided to all Board members. To this end, the Chairperson makes certain that: a) the Directors receive adequately in advance any documentation on matters to be discussed by the BoD or, at least, basic information on the matters to be discussed; b) the documentation on items on the



agenda of the meeting, in particular, that given to Non-Executive members, is adequate both in quantity and quality;

- (iv) he is the direct reference point on the BoD for the internal control bodies and the internal Committees of the BoD; acting on behalf of the BoD, the Chairperson is the reference point for the head of internal audit, who reports directly to the BoD on the role and responsibilities assigned him/her in accordance with applicable law;
- (v) oversees, in conjunction with the Chief Executive Officer, external institutional relations.

On 10 July 2017, the BoD, having acknowledged that Professor Caprio, as Chairperson of the BoD, not only supervised but followed and was directly involved in external institutional relations, agreed, on the proposal of the Appointments and Remuneration Committee, and having heard the opinion of the Board of Statutory Auditors, to pay him additional annual remuneration of Euro 45,000.00 (forty-five thousand/00).

On 27 July, the BoD approved that the remuneration received by Mr Curci, the Chief Executive Officer and General Manager, should be the one agreed upon in the permanent employment contract (hereinafter the "**Contract**") signed between Mr Curci and the Company on 20 July 2017.

Under the Contract, the Chief Executive Officer, Mr Curci, receives annual fixed remuneration for his role as Chief Executive Officer (hereinafter the "**Role**") of Euro 80,000.00 (eighty thousand/00) that is added to his gross annual remuneration as an Executive with the responsibilities of General Manager of the Company (hereinafter the "**Employment Contract**") of Euro 320,000.00 (three hundred and twenty thousand/00), giving total fixed remuneration of Euro 400,000.00 (four hundred thousand/00). The Employment Contract has a minimum guaranteed length. Under the Contract, the Company has agreed not to cancel the Contract for any reason whatsoever, unless for just cause under Article 2119 of the Italian Civil Code, until the date of approval of the Financial Statements at 31 December 2019.

In case of termination of the Contract, Mr. Curci will receive 12 months of salary in lieu of notice or a substitute indemnity calculated as the global remuneration paid in the following cases:

- dismissal without just cause;
- resignation from his position as an Executive for just cause or for a Good Leaver circumstance (as defined in the Contract).

In addition to the conditions in the above paragraphs, under Good Leaver circumstances, and excluding any Bad Leaver circumstances under the Contract, Mr Curci will receive a redundancy incentive (hereinafter the "**Incentive**"), equal to:

- 18 months of the total fixed remuneration described above (including the share of remuneration for his Role) or a maximum supplementary payment under the existing state collective employment agreement (CCNL) or any subsequent improvements to the latter if higher (including the share remuneration for his Role) until the date of the approval of the Financial Statements at 31 December 2019 and, however, not beyond 30 April 2020;
- 18 months basic remuneration (including the share of remuneration for his Role) or a maximum supplementary payment under the existing state collective employment agreement (CCNL) or any subsequent improvements to the latter if higher (including the share remuneration for his Role), from the day after the date of the approval of the Financial Statements at 31 December 2019 and, however, from 1 May 2020.

The Incentive and the sum in lieu of notice will be paid to Mr. Curci should one of the following occur:

- termination of both employment agreements with the Company (the Employment Contract and that for his Role) due to one or more of the Good Leaver circumstances specified in the Contract;
- termination of his Role due to the termination of the employment contract for a Good Leaver event for an Executive as specified in the Contract;
- termination of the employment contract due to the termination of his Role for a Good Leaver event for a Director as specified in the Contract.

Should the employment relationship cease in the year that the short-term cash element of the variable component (MBO) of the Contract is paid, the MBO payment for the year in which the employment relationship ceases will be paid to the Executive in proportion to the period of employment that year commensurate with an amount of MBO due that is no less than the amount paid in the previous year. Should the employment relationship cease during the vesting period of the medium/long-term component linked to the Share Performance Plan, the incentive payments due will be recalculated to take account of the shorter reference period and will be paid when the next Financial Statements are approved.

Directors without specific roles, Committee members and members of the Board of Statutory Auditors

The Directors without specific roles are:

- Mr. Alberto Baldan;
- Ms. Francesca Golfetto;
- Ms. Stefania Chiaruttini;
- Ms. Marina Natale;

- Ms. Elena Vasco;
- Mr. Gianpietro Corbari;
- Mr. Angelo Meregalli.

The remuneration of Directors without specific roles and Committee members is Euro 35,000.00 (thirty-five thousand/00) for each Director without specific roles. Moreover, in the session on 15 May 2017, the BoD passed resolution to pay additional fixed remuneration to the Directors that simultaneously fill the role of member of one or more of committees formed in the BOD as of 2 May 2017, and specifically:

- Euro 22,500.00 (twenty-two thousand five hundred/00) for each member of the Internal Control and Risk Management Committee;
- Euro 22,500.00 (twenty-two thousand five hundred/00) for each member of the Appointments and Remuneration Committee.

