



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

**REMUNERATION REPORT 2019**

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

Issuer: Landi Renzo S.p.A.

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

Date of this Report's approval: 14 March 2019

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## GLOSSARY

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

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

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

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

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

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

**Equity Value:** the market value of the Net Equity, calculated as (Adjusted EBITDA x Multiple) + net financial position, the latter being the difference between the financial debts, regardless of the maturity date, short-term financial assets and available liquid cash.

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

**Financial Year 2019:** the financial period ending on 31 December 2019.

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

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

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

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

**Performance Shares Plan 2019-2021:** indicates the long-term incentive scheme known as the "Performance Shares Plan 2019-2021", approved by the Board of Directors on 14 March 2019, with the favourable opinion of the Remuneration Committee, which will be submitted to the approval of the ordinary Shareholders' Meeting of the Company pursuant to article 114-*bis* of the Consolidated Financial Act.

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

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

**Total Shareholder Return:** the indicator that represents the overall return for a shareholder given by the increase in the price of the security during a reference period and by the dividends paid during the same period.

## SECTION I

### 1. INTRODUCTION

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

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

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

In respect of remuneration, the Shareholders' Meeting:

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

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

In respect of remuneration, the Board of Directors:

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

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

(c) ***Remuneration Committee***

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

(d) ***Executive Directors***

In respect of remuneration, the Executive Directors:

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

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

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

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

## 2. AIMS AND PRINCIPLES

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

The principles underlying the remuneration policy applied to the Company, the objectives pursued and the remuneration policy are consistent with the remuneration policy applied to the Company in the past, notwithstanding that – in order to give an even more significant weight to the long-term variable components – on 14 March 2019 the Board of Directors, upon favourable opinion of the Remuneration Committee, resolved to submit to the Shareholders' Meeting of Landi Renzo, the adoption, pursuant to article 114-*bis* of the Consolidated Financial Act, of the Performance Shares Plan 2019-2021 which provides for, in case of achievement of certain established performance targets, the free allocation of the right to receive ordinary shares of the Company always for free, at the terms and conditions set forth by the regulation of the aforementioned Performance Shares Plan 2019-2021 and described in the information document prepared pursuant to article 84-*bis* of the Issuers' Regulation and Scheme 7 of Schedule 3A of the same Issuers' Regulations, available on the Company's website at the following address <http://www.landirenzogroup.com/it/>, Investors section.

## 3. REMUNERATION COMMITTEE

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

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

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

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



In Financial Year 2018, the Remuneration Committee held four meetings with an average duration of 45 minutes. During Financial Year 2018, Mr Ivano Accorsi, Ms Sara Fornasiero e Mr Angelo Iori attended 100% of the meetings. Three meetings were also attended, without the right to vote, by Mr Cristiano Musi, in his capacity of Chief Executive Officer, and one meeting was attended, without the right to vote, by Mr Stefano Landi, in his capacity of Chairman of the Board of Directors of the Company. The meetings were also attended by the members of the Board of Statutory Auditors.

The Remuneration Committee is expected to meet at least three times during the current financial year and one of these meetings was already held on 11 March 2019. The meetings of the Remuneration Committee were duly recorded, and the Chairman of the Committee reported thereon during the first following meeting of the Board of Directors.

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

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

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

In Financial Year 2018, the Remuneration Committee submitted proposals to the Board of Directors on the remuneration of the Chief Executive Officer, Mr Cristiano Musi and of the Chairman of the Board of Directors, Mr Stefano Landi, and the establishment of performance objectives in connection with the variable component of such remuneration. It has also verified the application of the proposals previously put forward with regard to the remuneration of the Chief Executive Officer and the other Executive Directors for the financial year ended 31 December 2018. During Financial Year 2019, the Remuneration Committee also submitted proposals to the Board of Directors with regard to the Performance Shares Plan 2019-2021.

## **4. REMUNERATION POLICY**

Under the Company's articles of association, the Board of Directors is granted emoluments by the Shareholders' Meeting, which may comprise both a fixed and

variable component, the latter being linked to the achievement of specific objectives and/or the Company's financial results.

The Company believes that the remuneration policy as approved by the Board of Directors is consistent with the pursuit of medium to long-term interests of the Issuer. In particular, the Board of Directors established that the variable part of the remuneration shall represent a considerable percentage of the overall remuneration also with regard to the fixed component.

