

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



DISCLOSURE DOCUMENT

(in accordance with Article 114-*bis* of Legislative Decree No. 58 of February 24, 1998 and Article 84-*bis*, paragraph 1 of the regulation approved with CONSOB motion No. 11971 of May 14, 1999, as subsequently amended and supplemented)

CONCERNING THE

“2019-2021 PERFORMANCE SHARES PLAN”

Approved by the Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. on March 15, 2019

INTRODUCTION

On March 15, 2019, the Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. (the “**company**” or the “**Issuer**”), on the proposal of the Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors of the Issuer in accordance with Article 2389 of the Civil Code, approved the plan for the free assignment of ordinary shares of the company in favour of a number of key personnel of the Group headed by the Issuer (the “**Group**”), selected from among the executive directors and employees of the company and of the Group, called the “*2019-2021 Performance Share Plan*” (the “**Plan**”).

The Plan shall be submitted for the approval of the Shareholders’ Meeting of the Issuer called for April 18, 2019 at the time of 10 AM in single call, in accordance with Article 114-*bis* of Legislative Decree No. 58 of February 24, 1998 (the “**CFA**”).

Subject to the faculty of the Board of Directors to identify, subsequently, additional beneficiaries of the Plan, the Board of Directors of the company on March 15, 2019, having heard the opinion of the Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors of the Issuer in accordance with Article 2389 of the Civil Code, identified by name the parties which shall be, subject to the approval of the Plan by the above-stated Shareholders’ Meeting, its beneficiaries.

This disclosure document (the “**Disclosure Document**”), containing information regarding the Plan, has been prepared in accordance with Article 114-*bis* of the CFA and 84-*bis*, paragraph 1, of Consob Regulation No. 11971 of May 14, 1999 (the “**Issuers’ Regulation**”), in addition to Scheme No. 7 of Annex 3A of the Issuers’ Regulation.

In addition, the Plan is considered of “*particular relevance*” in accordance with Article 114-*bis*, paragraph 3 of the CFA and Article 84-*bis*, paragraph 2 of the Issuers’ Regulation.

This Disclosure Document is made available to the public at the registered office of the company, in via XXV Aprile n. 5, Pero (MI), on the authorised storage mechanism “*EMARKET STORAGE*” at www.emarketstorage.com and on the company website www.filagroup.it, Governance section.

The information required by Scheme No. 7 of Annex 3A of the Issuers’ Regulation which is not contained in this disclosure document shall be provided, where available, during the implementation phase of the Plan, in accordance with Article 84-*bis*, paragraph 5, letter a) of the Issuers’ Regulation.

DEFINITIONS

As required by Scheme No. 7 of Annex 3A to the Issuers' Regulation, a list is presented below of definitions illustrating the meaning of the terms of less common usage appearing in this disclosure document.

Executive Directors	the executive directors of the company, i.e. the chief executive officer and the executive director.
Assignment	the effective assignment, free of charge, of the Shares to each Beneficiary subsequent to the conclusion of the Vesting Period.
Shareholders' Meeting	the Shareholders' Meeting of the Issuer
Allocation	the free allocation to each Beneficiary by the Board of Directors, having consulted the Remuneration Committee, of the Right to Receive Shares free of charge.
Shares	the ordinary shares of the company, without express nominal value.
Bad Leaver	all conclusion of employment situations other than those defining a Good Leaver.
Beneficiaries	the Group Executive Directors, Senior Executives and Managers who have been, or shall be, identified by the Board of Directors, having heard the opinion of the Remuneration Committee, among the employees and/or directors of the company or the Subsidiaries, undertaking positions identified for the growth and the sustainability of the business of the Group over the long-term.
Change of Control	indicates the following circumstances: (a) the acquisition by one or more third party acquirers of control of the company in accordance with Article 93 of the CFA; (b) the acquisition by one or more third party acquirers of a number of shares or a holding in a Subsidiary, or of companies directly or indirectly controlling the former, as long as differing from the company, overall in excess of 50% of the relative share capital, unless the company does not continue to hold control in accordance with Article 2359 of the Civil Code; (c) the definitive transfer in any form to one or more third party acquirers of the company or of the business unit employing one or more of the Beneficiaries.
Self-Governance Code	The Self-Governance Code adopted by the Corporate Governance Committee of Borsa Italiana S.p.A., with which the company complies.