In line with best practice, Directors without specific roles have no variable component of remuneration.

### **Board of Statutory Auditors**

The Ordinary Shareholders' Meeting on 23 April 2018 appointed the new Board of Statutory Auditors. The Standing Statutory Auditors of the Board are:

- Mr. Riccardo Raul Bauer (Chairman);
- Mr. Daniele Federico Monarca (standing statutory auditor);
- Ms. Mariella Tagliabue (standing statutory auditor).

The remuneration of the Standing Statutory Auditors of the Board of Statutory Auditors is:

- Euro 50,000.00 (fifty thousand/00) for the Chairperson of the Board of Statutory Auditors;
- Euro 35,000.00 (thirty-five thousand/00) for each Statutory Auditor.

## **II. Remuneration of the Executive with Strategic Responsibilities**

On 13 November 2017, the Company appointed Mr. Marco Pacini Group Chief Financial Officer, who meets the requirements to be considered the only Executive with Strategic Responsibilities in the Company beside the Chief Executive Officer who is also the General Manager.

The BoD of the Company, appointed on 11 May 2018, after first having sought the obligatory opinion of the Board of Statutory Auditors, appointed Mr Marco Pacini, CFO of the Company,

the new Manager responsible for preparing the company accounts. The appointment of the CFO as Responsible Manager aligned the Company with the Confindustria guidelines, market practices, and the Company's established habits. With regard to determination of the remuneration to give for the role of Responsible Manager, the BoD approved a payment of 20% of the CFO's Gross Annual Remuneration, pro-rata temporis for the duration of office, confirming the setup defined at the time in the area of the Remuneration Policy adopted by the Company. As set forth in article 22 of the Company Bylaws the Responsible Manager shall remain in office, unless revoked by the BoD, up until the expiration of the mandate of the current BoD. The Table attached to this Report shows the remuneration paid to the Executive with Strategic Responsibilities.

### **III. 2018-2019 Performance Share Plan**

The Plan entails the Company's assignment of a "cash" sum (Bonus) and a certain number of ordinary shares in the Company (Shares) to the Beneficiaries identified by name by the BoD free of charge for reaching specific set of performance objectives measured at the end of each financial year of reference.

The Plan is for financial years 2018 and 2019. For more information on the Plan's characteristics, see Section 1, Lett. d) of this Report as well as the Information Document, approved by the Shareholders' Meeting of the Company on 23 April 2018, posted on the Company's website at the URL [www.fieramilano.it](http://www.fieramilano.it), "Shareholders' Meeting" Section.

The BoD meeting on 11 May 2018, based on the proposals formulated by the Appointments and Remuneration Committee, approved the implementation of that same plan with definition of the Performance Share Plan Regulations and the necessary Company and contractual documentation as well as identification by name of those the plan is addressed to and conferred the mandates needed for its execution.

In particular, the BoD identified, as beneficiaries of the Plan, the Chief Executive Officer Mr. Fabrizio Curci, the Executive with Strategic Responsibilities identified in the person of the Chief Financial Officer of the Group, Mr. Marco Pacini, as well as other 5 members of the Group management, identified by virtue of the importance of the position filled (i.e. the Organization and Human Resources Director and no. 4 managers responsible for management and development of sales activities and strategic marketing for the Group). In order to implement the Plan, a whole no. 718,894 ordinary shares in the company were assigned, as well as a total cash sum of Euro 815,719.00. For more information on implementation of the Plan see the tables given below, drawn up following Diagram 7-bis of Annex 3A of the Listing Rules. For the purposes of the carry out of the Plan for the 2018 financial year, following the acknowledgement of the achievement of the performance objectives set for 2018 by the BoD, and subject to the approval by the Ordinary Shareholders' Meeting's approval of the 2018 financial statements, a total of 359,447 Ordinary shares of the Company will be attributable, as well as a total cash sum of Euro 407,859.00 (four hundred and seven thousand eight hundred and fifty nine euro/00).