Furthermore, a major portion of such variable component shall be linked to specific and strategic performance objectives of the Company such as, for example, the EBITDA and the revenues, for the short-term variable remuneration, and the Total Shareholder Return and the Equity Value for the Performance Shares Plan 2019-2021, financial figures which can be clearly appreciated by the market.

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

Finally, the consistency with the pursuit of the long-term interests of the Issuer is also guaranteed by the Performance Shares Plan 2019-2021, *i.e.* by a compensation plan based on the free allocation of ordinary shares of the Company in a single instalment at the end of a three-year vesting period, according to the level of achievement of the established performance targets. The Beneficiaries of the Performance Shares Plan 2019-2021 are the Chief Executive Officer of the Company and the managers which will be identified, upon proposal of the Chairman of the Board of Directors, by the Board of Directors, having heard the opinion of the Remuneration Committee, on the basis of the contribution to the business, of autonomy and complexity of the role held. For further information, please refer to the information document prepared in accordance with article 84-*bis* and Schedule 7 of Schedule 3A of the Issuers' Regulations, available on the Company's website at the following address <http://www.landirenzogroup.com/it/>, Investors section.

It should be noted that the Board of Directors confirmed the short-term remuneration policy in respect of the relevant variable component for directors and executives of the Company for Financial Year 2019 consistently with the remuneration policy approved for Financial Year 2018, without prejudice to the due alignment and update of the policy to the Company's business development.

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

#### 4.1 Executive Directors

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

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

Consequently, at the meeting of the Board of Directors of 14 March 2019, the Remuneration Committee informed the Board that it considered that the additional requirement for companies listed on the STAR segment, regarding the variable component in the remuneration of Executive Directors and executives with strategic responsibilities, meant that particularly challenging objectives should be set, and payment of the variable component for Financial Year 2019 should depend upon their achievement. The Remuneration Committee proposed that it would identify those objectives bearing in mind, *inter alia*, the role played by the Executive Directors and the senior executives with strategic responsibilities, the demands made upon them by their duties, and the Company's position in the market, its size, and its prospects for growth.

On the basis of the indications provided by the Remuneration Committee, the meeting of the Board of Directors of that same day emphasised how payment of the variable component had to be determined in a manner that: (i) took account of the requirement that a significant part of the remuneration of Executive Directors should be linked to the financial results achieved by the Company and/or the achievement of objectives previously identified by the Board of Directors; and (ii) be such as to ensure that the Executive Directors' interests aligned with the pursuit of the Company's main objective, the creation of shareholder value in the medium to long term.

Specifically, the Board of Directors resolved, with the Board of Statutory Auditors' consent, in favour of the payment to each of the Executive Directors of a variable component of remuneration that would be subject to the achievement of specific objectives regarding the Group's revenues and the Group's Adjusted EBITDA laid down by the Board of Directors. In particular, the Board of Directors further established the following:

- (a) a portion of the variable remuneration should be calculated as follows:
  - (i) 20% upon achievement of the objective for the Group's revenues;
  - (ii) 80% upon achievement of the objective for the Group's Adjusted EBITDA;
- (b) for the Chief Executive Officer, the maximum amount of said variable remuneration is equal to (i) 60% of the gross fixed annual remuneration for the

2019 financial year due to the Chief Executive Officer, in the event that the objectives are achieved at target level, or (i) 75% of the gross fixed annual remuneration for the 2019 financial year due to the Chief Executive Officer in the event of over performance;

- (c) for the other Executive Directors, the maximum amount of said variable remuneration is equal to 40% of the relevant fixed gross annual remuneration for the financial year 2019, both in the event that the objectives are achieved at target level and in the event of over performance;
- (d) in the event that all two objectives (revenues and the Group's Adjusted EBITDA) are achieved, each Executive Director will receive the maximum amount of the variable component as variable remuneration, as indicated in paragraphs 4.3(b) and 4.3(c) above;
- (e) in the event that none of the two objectives (revenues and the Group's Adjusted EBITDA) is achieved, the Executive Directors will receive no amount as variable component; lastly
- (f) in the event that only one of the aforesaid objectives is achieved, each Executive Director will receive the corresponding percentage of the gross annual variable remuneration.

