

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

2019 REMUNERATION REPORT

(in accordance with Article 123-ter of Legislative Decree No. 58 of February 24, 1998 and Article 84-*quater* of the regulation approved with CONSOB motion No. 11971 of May 14, 1999)



Report approved by the Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. at the meeting of March 20, 2019, available to the public at the company's registered office (via XXV Aprile No. 5, Pero), on the website (www.filagroup.it) in the “Governance” section and on the authorised storage mechanism "EMARKET STORAGE" (www.emarketstorage.com).

CONTENTS

CONTENTS.....	2
DEFINITIONS	3
INTRODUCTION	6
FIRST SECTION	8
1.1 PROCEDURES FOR THE ADOPTION AND IMPLEMENTATION OF THE REMUNERATION POLICY	8
1.1.1 PARTIES INVOLVED IN THE PREPARATION, APPROVAL AND IMPLEMENTATION OF THE REMUNERATION POLICY	8
1.1.2 REMUNERATION COMMITTEE	9
1.2 INDEPENDENT SPECIALISTS INVOLVED IN THE PREPARATION OF THE REMUNERATION POLICY	11
1.3 REMUNERATION POLICY	11
1.3.1 AIMS AND PRINCIPLES OF THE REMUNERATION POLICY	11
1.3.2 REMUNERATION POLICY	13
(i) DIRECTORS	14
a. <i>Non-Executive Directors</i>	14
b. <i>Executive Directors</i>	14
(ii) SENIOR EXECUTIVES	15
(i) SENIOR MANAGERS.....	16
(ii) HONORARY CHAIRMAN	16
1.3.3 LINK BETWEEN FIXED AND VARIABLE COMPONENTS OF REMUNERATION	17
(i) EXECUTIVE DIRECTORS.....	17
(ii) SENIOR EXECUTIVES AND SENIOR MANAGERS	24
1.3.4 2019-2021 PERFORMANCE SHARES PLAN	28
1.4 POLICY UPON NON-MONETARY BENEFITS (FRINGE BENEFITS)	31
1.5 POLICY UPON BENEFITS ON CONCLUSION OF OFFICE	31
1.6 INSURANCE, SOCIAL SECURITY AND PENSION COVERAGE	31
1.7 AMENDMENTS TO FIXED OR VARIABLE REMUNERATION AND EXTRAORDINARY FORMS OF REMUNERATION	31
SECOND SECTION.....	33
1. PART 1 - BREAKDOWN OF THE 2018 REMUNERATION	33
1.1 BOARD OF DIRECTORS	33
1.2 EXECUTIVE DIRECTORS.....	33
1.3 SENIOR EXECUTIVES	34
1.4 BOARD OF STATUTORY AUDITORS	34
2. PART II - BREAKDOWN OF THE REMUNERATION PAID DURING THE YEAR.....	36
3. PART III - LIST OF INVESTMENTS HELD	45

DEFINITIONS

The principal definitions utilized in the present remuneration report are illustrated below.

Executive Directors	<p>Directors of the company assigned operational or managerial powers or to whom the Board of Directors confers specific roles.</p> <p>At the Reporting date, the Executive Directors of the Company are: <i>(i)</i> the Chief Executive Officer Massimo Candela and <i>(ii)</i> the Executive Director Luca Pelosin.</p>
Borsa Italiana	<p>Borsa Italiana S.p.A., with registered offices in Milan, Piazza degli Affari No. 6.</p>
Self-Governance Code	<p>The Self-Governance Code adopted by the Corporate Governance Committee of Borsa Italiana, with which the company complies.</p>
Control, Risks and Related Parties Committee	<p>The control, risks and related parties committee of Fila, also responsible for transactions with related parties and appointed in accordance with the Consob RPT Regulation and the Related Parties Policy.</p>
Remuneration Committee	<p>The remuneration committee established in implementation of the recommendations of the Self-Governance Code.</p>
Board of Directors	<p>The Board of Directors of Fila.</p>
Consob	<p>Commissione Nazionale per le Società e la Borsa (Italian market oversight authority).</p>
Senior Executives or SE	<p>The parties who have the power and the responsibility, directly or indirectly, for the planning, management and control of Group operations, identified by the Board of Directors with the support of the Chief Executive Officer. In any case, they include: <i>(i)</i> the Directors of the company; <i>(ii)</i> the Statutory Auditors of the company; and <i>(iii)</i> the Executive Officer for financial reporting.</p>
EBITDA	<p>In relation to the Group consolidated financial statements, the difference between:</p> <ol style="list-style-type: none">1) the total core business revenue and other revenue and income; and2) the total operating costs (including costs for raw materials, ancillary, consumables and goods, the change in inventories of raw materials, semi-finished and finished

products, services and rent, lease and similar costs, other operating costs and labour costs).

Significant Events

Acquisitions or disposals of equity investments in companies, businesses and/or business units, mergers, spin-offs, share capital increases, conferments, legislative or regulatory amendments, changes to the accounting standards adopted for the preparation of the financial statements or other exceptional events with significant impact on the Objectives.