Remuneration Committee	the “remuneration committee” established and appointed by the Board of Directors in implementation of the recommendations of the Self-Governance Code.
Board of Directors	the Board of Directors of the Issuer, in office at any given time.
Consob	Commissione Nazionale per le Società e la Borsa (Italian market oversight authority).
Subsidiaries or Subsidiary Companies	indicates, without distinction, each of the companies at any given time directly or indirectly held, in accordance with Article 2359 of the Civil Code, by the company, which has a Relationship with one or more Beneficiaries.
Date of the Disclosure Document	the date of approval of this Disclosure Document.
Assignment Date of the Shares	indicates, with reference to each Beneficiary, the date of the Board of Directors motion concerning the free Assignment of the Shares to this Beneficiary.
Allocation Date of the Right	indicates, with reference to each Beneficiary, the date of the Board of Directors motion concerning the identification of this Beneficiary and the allocation to the former of the Right to Receive Shares free of charge.
Senior Executives	Group executives with the power and responsibility, directly or indirectly, for planning, directing and controlling company and/or Group activities.
Right to Receive Shares	indicates the conditional right, free and non-transferable to a living person, to Assign the Shares free of charge.
Managers	employees of the company and Subsidiary companies who occupy positions identified for the long-term business growth and sustainability of the Group.
Good Leaver	indicates the following conclusion of Relationship scenarios: (i) voluntary resignation, only on the condition that the Beneficiary fulfils the statutory retirement requirements and in the 30 subsequent days presents a request to access the relative benefits; (ii) death or permanent invalidity or (iii) conclusion of management mandate.
Group	indicates the company and the Subsidiary companies
Allocation Letter	the letter that the company shall send to each Beneficiary to communicate to them the Allocation of the Right to Receive Shares and when signed and

delivered to the company by the Beneficiaries constitutes their full and unconditional subscription to the Plan.

Base Number of Shares or BNS	indicates, for each Beneficiary, the number of Shares obtainable on achieving 100% of the Performance Objectives.
Performance Objectives	indicates the performance objectives calculated on the basis of the following ratios: (i) average ROI of the 2019-2021 three-year period (relative weighting 70%); and (ii) individual or general strategic objectives (relative weighting 30%).
Holding Period	indicates the period of time, running from the effective Assignment of the Shares to Beneficiaries, during which the securities held may not be disposed of
Vesting Period	the results measurement period beginning on January 1, 2019 and concluding on December 31, 2021, on the conclusion of which the achievement of the Performance Objectives shall be assessed.
Plan	the long-term incentive plan based on the free Assignment of Shares in favour of some executive directors and employees of the company and of the Group, called the “2019-2021 Share Performance Plan”.
Relationship	indicates the relationship of employment and/or of management between the individual Beneficiary and the company or one of the Subsidiary companies.
Issuers’ Regulation	the regulation adopted by Consob with motion No. 11971 of May 14, 1999, as subsequently amended and supplemented.
ROI	the ROI indicates the ratio between consolidated EBITDA and net invested capital as per the Group industrial plan, as per paragraph 2.2 of this Disclosure Document.
Company or Issuer	indicates F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A., with registered office in via XXV Aprile No.5, 20016 Pero (MI).
CFA	indicates Legislative Decree No. 58 of February 24, 1998 (as subsequently amended and supplemented).

1. BENEFICIARIES

The Plan is reserved for the Group's Executive Directors, Senior Executives and other managers, as identified by name on one or more occasions, at the full discretion of the Board of Directors, on the proposal of the chief executive officer and having consulted the Remuneration Committee, from among the executive directors and/or employees of the company or of the Subsidiary companies, holding positions identified for the growth and the sustainability of the Group's business over the long-term.

1.1. *Names of the beneficiaries who are members of the financial instruments issuer's board of directors or of the management board, the companies controlling the issuer and the companies directly or indirectly controlled by it*

At the date of the Disclosure Document, the following members of the Board of Directors of the Issuer were identified as Beneficiaries:

- Massimo Candela, Chief Executive Officer of the Issuer;
- Luca Pelosin, Executive Director of the Issuer.

With regards to the directors of the Subsidiary companies, the Beneficiaries shall be identified by the Board of Directors, on the proposal of the chief executive officer and having consulted the Remuneration Committee. This information shall be communicated subsequently in accordance with Article 84-*bis*, paragraph 5 of the Issuers' Regulation.

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

At the date of the Disclosure Document, in addition to that established by paragraph 1.1 above of this Disclosure Document, the Plan includes among its Beneficiaries the following categories:

- 8 Senior Executives;
- 18 Managers;

leaving open the option for the Board of Directors to identify additional Beneficiaries. This information shall be communicated subsequently in accordance with Article 84-*bis*, paragraph 5 of the Issuers' Regulation.

1.3. *Names of the parties benefitting from the plan belonging to the groups indicated at point 1.3, letters a), b) and c) of Annex 3A, Scheme 7 of the Issuers' Regulation.*

a) *General managers of the issuer of financial instruments*

Not applicable as, at the Date of the Disclosure Document, the company has not appointed general managers.

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

Not applicable as, at the Date of the Disclosure Document, the Issuer qualifies as an issuer of “smaller size” in accordance with Article 3, paragraph 1, letter f) of Regulation No. 17221 of March 12, 2010.