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

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

#### **4.3 Executives with strategic responsibilities**

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

In that light, and on the basis of the indications provided by the Remuneration Committee, the Board of Directors resolved at its meeting of 14 March 2019 that the executives with strategic responsibilities, that could be identified from time to time, would receive a variable component of remuneration that would be subject to the achievement of the specific objectives regarding the Group's revenues, and in the Group's Adjusted EBITDA laid down by the Board of Directors. At the same meeting, in particular, the Board of Directors further established that:

- (a) for the Financial Year 2019, the variable component of remuneration for each of the executives with strategic responsibilities would be for up to 40% of the gross fixed component of their remuneration;
- (b) the variable component would be determined as follows:

- (i) 40% of the maximum under the variable component would be paid to each executive with strategic responsibilities upon achievement of the business objectives in terms of the Group's revenues and the Group's Adjusted EBITDA, in the manner and with the mechanisms established for the Executive Directors; and
  - (ii) 60% of the variable component payable to each executive with strategic responsibilities, upon achievement of the individual objectives identified for each by the Chief Executive Officer (or from the different competent function);
- (c) in the event that all two business-wide objectives (the Group's revenues and the Group's Adjusted EBITDA) were achieved, and the particular executive with strategic responsibilities also achieved their specific individual objectives, then they will receive the whole of their annual gross variable remuneration, being 40% of their gross fixed remuneration;
  - (d) in the event that the two business-wide objectives (the Group's revenues and the Group's Adjusted EBITDA) were not achieved, and neither were the specific individual objectives of the particular executive with strategic responsibilities, nothing would be paid to such executive;
  - (e) in the event that all two business-wide objectives (the Group's revenues and the Group's Adjusted EBITDA) are all achieved but the particular executive with strategic responsibilities has not also achieved their specific individual objectives as described above, then they receive 40% of the total amount of the variable component of remuneration;
  - (f) in the event that the particular executives with strategic responsibilities have achieved their specific individual objectives as described above, but the two business-wide objectives (the Group's revenues and the Group's Adjusted EBITDA) are not all achieved, then they receive 60% of the total amount of the variable component of remuneration; lastly
  - (g) in the event that the particular executives with strategic responsibilities have achieved their specific individual objectives as described above, and one of the two business-wide objectives (the Group's revenues and the Group's Adjusted EBITDA) are achieved, then they receive 60% of the total amount of the variable component of remuneration, and the percentage of the variable remuneration to which they are entitled for the achievement of those business-wide objectives.

In consideration of Landi Renzo's corporate and organizational structure, at the date of this Report, the Company didn't deem it necessary to identify any other executives with strategic responsibilities, besides the Chief Executive Officer, Mr Cristiano Musi, and the Chairman of the Board of Directors, Mr Stefano Landi, or any other executives vested with powers or direct or indirect responsibilities in respect of the planning, management and control of the Company.

#### 4.4 **Benefits in kind**

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

#### 4.5 **Equity incentive schemes and vesting periods**

The remuneration policy approved by the Board of Directors on 14 March 2019, includes the activation of the Performance Shares Plan 2019-2021, *i.e.* an incentive scheme that provides for, in case of achievement of certain established performance targets, the free of charge allocation of ordinary shares of the Company (pursuant to the terms and conditions set forth by the regulation of such Performance Shares Plan 2019-2021) in favour of the Chief Executive Officer of the Company and the managers which will be identified, upon proposal of the Chairman of the Board of Directors, by the Board of Directors, having heard the opinion of the Remuneration Committee, on the basis of the contribution to the business, of autonomy and complexity of the role held.

The Performance Shares Plan 2019-2021 has been submitted by the Board of Directors held on 14 March 2019 to the ordinary Shareholders' Meeting called for the approval of the financial statements as at 31 December 2018. Information about the Performance Shares Plan 2019-2021, including conditions and prerequisites of implementation, are described in the information document drawn up pursuant to article 84-*bis* and Scheme 7 of Schedule 3A of the Issuers' Regulations, available on the website the Company's internet address at <http://www.landirenzogroup.com/it/>, section Investors.