(euro)

Name and Surname	Role	Period of being in office	Expiry of Office	Fixed remuneration	Remuneration as a Manager	Attendance fee	Remuneration for participation to Committees	Bonuses and other incentive	Non-cash benefits	Other forms of remuneration	Total	End of office/ termination of employment indemnity
Riccardo Raul Bauer	Chairman Board of Statutory Auditors	23/04 - 31/12	31/12/2020	34,444					464		34,908	
Remuneration in the Company drawing up Financials Statements				34,444	-	-	-	-	464	-	34,908	
Remuneration from Subsidiaries and associate Companies											-	
Daniele Federico Monarca	Standing Statutory Auditor	23/04 - 31/12	31/12/2020	24,014					464		24,478	
Remuneration in the Company drawing up Financials Statements				24,014	-	-	-	-	464	-	24,478	
Remuneration from Subsidiaries and associate Companies											-	
Mariela Tagliabue	Standing Statutory Auditor	23/04 - 31/12	31/12/2020	24,021					464		24,484	
Remuneration in the Company drawing up Financials Statements				24,021	-	-	-	-	464	-	24,484	
Remuneration from Subsidiaries and associate Companies											-	
<b>Board of Statutory Auditors Expired during the year</b>												
Federica Palmira Nolfi	Expired Chairwoman Board of Statutory Auditors	01/01 - 23/04	23/04/2018	14,282					464		14,746	
Remuneration in the Company drawing up Financials Statements				14,282	-	-	-	-	464	-	14,746	
Remuneration from Subsidiaries and associate Companies		01/01 - 23/04		8,547							8,547	
Antonio Guastoni	Expired Statutory Auditor	01/01 - 23/04	23/04/2018	9,414					464		9,878	
Remuneration in the Company drawing up Financials Statements				9,414	-	-	-	-	464	-	9,878	
Remuneration from Subsidiaries and associate Companies		01/01 - 23/04		6,039							6,039	
Carmine Palino	Expired Statutory Auditor	01/01 - 23/04	23/04/2018	9,505					464		9,968	
Remuneration in the Company drawing up Financials Statements				9,505	-	-	-	-	464	-	9,968	
Remuneration from Subsidiaries and associate Companies		01/01 - 23/04		7,044							7,044	
<b>Manager with strategic Responsibilities</b>												
Manager with strategic Responsibilities	Number 1	01/01 - 31/12			242,150				110,276	4,632	357,057	21,705
Remuneration in the Company drawing up Financials Statements	Number 1			-	242,150	-	-	-	110,276	4,632	357,057	21,705
Remuneration from Subsidiaries and associate Companies												

Remuneration in the Company drawing up Financials Statements	<b>762,680</b>	<b>590,627</b>	<b>25,550</b>	-	<b>506,853</b>	<b>18,181</b>	-	<b>1,903,892</b>	<b>84,895</b>
Remuneration from Subsidiaries and associate Companies	<b>21,630</b>	-	-	-	-	-	-	<b>21,630</b>	

## Attachment 2

Tabella 3A: Incentive Plans based on financial instruments other than *stock options* for Members of the Board of Directors, General Managers, Managers with Strategic Responsibilities.

A	B	(1)	Financial instruments assigned in previous periods non vested during financial year		Financial instruments assigned during current financial year					Financial instruments vested during current financial year and not assigned	Financial instruments vested during current financial year and assignable		Financial Instruments pertaining to current financial year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)	(10)	
Name and Surname	Role	Plan/ Date of Approval	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at date of assignment	Vesting period	Date of assignment <sup>(1)</sup>	Market price at assignment	Number and type of financial instruments	Number and type of financial instruments	Value at vesting time <sup>(2)</sup>	Fair value

(1) On May 11, 2018 the Board of Director has acknowledged the existence of the conditions to proceed to the assignment of the Company Shares according to the Regulations of the Performance Shares Plan 2018-2019

(2) Value of the Company Shares on the date of approval of the Company 2018 Financial Statements by the Board of Directors.

Fabrizio Curci Chief Executive Officer													
(I) Remuneration in the Company drawing up Financials Statements <b><u>Performance Shares Plan 2018-2019</u></b>	May 11 2018				390,208 Ordinary Shares	€ 2.36141	Approval of Financial Statements at 31.12.2019	May 11 2018	€2.52		195,104 <sup>(1)</sup>	€4.355	€ 460,720.54

<sup>(1)</sup> These Ordinary Shares will be made available in due time subject to the *lock-up e claw back* clauses foreseen by the Regulation of the Performance Shares Plan 2018-2019.

Marco Pacini Manager with strategic Responsibilities													
(I) Remuneration in the Company drawing up Financials Statements <b><u>Performance Shares Plan 2018-2019</u></b>	May 11 2018				66,786 Ordinary Shares	€ 2.36141	Approval of Financial Statements at 31.12.2019	May 11 2018	€2.52		33,393 <sup>(1)</sup>	€4.355	€ 78,854.56

<sup>(1)</sup> It is shown the maxim amount of Ordinary Shares that could be attributed for the first year of the Performance Share Plan 2018-2019 The exact amount to be awarded will be determined upon the end of the Performance Share Plan 2018-2019, according to the Regulations of such Plan, subject to the *lock-up and claw back* rules foreseen.