- c) *Physical persons controlling the issuer of shares, who are employees or who provide collaboration to the share issuer*

Not applicable as, at the Date of the Disclosure Document, no physical persons controlling the company who are employees or who provide collaboration to the Issuer are among the Beneficiaries.

1.4. *Description and numeric indication, according to the categories indicated at point 1.4, letters a), b) and c) of Annex 3, Scheme 7 of the Issuers’ Regulation.*

- a) *Of senior executives other than those indicated at letter b) of paragraph 1.3*

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

- b) *In the case of “smaller-sized” companies, pursuant to Article 3, paragraph 1(f) of Regulation No. 17221 of March 12, 2010, the aggregate listing of all the senior executives of the financial instruments’ issuer*

At the Date of the Disclosure Document, the Plan covers 8 Senior Executives, in addition to the Chief Executive Officer, Massimo Candela and the executive director Luca Pelosin.

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

The Plan is the same for all Beneficiaries. In addition, as illustrated at paragraph 2.2 below in this Disclosure Document, at the Date of the Disclosure Document, a different scope for the calculation for the achievement of the economic-financial Performance Objectives is established for 4 Senior Executives and 2 Managers.

2. REASONS FOR THE ADOPTION OF THE PLANS

2.1. *Objectives targeted through allocation of the plans*

The adoption of the Plan seeks to align the interest of management with those of shareholders, to reward the achievement of the Industrial Plan targets of the Group and to retain strategic personnel for implementation of the company and Group development plan.

The Plan shall be one of the instruments used by the company and the Group to supplement the fixed remuneration component of key personnel with variable components based on certain performance objectives and in accordance with best market practice.

The adoption of the Plan, covering categories of parties presenting different characteristics (such as the Executive Directors, the Senior Executives and the Managers), in addition has a specific purpose - in line with the remuneration policy of the company for 2019 - of aligning the remuneration structure of key personnel for the company and/or the Group.

2.1.1. *Additional information for relevant plans as defined by Article 84-bis, paragraph 2 of the Issuers' Regulation*

The Board of Directors considers a share-based incentive plan, with three-year duration and specific performance objectives, as the most effective incentive instrument and one which responds to the interests of the company and of the Group.

In particular, the three-year Vesting Period, the forms to maintain the Shares for retention purposes, for a certain period of time subsequent to Assignment (the "holding period"), and the specific claw-back clauses stipulated in the Plan are consistent with the remuneration policy of the company and the incentive, loyalty and retention objectives for the above-stated key personnel.

2.2. *Key variables, also in the form of performance indicators, considered for the allocation of financial instrument-based plans*

Each Beneficiary shall be granted, at the full discretion of the Board of Directors, the Right to Receive Shares, subject to the verification by the Board of Directors on conclusion of the Vesting Period, and however not beyond 60 calendar days from the approval of the 2021 financial statements, of the satisfaction of the following conditions:

- that, at the Shares Assignment Date, the Relationship of the Beneficiary with the company or with the relevant Subsidiary company is in place and each Beneficiary continues to qualify as an Executive Director, or a Senior Executive or a Manager;
- that the financial covenants under the loan contracts which the company has in place have been complied with; and
- that the Performance Objectives have been achieved.

Once satisfaction of the conditions for Assignment of the Shares as indicated above has been verified, the Board of Directors establishes the number of Shares to be assigned to each Beneficiary, on one occasion, on the basis of the achievement of the Performance Objectives.

In particular, it is underlined that the Performance Objectives established for the Assignment of the Shares are as follows: (i) quantitative objective (relative weighting 70%); 2019-2021 average three-year ROI; and (ii) qualitative objective (relative weighting 30%): individual or collective strategic objectives.

For both the Performance Objectives, the Board of Directors has the authority to disburse a sum of money equal to the value of the number of Shares payable and at their normal value to the Beneficiary, determined as per Article 9 of Presidential Decree 917/1986. This authority is granted to the Board of Directors only in cases in which specific circumstances relating to the Beneficiary and/or regulatory, tax or financial market performance reasons render, in the Company’s reasonable opinion, the Share Assignment process more onerous for the company and/or the Beneficiaries.

2.2.1. Additional information for relevant plans as defined by Article 84-bis, paragraph 2 of the Issuers’ Regulation

Subject to the details of the Performance Objectives for each Beneficiary, in the relative Allocation Letter the following guidelines of the Plan and the description of the Performance Objectives shall be outlined.

Average ROI for the three-year period 2019-2021 (70% relative weighting) – quantitative objective

The economic and financial performance indicator and associated targets are linked to the industrial plan and are based on the following scopes:

- consolidation of North America (which comprises a portion of the Group consolidation) for 4 Senior Executives and 2 Managers;
- Group consolidation for all other beneficiaries.