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

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

#### 4.7 **Policy relating to the remuneration provided for in the event of termination of office or employment relationship and non-competition agreements (including indemnities for directors in the event of resignation, dismissal or termination of employment following a tender offer, pursuant to article 123-*bis*, first paragraph, letter i) of the Consolidated Financial Act**

Currently there are pre-determined end-of-service treatments in place for the Chief Executive Officer in the event of early termination (i) at the initiative of the Company without just cause, or (ii) in the event of resignation of the Chief Executive Officer for just cause, and (iii) in the event of the resignation of the Chief Executive Officer within 180 (one hundred and eighty) days from the completion of an extraordinary operation that results in a change of control of the Company affecting the position of the Chief Executive Officer resulting in a situation of actual professional detriment. Specifically, if, between 31 December 2018 and the approval of the financial statements as at 31 December 2021, one of the above hypotheses of early termination occurs, the Chief Executive Officer will be entitled to a total lump sum of 24 (twenty-

four) months of the fixed remuneration (including fixed remuneration received as a manager and the fixed emolument received as Chief Executive Officer) and the short-term variable remuneration. In addition, in case of revocation and/or non-renewal of the office by the Shareholders' Meeting that approves the financial statements as at 31 December 2021, the Chief Executive Officer will be entitled to a total lump sum of 12 (twelve) months of fixed remuneration (including fixed remuneration received as a manager and the fixed emolument received as a Chief Executive Officer) and the short-term variable remuneration.

With regard to the effects deriving from the termination of the directorship relationship of the beneficiaries of the Performance Shares Plan 2019-2021, please refer to the information document prepared pursuant to article 84-*bis* of the Issuers' Regulations and Scheme 7 of Schedule 3A of the same Issuers' Regulations, available on the Company's website at <http://www.landirenzogroup.com/it/>, Investors section.

As at the date of this Report, there are no other agreements in place between the Company and the members of its Board of Directors that provide for pre-determined treatments in case of termination of office or resignation, nor non-compete agreements.

#### **4.8 Non-compulsory insurance, social security or pension covers**

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

#### **4.9 Remuneration policy with reference to Independent Directors, the attendance to committees and the performance of particular duties**

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

The Company, with resolution of the Board of Directors of 26 April 2016, has resolved to pay a specific compensation, equal to Euro 7,500, to the directors that are members of the committees of the Board of Directors, namely the Risks Control Committee and the Remuneration Committee.

#### **4.10 Remuneration policies of other companies potentially used as reference and criteria used for the choice of such companies**

In defining the general remuneration policy, the Company has not used as reference the remuneration policies of other companies. For the definition of the long-term policy (and, in particular, in relation to the Performance Shares Plan 2019-2021), the Company has been assisted by independent experts in the field.

## SECTION II

### FIRST PART

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

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

The Shareholders' Meeting held on 29 April 2016 resolved to award to Mr Stefano Landi a gross fixed annual compensation of Euro 100,000 for his role as Chairman of the Board of Directors. Furthermore, the Board of Directors held on 15 March 2018 resolved to assign to Mr Stefano Landi a gross fixed compensation of Euro 300,000 for Financial Year 2018, on a *pro rata temporis* basis, for his role as Director in charge of special roles.

During Financial Year 2018, the Chairman of the Board of Directors, Mr Stefano Landi, received compensation of Euro 400,000, non-monetary benefits for Euro 3,823.16 corresponding to the value of compensation in kind, and Euro 3,500 as attendance fees for his attendance at the meetings of the Board of Directors.

In consideration of the achievement of the performance objectives set for the Financial Year 2018, the Chairman of the Board of Directors, Mr Stefano Landi, has been awarded a variable short-term compensation of Euro 120,000 for Financial Year 2018.

In addition, in consideration of the achievement of the performance targets established for the three-year period from 2016 to 2018, the Chairman of the Board of Directors, Mr Stefano Landi, has been awarded a variable long-term compensation of Euro 425,000.

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

The Shareholders' Meeting of the Company of 28 April 2017 resolved to award to Executive Director, Mr Cristiano Musi, a gross fixed annual compensation of Euro 12,500. Furthermore, the Board of Directors' meeting of 15 March 2018 resolved to award to Mr Cristiano Musi a gross fixed compensation of Euro 87,500 for Financial Year 2018 on a *pro rata temporis* basis, as Director in charge of special roles.

During Financial Year 2018, the Chief Executive Officer, Mr Cristiano Musi, received compensation of Euro 100,000, non-monetary benefits for Euro 2,951.04, corresponding to the value of compensation in kind, and Euro 3,500 as attendance fees for his attendance at the meetings of the Board of Directors.