Senior Managers

Key management personnel of the Group - other than the Senior Executives - involved in positions considered by the Board of Directors, with the support of the Chief Executive Officer, as important for the growth and sustainability of the business of the Group, beneficiaries of the 2019-2021 Performance Shares Plan.

Fila or Company

F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.

Group or Fila Group

Fila and the companies over which it exercises, directly or indirectly, control according to the applicable IFRS accounting standards.

NFP

In relation to the consolidated financial statements of the Group, the sum of:

- 1) liquidity (cash, other cash equivalents, securities held-for-trading);
- 2) current financial receivables;
- 3) current financial debt (current bank payables, current portion of non-current debt, other current financial payables);
- 4) non-current financial debt (non-current bank payables, bonds issued, other non-current payables);
- 5) loans issued to third parties.

2017-2019 Performance Shares Plan

The remuneration plan as per Article 114-*bis* of the CFA concerning the free assignment of Company shares, approved by the Shareholders' Meeting of the Company on April 27, 2017 and which will be terminated in advance, following a motion from the Shareholders' Meeting of the company called for the approval of the Fila financial statements for the year 2018.

2019-2021 Performance Shares Plan

The remuneration plan as per Article 114-*bis* of the CFA concerning the free assignment of Company shares, which the Board of Directors on March 15, 2019 and on the proposal of the Remuneration Committee, decided to submit for the approval of the Shareholders' Meeting of the Company called

for the approval of the Fila financial statements for the year 2018.

Remuneration Policy	Section I of the Report, outlining the Policy of the Company and of the Group for 2019 concerning the remuneration of the members of the Board of Directors and of the Senior Executives, in addition to a description of the bodies involved and the procedures utilised for its adoption. The Remuneration Policy is submitted for the consultative vote of the Shareholders' Meeting.
Honorary Chairman	The individual selected from among persons of high standing and who have contributed to the establishment and/or growth of the Company, in accordance with Article 12.5 of the By-Laws. At the date of the present Report, the Honorary Chairman of FILA is Alberto Candela.
Related Parties Procedure	The procedure for transactions with related parties adopted by the Company in compliance with the Consob RPT Regulation.
Consob RPT Regulation	The " <i>Regulation on the provisions for related party transactions</i> " adopted by CONSOB Motion No. 17221 of March 12, 2010 (as subsequently amended and supplemented).
Issuers' Regulation	The CFA implementing regulation concerning the governance of issuers, adopted with CONSOB motion No. 11971 of May 14, 1999, as subsequently amended and supplemented.
Report	2019 Remuneration Report
ROI	The ROI indicates the ratio between consolidated EBITDA and net invested capital as per the Group industrial plan.
By-Laws	The Fila By-Laws, as latterly amended by the company Shareholders' Meeting of October 11, 2018.
CFA	Legislative Decree No. 58 of February 24, 1998 (as subsequently amended and supplemented).

INTRODUCTION

The Report is divided into two sections:

- Section I: outline of the Policy of the Company and of the Group for 2019 concerning the remuneration of the members of the Board of Directors and of the Senior Executives, in addition to a description of the bodies involved and the procedures utilised for its adoption. This section is submitted for the consultative vote of the Company's Shareholders' Meeting;
- Section II: presentation of the remuneration of the members of the Board of Directors, of the Board of Statutory Auditors and of the Senior Executives and, with regards to the year 2018, disclosure on the remuneration paid to these parties.

The Report, approved by the Board of Directors of the Company on March 20, 2019 on the proposal of the Remuneration Committee, is prepared and published in accordance with the applicable rules and regulations.

The Report also discloses the shareholdings of Directors, Statutory Auditors and Senior Executives.

The Remuneration Policy, described in Section I of the Report, was defined in line with the recommendations of the Self-Governance Code, with which the company complies, and was also adopted by the Company in accordance with the Consob RPT Regulation and the FILA Related Parties Policy.

The Remuneration Policy, while substantially consistent and in continuity with the structure of the remuneration policy presented to the company Shareholders' Meeting of April 27, 2018 and applied in 2018, envisages a harmonisation of the remuneration policy at the Group and individual level (that is, for Executive Directors, Senior Executives and Senior Managers) however, specifically retaining distinctive characteristics aimed at enhancing strategic skills and ensuring the retention of key resources. The principal new elements are listed below:

- the early termination of the 2017-2019 Performance Shares Plan and its replacement with the 2019-2021 Performance Shares Plan for Executive Directors, Senior Executives and Senior Managers;
- the rebalancing of the fixed and variable component, as well as a new weighting between the short-term and long-term variable remuneration component; and
- the adoption of performance and pay-out curves - applicable to variable remuneration linked to short-term and long-term quantitative objectives - better incentivised and uniform for Executive Directors, Senior Executives and Senior Managers.

In preparing the Remuneration Policy described in this Report, the company availed itself of the consultants Mercer Italia S.r.l., as independent experts, and used the remuneration policies of other listed companies with comparable characteristics to those of Fila and the Group as a reference.