The Shares to be assigned to each Beneficiary in the case of achieving the quantitative objective shall be calculated, by the Board of Directors, on the basis of the following criteria:

% of average ROI achieved for the three-year period 2019-2021	% Pay-out with respect to the Base Number of Shares (BNS)
ROI < 90%	70% x 0 x BNS
90% ≤ ROI < 92.5%	70% x 20% x BNS
92.5% ≤ ROI < 95%	70% x 40% x BNS
95% ≤ ROI < 97.5%	70% x 60% x BNS
97.5% ≤ ROI < 99.5%	70% x 80% x BNS
99.5% ≤ ROI < 100.5%	70% x 100% BNS

$100.5\% \leq \text{ROI} < 102.5\%$	70% x 120% x BNS
$102.5\% \leq \text{ROI} < 105\%$	70% x 140% x BNS
$105\% \leq \text{ROI} < 107.5\%$	70% x 160% x BNS
$107.5\% \leq \text{ROI} < 110\%$	70% x 180% x BNS
$\text{ROI} \geq 110\%$	70% x 200% x BNS

Maximum number of Shares that may be assigned in relation to the quantitative objective shall in any case be equal to 140% of the Base Number of Shares related to this objective.

In light of that outlined, with reference to the Shares to be assigned on achievement of the qualitative performance objective (average ROI over the 2019-2021 three-year period), it is stipulated that:

- where the performance is below 90.00% of the objective, no Shares relating to the quantitative objective shall be assigned;
- where the performance is between 90.00% and 92.50% - lower range included - of the objective, 20% of the Shares in relation to the quantitative objective shall be assigned;
- where the performance is between 92.50% and 95.00% - lower range included - of the objective, 40% of the Shares in relation to the quantitative objective shall be assigned;
- where the performance is between 95.00% and 97.50% - lower range included - of the objective, 60% of the Shares in relation to the quantitative objective shall be assigned;
- where the performance is between 97.50% and 99.50% - lower range included - of the objective, 80% of the Shares in relation to the quantitative objective shall be assigned;
- where the performance is between 99.50% and 100.50% - lower range included - of the objective, 100% of the Shares in relation to the quantitative objective shall be assigned;
- where the performance is between 100.50% and 102.50% - lower range included - of the objective, 120% of the Shares in relation to the quantitative objective shall be assigned;
- where the performance is between 102.50% and 105.00% - lower range included - of the objective, 140% of the Shares in relation to the quantitative objective shall be assigned;
- where the performance is between 105.00% and 107.50% - lower range included - of the objective, 160% of the Shares in relation to the quantitative objective shall be assigned;
- where the performance is between 107.50% and 110.00% - lower range included - of the objective, 180% of the Shares in relation to the quantitative objective shall be assigned;

- where the performance is equal to or above 110% of the objective, 200% of the Shares in relation to the quantitative objective shall be assigned;

The quantitative objective (average ROI for the three-year period 2019-2021) will be calculated by taking into account the standardisation criteria agreed upon with the auditors and in line with the definitions stipulated in the Company's loan agreements and a consolidation scope matching that indicated above.

The exchange rate to be utilised for the consolidation of the economic-financial indicators shall be linked to the establishment of the achievement of the quantitative Performance Objectives, to be set out in the budget.

Individual or general strategic objectives (30% relative weighting) - qualitative objective

The achievement of the qualitative objective entails the disbursement of Shares according to the weighting and the number assigned for this objective. These objectives are defined for each Plan Beneficiary in their Allocation Letter.

For all Beneficiaries of the Plan, this objective is measured through an on/off mechanism. Therefore, the maximum number of Shares assignable in relation to the qualitative objective shall in any case be equal to 30% of the Base Number of Shares related to this objective.

2.3. *Factors underlying the determination of the extent of remuneration based on financial instruments, or the criteria used for its determination*

The Allocation of the Right to Receive Shares to each Beneficiary is undertaken by the Board of Directors, on the proposal of the chief executive officer and having consulted the Remuneration Committee, subject to the approval of the Plan by the Shareholders' Meeting called to approve the financial statements of the company for year ending December 31, 2018.

The total number of Shares underlying the Plan is calculated so as to permit the Allocation of the Right to Receive Shares, in addition to, where applicable, their Assignment, also to any additional Beneficiaries which may be identified by the Board of Directors in accordance with the Plan.

2.3.1. *Additional information for relevant plans as defined by Article 84-bis, paragraph 2 of the Issuers' Regulation*

The number of Shares to be allocated to each Beneficiary shall be set by the Board of Directors, subsequent to conclusion of the Vesting Period. The Shares shall be allocated on a single occasion, based on achievement of the Performance Objectives, subject to the condition that the effective number of Shares assigned to each beneficiary shall not exceed that established on the basis of the performance curves described in paragraph 2.2 of this Disclosure Document.