In consideration of the achievement of the performance objectives set for the Financial Year 2018, Chief Executive Officer Mr Cristiano Musi has been awarded a remuneration of Euro 120,000, as well as an additional bonus of Euro 96,000 in consideration of the intense activity performed during the Financial Year 2018 as part of the project to optimise the Group's financial structure and of the reorganization of the Group.

Furthermore, considered the achievement of the performance targets established for the three year period from 2016 to 2018, the Chairman of the Board of Directors, Mr



Stefano Landi, has been awarded a variable long-term compensation (*pro-rata temporis*) for the three-year period from 2016 to 2018 of Euro 500,000.

During Financial Year 2018, Mr Cristiano Musi received also a compensation of Euro 200,000 for his role as executive of the Company.

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

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

During Financial Year 2018, Non-Executive Director Ms Giovanna Domenichini received compensation of Euro 15,000, as well as Euro 1,500 as attendance fees for her attendance at the meetings of the Board of Directors.

#### **Silvia Landi, Non-Executive Director**

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

During Financial Year 2018, Non-Executive Director Ms Silvia Landi received compensation of Euro 12,500 and Euro 2,500 as attendance fees for her attendance at the meetings of the Board of Directors.

#### **Angelo Iori, Non-Executive Director**

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

During Financial Year 2018, Non-Executive Director Mr Angelo Iori received compensation of Euro 12,500 and Euro 3,500 as attendance fees for his attendance at the meetings of the Board of Directors, and Euro 15,000 as compensation as member of the Audit and Risk Committee and the Remuneration Committee.

#### **Anton Karl, Independent Director**

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

During Financial Year 2018, Non-Executive Director Mr Anton Karl received compensation of Euro 12,500 and Euro 2,500 as attendance fees for his attendance at the meetings of the Board of Directors.

#### **Sara Fornasiero, Independent Director**

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

During Financial Year 2018, Independent Director Ms Sara Fornasiero received compensation of Euro 12,500, Euro 3,500 as attendance fees for her attendance at the

meetings of the Board of Directors, as well as Euro 15,000 as compensation as member of the Audit and Risk Committee and the Remuneration Committee and Euro 5,000 as member of the Supervisory Body.

Furthermore, Ms Sara Fornasiero received compensation of Euro 5,000 as attendance fees for her attendance at the meetings of the Supervisory Body (*Organismo di Vigilanza*) of the controlled company Safe S.p.A.

### **Ivano Accorsi, Independent Director**

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

During Financial Year 2018, Independent Director Mr Ivano Accorsi received compensation of Euro 12,500 and 3,500 as attendance fees for his attendance at the meetings of the Board of Directors, as well as Euro 15,000 as compensation as member of the Audit and Risk Committee and the Remuneration Committee.

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

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

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

During Financial Year 2018 Mr Eleonora Briolini received compensation of Euro 35,000.

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

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

During Financial Year 2018, Ms Diana Rizzo received compensation of Euro 25,000.

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

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

During Financial Year 2018, Mr Domenico Sardano received compensation of Euro 25,000, as well as Euro 5,000 as attendance fees for his attendance at the Supervisory Body (*Organismo di Vigilanza*) meeting.

Furthermore, Mr Domenico Sardano received Euro 33,600 for the role of standing statutory auditor of the controlled companies Lovato Gas S.p.A, Safe S.p.A. and Safe&Cec S.r.l.

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

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

## **SECTION II**

### **SECOND PART**

The following tables set forth details of compensation paid in Financial Year 2018, on any basis and in any form, by the Company or subsidiaries and affiliates of the Issuer.

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

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Full name	Office held	Period for which office is held	Expiry of term of office	Fixed compensation	Compensation for participation in committees	Variable <i>non-equity</i> compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Compensation at end of office or upon termination of employment
<b>Board of Directors</b>												
<b>Giovanna Domenichini</b>	Honorary Chairman	01/01/2018 - 31/12/2018	Approval of financial statements 2018			Bonus and other incentives	Profit sharing					
	Compensation from the company preparing the financial statements			15,000 (emoluments) 1,500 (attendance fees)						16,500		
	Compensation from subsidiaries and affiliates											
	Total			16,500						16,500		
<b>Stefano Landi</b>	Chairman of the Board of Directors	01/01/2018 - 31/12/2018	Approval of financial statements 2018			Bonus and other incentives	Profit sharing					
	Compensation from the company preparing the financial statements			400,000 (emoluments) 3,500 (attendance fees)		545,000		3,823.16		952,323.16		