#5 Altri Beneficiari													
(I) Remuneration in the Company drawing up Financials Statements <b><u>Piano Performance Shares 2018-2019</u></b>	May 11 2018				261,900 Ordinary Shares	€ 2.36141	Approval of Financial Statements at 31.12.2019	May 11 2018	€2.52		130,950 <sup>(1)</sup>	€4.355	€ 309,226.64

<sup>(1)</sup> It is shown the maxim amount of Ordinary Shares that could be attributed for the first year of the Performance Share Plan 2018-2019 The exact amount to be awarded will be determined upon the end of the Performance Share Plan 2018-2019, according to the Regulations of such Plan, subject to the *lock-up and claw back* rules foreseen.

(II) Remuneration from Subsidiaries and associate Companies													
TOTAL					718,894 Ordinary Shares	€ 2.36141			€2.52		359,447 <sup>(2)</sup>	€4.355	€ 848,801.74

Table 3B: Cash incentive Plans for Members of the Board of Directors, General Managers, Managers with Strategic Responsibilities

A Name and Surname	B Role	(1) Plan/ Date of approval	(2) Bonus for the year			(3) Bonus for previous year (2017)			(4) Other bonuses
			(A) Paid/payable	(B) Deferred	(C) Deferral period	(A) Paid	(B) Deferred	(C) Period of deferral	
Fabrizio Curci Chief Executive Officer									
(I) Remuneration in the Company drawing up Financials Statements									
		February 19 2018	€ 396,577.00				€ 160,000.00		
		<b><i>M.B.O. Plan 2018</i></b>							
		May 11 2018		€ 196,405.00 <sup>(1)</sup>	Approval of Financial Statements At 31.12.2019				
		<b><i>Performance Shares Plan 2018-2019 Cash Component</i></b>							
Marco Pacini Manager with Strategic Responsibilities									
(I) Remuneration in the Company drawing up Financials Statements									
		February 19 2018	€ 13,000.00				€ 4,000.00		
		<b><i>M.B.O. Plan 2018</i></b>	€ 97,276.00						
		May 11 2018		€ 42,965.00 <sup>(1)</sup>	Approval of Financial Statements At 31.12.2019				
		<b><i>Performance Shares Plan 2018-2019 Cash Component</i></b>							
#5 Other Beneficiaries									
(I) Remuneration in the Company drawing up Financials Statements									
		May 11 2018		€ 168,489.00 <sup>(1)</sup>	Approval of Financial Statements At 31.12.2019				
		<b><i>Performance Shares Plan 2018-2019</i></b>							
(II) Remuneration from Subsidiaries and associate Companies									
TOTALE			€ 506,853.00	€ 407,859.00			€ 164,000.00		

<sup>(1)</sup> It is shown the maxim amount of bonus payable. The exact amount to be paid will be determined upon the end of the Performance Share Plan 2018-2019, according to Regulations of such Plan, subject to *claw back* rules foreseen.



### Attachment 3

Form no. 7-ter: Information on the shareholdings of members of the administrative bodies and of other executives with strategic responsibilities.

Name and Surname	Role	Shareholding in	Number of Shares held at 31.12.2017	Number of Shares acquired	Number of Shares sold	Number of Shares held at 31.12.2018
<b>Directors</b>						
Lorenzo Caprio	Chairman	Fiera Milano SpA	-	-	-	-
Fabrizio Curci	Chief Executive Officer	Fiera Milano SpA	-	-	-	-
Alberto Baldan	Director	Fiera Milano SpA	-	-	-	-
Stefania Chiaruttini	Director	Fiera Milano SpA	-	-	-	-
Gianpietro Corbari	Director	Fiera Milano SpA	-	-	-	-
Francesca Golfetto	Director	Fiera Milano SpA	-	-	-	-
Angelo Meregalli	Director	Fiera Milano SpA	-	-	-	-
Marina Natale	Director	Fiera Milano SpA	-	-	-	-
Elena Vasco	Director	Fiera Milano SpA	-	-	-	-
<b>Standing Statutory Auditors*</b>						
Riccardo Raul Bauer	Chairman	Fiera Milano SpA	-	-	-	-
Daniele Federico Monarca	Statutory Auditor	Fiera Milano SpA	-	-	-	-
Mariella Tagliabue	Statutory Auditor	Fiera Milano SpA	-	-	-	-
<b>Expired Statutory Auditors**</b>						
Federica Palmira Nolli	Chairwoman	Fiera Milano SpA	-	-	-	-
Antonio Guastoni	Statutory Auditor	Fiera Milano SpA	-	-	-	-
Carmine Pallino	Statutory Auditor	Fiera Milano SpA	-	-	-	-
<b>Number of Managers with Strategic Responsibilities</b>						
Managers with Strategic Responsibilities	Fiera Milano SpA	n. 1	-	-	-	-
* Appointed on April 23 2018.						
** Expired on April 23 2018 because of end of term of office.						