The Performance Objectives are described in the above paragraph 2.2 of this Disclosure Document.

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

Not applicable, as the Plan is based exclusively on financial instruments issued by the Issuer.

2.4. ***Assessments concerning significant tax and accounting implications impacting the drawing up of the Plans***

There are no significant tax or accounting implications impacting the drawing up of the Plan.

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

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

3. APPROVAL PROCEDURE AND TIMEFRAME FOR THE ASSIGNMENT OF THE INSTRUMENTS

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

On March 15, 2019, the Board of Directors, on the proposal of the Remuneration Committee meeting on the same date and with the favourable opinion of the Board of Statutory Auditors of the Issuer, in accordance with Article 2389 of the Civil Code, approved the submittal of the Plan to the Shareholders' Meeting called to consider the financial statements of the company for the year-ended December 31, 2018.

A proposal to assign to the Board of Directors, having consulted the Remuneration Committee, the broadest powers for the concrete and full implementation of the Plan, to be exercised in compliance with the principles established by the Shareholders' Meeting, shall be submitted to the Shareholders' Meeting called to consider the Plan.

In particular, merely for example purposes and not to be considered exhaustive, it shall be proposed to the Shareholders' Meeting to grant to the Board of Directors the power, also with the faculty to sub-delegate to third parties, to (i) identify the participants of the Plan, and the maximum number of Shares to be assigned to each; (ii) verify the achievement of the Performance Objectives, establishing consequently the number of Shares to be effectively assigned to each Beneficiary and to proceed with the relevant assignment; (iii) establish in detail the Performance Objectives to which the assignment of Shares is subject; (iv) exercise all duties and functions assigned by the Board of Directors under the Plan regulation; (v) according to the most appropriate means, apply useful or necessary modifications or supplements in accordance with the regulation; (vi) undertake all acts, requirements, formalities and communications, also with the public and any Authorities which are necessary and/or beneficial for the management and/or implementation of the Plan, with the faculty to delegate their powers, duties and responsibilities with regards to the execution and application of the Plan, including the fulfilment of the relative disclosure obligations, to the Chairperson of the Board of Directors and the Chief Executive Officer, in office at any given time, separately, subject to the condition that any decision relating to and/or associated with the Allocation of the Right to Receive Shares or the Assignment of these latter to the Chief Executive Officer (in addition to any other decision concerning the management and/or implementation of the plan as pertaining to him/her) shall remain within the exclusive scope of the Board of Directors.

The Remuneration Committee performs consultative and advisory functions in relation to the Plan's implementation, in accordance with the Self-Governance Code.

3.2. *Indication of the parties appointed to administer the Plan and their functions and duties*

The execution of the Plan lies within the scope of the Board of Directors, who are assigned by the Shareholders' Meeting all powers necessary and/or beneficial to completely and fully implement the Plan, including those indicated, merely for example purposes and not to be considered exhaustive, at paragraph 3.1 of this Disclosure Document.

The Board of Directors may delegate, to one or more of its members, all or part of its powers, duties and responsibilities concerning the implementation, execution and amendment of the Plan, subject to the condition that amendments to the Plan should be subsequently approved by the Board of Directors.

3.3. *Any existing procedures for the review of the plans, also in relation to potential changes in the underlying objectives*

Subject to that specified herein, the Board of Directors shall have the faculty, having consulted the Remuneration Committee, to apply, according to the most appropriate means, changes or supplements to the Plan regulation that it considers useful or necessary for the best achievement of the Plan's aims, having regard to the interests of the company and the Plan Beneficiaries.

In the case of events such as:

1. corporate transactions on the company's share capital and therefore, including but not limited to, a reduction in share capital due to losses through the cancellation of shares, the company's share capital increases, whether free or paid-in, offered as options to shareholders or without option rights, possibly also to be settled by conferment in kind, rearrangement or the splitting of Shares which may affect the Shares;
2. Mergers or spin-offs, the purchase or sale of shareholdings, companies or business units; or
3. legislative or regulatory changes or other events likely to affect the Right to Receive Shares, the Shares and/or the company.

The Board of Directors may, independently and without the need for further approval from the Shareholders' Meeting, make all the changes and supplements to the Plan that are considered necessary and/or appropriate to continue to apply the Plan's essential and economic content, to the extent permitted by applicable regulations, and after having consulted the Remuneration Committee. This decision shall be binding on the Beneficiaries.

Where, during the Vesting Period:

1. a Change of Control should occur;
2. a public purchase offer or a public exchange offer concerning the Shares should be promoted; or
3. the shares are delisted from the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A.;

The Board of Directors shall have the authority to grant the Beneficiaries all or part of the Shares in advance, with respect to the due date provided for in the Plan, also independently of the actual achievement of Performance Objectives, i.e. to provide for the Plan's early termination. This decision shall be binding on the Beneficiaries.