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

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Full name	Office held	Period for which office is held	Expiry of term of office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation	Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Compensation at end of office or upon termination of employment
	Compensation from subsidiaries and affiliates										
	Total			403,500		545,000		3,823.16	952,323.16		
<b>Cristiano Musi</b>	Chief Executive Officer	28/04/2018 - 31/12/2018	Approval of financial statements 2018			Bonus and other incentives	Profit sharing				
	Compensation from the company preparing the financial statements			100,000 (emoluments)		716,000		2,951.04	1,022,451.04		
				200,000 (compensation as employee)							
				3,500 (attendance fees)							
	Compensation from subsidiaries and affiliates										
	Total			303,500		716,000		2,951.04	1,022,451.04		
<b>Silvia Landi</b>	Director	01/01/2018 - 31/12/2018	Approval of financial statements 2018			Bonus and other incentives	Profit sharing				
	Compensation from the company preparing the financial statements			12,500 (emoluments)					15,000		

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Full name	Office held	Period for which office is held	Expiry of term of office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Compensation at end of office or upon termination of employment
				2,500 (att. fees)								
	Compensation from subsidiaries and controlled companies											
	Total			15,000						15,000		
<b>Angelo Iori</b>	Director	01/01/2018 - 31/12/2018	Approval of financial statements 2018			Bonus and other incentives	Profit sharing					
	Compensation from the company preparing the financial statements			12,500 (emoluments)  3,500 (att. fees)	15,000 <sup>2</sup>					31,000		
	Compensation from subsidiaries or controlled companies											
	Total			16,000	15,000					31,000		
<b>Anton Karl</b>	Independent Director	01/01/2018 - 31/12/2018	Approval of financial statements 2018			Bonus and other incentives	Profit sharing					

<sup>2</sup> Director Mr Angelo Iori is a member of (i) the Audit and Risk Committee (for this office he receives annual gross compensation of Euro 7,500 and (ii) the Remuneration Committee (for this office he receives annual gross remuneration of Euro 7,500).

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Full name	Office held	Period for which office is held	Expiry of term of office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Compensation at end of office or upon termination of employment
	Compensation from the company preparing the financial statements			12,500 (emoluments)						15,000		
	Compensation from subsidiaries and affiliates			2,500 (attendance fees)								
	Total			15,000						15,000		
<b>Sara Fornasiero</b>	Independent Director	01/01/2018-31/12/2018	Approval of financial statements 2018			Bonus and other incentives	Profit sharing					
	Compensation from the company preparing the financial statements			12,500 (emoluments)	15,000 <sup>4</sup>					36,000		
	Compensation from subsidiaries and			3,500 (att. fees)								
				5,000 <sup>3</sup> (supervisory body)								
	Compensation from subsidiaries and			2,500						2,500		

<sup>3</sup> Independent Director Ms Sara Fornasiero is a member of the Supervisory Body and for this office she receives annual gross compensation of Euro 5,000.

<sup>4</sup> Independent Director Ms Sara Fornasiero is a member of (i) the Audit and Risk Committee (for this office he receives annual gross compensation of Euro 7,500 and (ii) the Remuneration Committee (for this office he receives annual gross remuneration of Euro 7,500) and (iii) the Committed for transactions with related parties.



(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Full name	Office held	Period for which office is held	Expiry of term of office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Compensation at end of office or upon termination of employment
	affiliates											
	Total			23,500	15,000					38,500		
<b>Ivano Accorsi</b>	Independent Director	01/01/2018 - 31/12/2018	Approval of financial statements 2018			Bonus and other incentives	Profit sharing					
	Compensation from the company preparing the financial statements			12,500 (emoluments) 3,500 (attendance fees)	15,000 <sup>5</sup>					31,000		
	Compensation from subsidiaries and affiliates											
	Total			16,000	15,000					31,000		
<b>Board of Statutory Auditors</b>												
<b>Eleonora Briolini</b>	Chairman of the Board of Statutory Auditors	01/01/2018 - 31/12/2018	Approval of financial statements 2018			Bonus and other incentives	Profit sharing					
	Compensation from the company			35,000						35,000		

<sup>5</sup> Independent Director Mr Ivano Accorsi is a member of (i) the Audit and Risk Committee (for this office he receives annual gross compensation of Euro 7,500 and (ii) the Remuneration Committee (for this office he receives annual gross remuneration of Euro 7,500) and (iii) the Committed for transactions with related parties.