Finally, in the case of a significant review of the targets of the Group's industrial plan, the Board of Directors shall have the faculty to propose and approve any changes to the objectives of the Plan, adjusting them to the above changes or bringing the Plan to an early conclusion. This decision shall be binding on the Beneficiaries.

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

The Shares shall be assigned to the Beneficiaries free of charge.

The Shares subject to Assignment may derive from: (i) treasury shares from the purchases made in accordance with Article 2357 and 2357-ter of the Civil Code, and authorised by the Shareholders' Meeting of the company in ordinary session; and (ii) Shares from a free divisible share capital increase, also to be executed in a number of tranches, in accordance with Article 2349 of the Civil Code, for a maximum amount of Euro 458,049.00, to be entirely recognised to the share capital, through the issue of a maximum 497,879 Shares, with the power to execute such assigned to the Board of Directors as per Article 2443 of the Civil Code.

On March 15, 2019, the Board of Directors approved the submittal to the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2018 of:

- the proposal to authorise the Board of Directors to undertake purchases and disposals of treasury shares in order to, inter alia, utilise such for the assignment of Shares free of charge to the Beneficiaries of the Plan;
- the proposal to increase the share capital freely, in a divisible manner and including in a number of tranches, in accordance with Article 2349 of the Civil Code, for a maximum amount of Euro 458,049.00, to be entirely recognised to the share capital, through the issue of a maximum 497,879 Shares with the same characteristics of the Shares in circulation in service of the Plan, with the power to execute such assigned to the Board of Directors as per Article 2443 of the Civil Code.

In this regard, in compliance with Article 2349 of the Civil Code, the Shares to be assigned to the Beneficiaries who are not employees of the company and/or of its Subsidiaries exclusively derive from the acquisition of treasury shares in accordance with Articles 2357 and 2357-ter of the Civil Code.

Subject to that stated above, the Board of Directors shall decide, according to the specific execution requirements of the Plan, which instrument to utilise and to which extent, in order to ensure the most efficient use of company resources, simultaneously availing also of both instruments, subject to the maximum limit of Shares that may be assigned under the Plan.

The company will make the Shares available to the Beneficiary, according to the terms and means established in the Plan and, in particular, not beyond 60 calendar days from approval of the financial statements at December 31, 2021.

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

In the various plan research and structuring phases, the Remuneration Committee was involved, comprising independent directors who are not beneficiaries of the Plan.

The Board of Directors, noting that proposed by the Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors of the Issuer in accordance with Article 2389 of the Civil Code, approved the Plan proposal and its submittal for the approval of the Shareholders' Meeting.

The motion by which the Board of Directors approved the Plan and the proposal to submit it for the approval of the Shareholders' Meeting was, in addition, adopted in compliance with Article 2391 of the Civil Code.

3.6. *For the purposes of the requirements in Article 84-bis, paragraph 1, the date of the decision taken by the relevant body to propose the approval of the plans to the shareholders' meeting and any proposal to the remuneration committee*

At the meeting of March 15, 2019, the Remuneration Committee drew up, in compliance with the Self-Governance Code, the proposal to the Board of Directors regarding the Plan.

On the same date, the Board of Directors, noting that proposed by the Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors of the Issuer, in accordance with Article 2389 of the Civil Code, approved the Plan proposal and its submittal for the approval of the Shareholders' Meeting called to consider the financial statements of the company for the year ending December 31, 2018. At the same meeting, the Board of Directors, with the favourable opinion of the Remuneration Committee, in addition approved this Disclosure Document and the Illustrative Report of the directors on the Plan as per Article 114-*bis* of the CFA.

3.7. *For the purposes of Article 84-bis, paragraph 5, letter a), the date of the decision undertaken by the relevant body for the assignment of the instrument and the proposal to the above-mentioned body by any Remuneration Committee*

The Right to Receive Shares shall be allocated to each Beneficiary by the Board of Directors, having consulted the Remuneration Committee, at the Rights Assignment Date. Subject to the faculty to identify additional Beneficiaries, the Board of Directors, having consulted the Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors of the Issuer in accordance with Article 2389 of the Civil Code, identified on March 15, 2019 the Beneficiaries, in addition deciding to allocate to each of these, subject to the approval of the Plan by the Shareholders' Meeting called for April 18, 2019, the relative Right to Receive Shares.

The number of Shares which shall be effectively assigned to each Beneficiary at the Shares Assignment Date shall be established by the Board of Directors, according to the Plan criteria and indicated in this Disclosure Document, on conclusion of the Vesting Period, once the conditions for the assignment of the Shares as per paragraph 2.2 of this Disclosure Document have been verified.

The Shares Assignment Date, in addition to the date of any Allocation of the Right to Receive Shares shall be announced according to the means and terms indicated by Article 84-*bis*, paragraph 5, letter a) of the Issuers' Regulation and, in any case, by the applicable regulatory provisions.

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

On March 15, 2019, the date on which the Remuneration Committee and the Board of Directors met to review the proposal regarding the Plan to be submitted to the Shareholders' Meeting, the official price of the Shares was Euro 13.7519.

Subject to that outlined above, the information on the price of the Shares at the time of the Allocation of the Rights and the Assignment of the Shares by the Board of Directors shall be provided according to the means and terms indicated by Article 84-*bis*, paragraph 5, letter a) of the Issuers' Regulation and, in any case, by the applicable regulatory provisions.

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

The execution of the Plan under this Disclosure Document will take place in full compliance with the disclosure obligations imposed on the company, in order to ensure the transparency and homogeneity of information to the market, as well as in compliance with the procedures adopted by the company.

4. FEATURES OF THE INSTRUMENTS ASSIGNED

4.1. *Description of the forms under which the financial instrument-based remuneration plans are structured*

The Plan consists of the free allocation to the Beneficiaries of the right to receive free of charge up to a maximum of 789,320 Shares, subject to, and on the basis of, the satisfaction of the conditions at paragraph 2.2 above of this Disclosure Document.

The Right to Receive Shares shall be allocated on a personal basis to each Beneficiary and may not be transferred between living persons, nor be subject to restrictions or constitute other acts of disposal in any form.

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

On conclusion of the Vesting Period, the Board of Directors, having assessed the satisfaction of the conditions for the Assignment of the Shares outlined at paragraph 2.2 above of this Disclosure Document, shall establish the effective number of Shares to be assigned to each Beneficiary, on one occasion, on the basis of the achievement of the Performance Objectives.

The company shall make available to the beneficiaries of the Plan the number of Shares established not beyond the 60th calendar day subsequent to approval of the financial statements of the company for the year ending December 31, 2021.

4.3. *Conclusion date of the plan*

The Plan shall conclude on December 31, 2021.

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

The Plan concerns the right to receive free of charge a maximum 789,320 Shares.

This number takes into account the Shares that could be allocated to any additional Plan Beneficiaries as may be identified by the Board of Directors.

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

Subject to that indicated in paragraph 3.7 above of this Disclosure Document, the Board of Directors, by and not beyond 18 months from the approval date of the Plan regulation, shall have the faculty to identify additional Beneficiaries and to assign them the Right to Receive Shares, including on a number of occasions.

On conclusion of the Vesting Period, the free Assignment of the Shares to each Beneficiary is subject to the verification by the Board of Directors of the following conditions: (i) the maintenance of the

Relationship of the Beneficiary with the company or with the Subsidiary company, in addition to the continued qualification of the Beneficiary as an Executive Director, or as a Senior Executive or Manager, at the Shares Assignment Date; (ii) compliance with the financial covenants indicated in the loan contracts undertaken by the company; (iii) achievement of the Performance Objectives (for further information, reference shall be made to paragraph 2.2 of this Disclosure Document).

The number of Shares that shall be effectively assigned to each Beneficiary at the Shares Assignment Date shall be established by the Board of Directors on the basis of the achievement of the Performance Objectives described in paragraph 2.2 above of this Disclosure Document, according to the criteria indicated in the Plan regulation.

4.6. ***Details of any restrictions on the availability of the instruments granted or on the instruments resulting from the exercise of the options, with particular reference to the periods within which the subsequent transfer to the company or to third parties is permitted or prohibited***

The Right to Receive Shares is granted to each Beneficiary on a personal basis and may not be transferred between living persons, nor be subject to restrictions or constitute other acts of disposal in any form.

Following Assignment, an obligation is also stipulated for all Beneficiaries to maintain the Shares which may be assigned (the “minimum holding”). In particular:

- for the Executive Director Beneficiaries: a minimum holding obligation is established on 50% of the Shares which may be assigned, until the conclusion of mandate;
- for all other Beneficiaries: a minimum holding obligation is established on 50% of the Shares which shall be assigned, on the following basis:
 - an initial 25% of the Shares assigned shall be subject to the minimum holding commitment until the conclusion of a period of 6 months from the effective Assignment date of the shares; and
 - the second 25% of the Shares assigned shall be subject to the minimum holding commitment until the conclusion of a period of 12 months from the effective Assignment date of the shares.

4.7. ***Description of any termination conditions for the assignment of plans if the beneficiaries conduct hedging transactions that neutralise any restrictions on the sale of the allocated financial instruments, including those in the form of options, or the financial instruments resulting from the exercise of such options***

Not applicable, as no resolution conditions in the case in which the Beneficiaries undertake hedges are stipulated.