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Full name	Office held	Period for which office is held	Expiry of term of office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Compensation at end of office or upon termination of employment
	preparing the financial statements											
	Compensation from subsidiaries and affiliates											
	Total			35,000						35,000		
<b>Diana Rizzo</b>	Standing Statutory Auditor	01/01/2018 - 31/12/2018	Approval of financial statements 2018			Bonus and other incentives	Profit sharing					
	Compensation from the company preparing the financial statements			25,000						25,000		
	Compensation from subsidiaries and affiliates											
	Total			25,000						25,000		
<b>Domenico Sardano</b>	Standing statutory auditor	17/10/2018 - 31/12/2018	Approval of financial statements 2018			Bonus and other incentives	Profit sharing					
	Compensation from the company preparing the financial statements			25,000						30,000		

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Full name	Office held	Period for which office is held	Expiry of term of office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation	Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Compensation at end of office or upon termination of employment
				(emoluments) 5,000 <sup>6</sup> (supervisory body)							
				Compensation from subsidiaries and affiliates	33,600				33,600		
				Total	63,600				63,600		

<sup>6</sup> The statutory auditor Domenico Sardano is a member of the Supervisory Board and receives a yearly gross compensation of Euro 5,000.

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

A	B	(1)	(2)			(3)			(4)
Full name	Office held	Programme	Bonus for the year			Bonus for previous years			Other bonuses
<b>Board of Directors</b>									
			(A)	(B)	(C)	(A)	(B)	(C)	
<b>Stefano Landi</b>	Chairman of the Board of Directors		Payable/paid	Deferred	Deferral period	No longer payable	Payable/paid	Deferred and unpaid	
(I) Compensation from the company preparing the financial statements		Programme A (under resolution of 15 March 2018)	545,000						
		Programme B (under resolution of 27 March 2017)					120,00		
		Programme C (under resolution of 14 March 2016)					0		
		Programme D (under resolution of 14 March 2015)					0		
		Programme E (under resolution of 13 March 2014)					0		
		Programme F (under resolution of 14 March 2013)					0		
		Programme G (under resolution of 15 March 2012)					0		
		Programme H (under resolution of 15 March 2011)					0		
(II) Compensation from subsidiaries and affiliates									

<sup>7</sup> The following tables reflect all cash-based incentive programmes, both short- and medium-to-long-term, and the figures are in Euro.

<b>A</b>	<b>B</b>	<b>(1)</b>	<b>(2)</b>			<b>(3)</b>			<b>(4)</b>
<b>Full name</b>	<b>Office held</b>	<b>Programme</b>	<b>Bonus for the year</b>			<b>Bonus for previous years</b>			<b>Other bonuses</b>
<b>Board of Directors</b>									
			<b>(A)</b>	<b>(B)</b>	<b>(C)</b>	<b>(A)</b>	<b>(B)</b>	<b>(C)</b>	
(III) Total			545,000				120,000		
<b>Cristiano Musi</b>	Chief Executive Officer		Payable/paid	Deferred	Deferral period	No longer payable	Payable/paid	Still deferred	
(I) Compensation from the company preparing the financial statement		Programme A (under resolution of 15 March 2018)	716,000						
		Programme B (under resolution of 27 March 2017)					120,000		
(II) Compensation from subsidiaries and associates									
(III) Total			716,000				120,000		

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

<b>FULL NAME</b>	<b>OFFICE HELD</b>	<b>COMPANY IN WHICH SHARES ARE HELD</b>	<b>NUMBER OF SHARES HELD AT END OF PREVIOUS FINANCIAL PERIOD</b>	<b>NUMBER OF SHARES PURCHASED</b>	<b>NUMBER OF SHARES SOLD</b>	<b>NUMBER OF SHARES HELD AT END OF CURRENT FINANCIAL PERIOD</b>
Angelo Iori	Director	Landi Renzo S.p.A.	1,000			1,000
Anton Karl	Director	Landi Renzo S.p.A.	1,010,845		120,452	890,393
Cristiano Musi	Chief Executive Officer	Landi Renzo S.p.A.	20,000			20,000