4.8. ***Description of the effects from resolution of employment***

The Right to Receive Shares is genetically and functionally linked to the continuation of the Relationship between the Beneficiaries and the company or the Subsidiaries and therefore in the case of the conclusion

of the Relationship, subject to a more favourable decision by the Board of Directors for the Beneficiaries - the following provisions shall be applied.

If the Relationship is terminated due to a Bad Leaver situation during the Vesting Period or, in any case, prior to the delivery of the Shares, the Beneficiary will permanently and fully lose the Right to Receive the allocated Shares.

If the Relationship is terminated due to a Good Leaver situation during the Vesting Period or, in any case, prior to the delivery of the Shares, the Beneficiary (or if applicable his/her heirs) may retain the right to receive a pro-rata quantity of Shares allocated before the Relationship Conclusion Date, based on the incontestable valuation of the Board of Directors on the level of achievement of the Performance Objectives. It is understood that the verification of the Performance Objectives level of achievement will be conducted with reference to the last approved annual financial statements and that the pro-rata quantity will be determined by taking the fiscal year as the reference calculation unit.

Finally, it is understood that if the Relationship is transferred to another Group company and/or if the Relationship is terminated with the simultaneous establishment of a new Relationship within the Group, always in the capacity of Beneficiary, the same person will retain, *mutatis mutandis*, any right granted by the Plan.

4.9. ***Details of any other causes for the plan cancellation***

Not applicable as no causes for the cancellation of the Plan are established.

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

The right to redeem Shares is not envisaged by the company. However, the company reserves the unilateral faculty to have returned, in full or in part, the Shares received by the Beneficiaries (or the relative value at the time of Assignment), in the cases in which the Assignment is ascertained to have taken place in violation of company or legal rules or as a result of harmful or seriously damaging conduct carried out to alter the data utilised for the achievement of the Performance Objectives (“claw-back” clause).

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

Not applicable.

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

The maximum expected charge for the company in relation to the Plan is estimated at approx. Euro 11,000,000.00, in addition to consultancy costs. This amount was determined on the basis of the information available at the date of the Board of Directors' approval of the Plan proposal.

4.12. *Details of any dilution effects on the capital resulting from the remuneration plans*

Any dilutive effects from implementation of the Plan depend on the decision of the company to utilise treasury shares or to issue Shares in accordance with the free share capital increase as indicated at paragraph 3.4 above of this Disclosure Document.

The maximum dilutive effect of the 2019-2021 Plan shall be 0.9692% of the subscribed and paid-in share capital at the Date of the Disclosure Document.

4.13. *Any limits for the exercise of voting rights and for the assignment of equity rights*

No limits are envisaged for the exercise of voting rights and for the assignment of equity rights attached to the Shares.

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

Not applicable as the Shares are listed on the Mercato Telematico Azionario segment organised and managed by Borsa Italiana S.p.A.

4.15. – 4.23

Not applicable.

4.24. *Table*

Table No. 1, Heading 1, Section 2 of Scheme No. 7 of Annex 3A of the Issuers' Regulation is attached, on the basis of the characteristics previously defined by the Board of Directors of the company. The above Table shall be filled out in greater detail and, from time to time updated, during the implementation of the Plan, in accordance with Article 84-*bis*, paragraph 5, letter a) of the Issuers' Regulation.

FINANCIAL INSTRUMENT BASED REMUNERATION PLANS

TABLE NO. 1 OF SCHEME 7, ANNEX 3A, CONSOB REGULATION NO. 11971/99

Name and surname or class	Position (to be specified only for persons listed by name)	FRAMEWORK 1						
		Financial instruments other than stock options						
		<u>Section 2</u>						
		Newly awarded instruments, based on the decision: X of the B.O.D.'s proposal for the shareholders' meeting <input type="checkbox"/> of the Board responsible for the introduction of the Shareholders' Meeting motion						
		Date of the relative shareholders' meeting motion	Type of financial instruments	Number of financial instruments assigned	Assignment Date	Any purchase price of the instruments	Market price upon assignment	Vesting period
Massimo Candela	Chief Executive Officer	April 18, 2019*	FILA ordinary shares	218,581	N.A.	–	N.A.	January 1, 2019 - December 31, 2021
Luca Pelosin	Executive Director	April 18, 2019*	FILA ordinary shares	72,860	N.A.	–	N.A.	January 1, 2019 - December 31, 2021
Senior Executives (8)		April 18, 2019*	FILA ordinary shares	269,840	N.A.	–	N.A.	January 1, 2019 - December 31, 2021
Managers (18)		April 18, 2019*	FILA ordinary shares	149,752	N.A.	–	N.A.	January 1, 2019 - December 31, 2021

* The Shareholders' Meeting to consider approval of the Plan has been called for April 18, 2019.

**In addition to 78,287 ordinary Shares of the company issued to take account of any additional Beneficiaries of the Plan who may be identified by the Board of Directors.