This Report is made available to the public by the twentieth day prior to the date of the Shareholders' Meeting of the company called for the approval of the 2018 financial statements and which,

furthermore, shall be called to express itself, with a non-binding motion, on Section I of this Report, in accordance with the provisions of applicable law, at the registered office of the company (via XXV Aprile No. 5, Pero), on the company website (www.filagroup.it), in the "Governance" section and on the authorised storage mechanism “*eMarket Storage*” (www.emarketstorage.com).

FIRST SECTION

The Remuneration Policy defines the principles and guidelines adopted by FILA for the remuneration of the members of the Board of Directors and Senior Executives.

1.1 PROCEDURES FOR THE ADOPTION AND IMPLEMENTATION OF THE REMUNERATION POLICY

1.1.1 PARTIES INVOLVED IN THE PREPARATION, APPROVAL AND IMPLEMENTATION OF THE REMUNERATION POLICY

The principal parties and bodies involved in the preparation and approval of the Remuneration Policy are the Board of Directors, the Remuneration Committee and the Board of Statutory Auditors. They are also responsible for the correct implementation of the Remuneration Policy and oversee its correct implementation.

A brief description of the duties, which in accordance with the applicable regulation and internal regulation of Fila are required of these Boards with regards to the remuneration of the directors, is provided below.

Board of Directors

The Board of Directors:

- (i) sets up an internal Remuneration Committee;
- (ii) establishes the remuneration of the Executive Directors on the proposal of the Remuneration Committee (and, where necessary, the Control, Risks and Related Parties Committee), with prior opinion of the Board of Statutory Auditors, within any remuneration established by the Shareholders' Meeting of the Company in accordance with Article 2389, paragraph 3 of the Civil Code and breaks down the fixed annual remuneration for execution of office, established in totality by the Shareholders' Meeting of the Company, as set out by Article 15 of the By-Laws;
- (iii) defines, on the proposal of the Remuneration Committee, the Remuneration Policy;
- (iv) approves the Remuneration Report in accordance with Articles 123-ter of the CFA and 84-quater of the Issuers' Regulation;
- (v) prepares any remuneration plans based on shares or other financial instruments for directors, employees or collaborators of the Group, in accordance with Article 114-bis of the CFA, submitting them also for the approval of the Shareholders' Meeting of the Company and ensuring their implementation.

Remuneration Committee

The Remuneration Committee assists the Board of Directors through investigative, proposal and consultation duties, for the evaluations and decisions concerning the remuneration of Directors and Senior Executives. Specifically, the Remuneration Committee:

- (i) periodically evaluates the adequacy, compliance and application of the Remuneration Policy of Directors and Senior Executives, utilising for this latter issue the information provided by the Chief Executive Officer. Formulates proposals on the matter to the Board of Directors;
- (ii) presents proposals or expresses opinions to the Board of Directors on the remuneration of the Executive Directors as well as establishing the performance objectives related to the variable component of this remuneration. monitors the application of the decisions adopted by the Board, verifying, in particular, the effective achievement of the performance objectives.
- (iii) reviews in advance the annual remuneration report to be made available to the public at the Shareholders' Meeting for presentation of the Annual Financial Statements; and
- (iv) carries out duties given to it by the Board of Directors.

This committee guarantees the broadest scope of information and transparency on the remuneration of the Executive Directors, as well as the manner for determining their remuneration. In any case, as per Article 2389, paragraph 3 of the Civil Code, the Remuneration Committee has solely the function of presenting proposals, while the power of determining the remuneration of Executive Directors remains with the Board of Directors, having consulted with the Board of Statutory Auditors.

With regard to the role, composition and functioning of the Remuneration Committee, reference should be made to Paragraph 1.1.21.1.2

Board of Statutory Auditors

The Board of Statutory Auditors expresses an opinion upon the remuneration proposals of the Executive Directors, in accordance with Article 2389, paragraph 3 of the Civil Code, verifying the consistency of such with the Remuneration Policy adopted by the Company.

In addition, the Shareholders' Meeting of the Company has the following duties in terms of remuneration:

- (i) establishes the remuneration of the members of the Board of Directors in accordance with Article 2364, paragraph 1, No. 3) of the Civil Code, also in accordance with Article 2389, paragraph 3 of the Civil Code and Article 15 of the By-Laws;
- (ii) pursuant to Article 123-ter, paragraph 6 of the CFA, decides in favour or against section I of the Report (in accordance with the above-stated regulation; this Shareholders' Meeting decision is not binding);
- (iii) deliberates on any remuneration plans based on shares or other financial instruments for directors, employees or collaborators of the Group, in accordance with Article 114-bis of the CFA.

1.1.2 REMUNERATION COMMITTEE

The Remuneration Committee was appointed with Board of Directors motion of July 22, 2015. The Remuneration Committee's composition and appointment, tasks and functioning are governed by the

Self-Governance Code and by a specific regulation, approved by the Board of Directors on October 7, 2015, and latterly amended on December 13, 2018¹.

In line with the recommendations of the Self-Governance Code, the Remuneration Committee comprises three or four non-executive directors, the majority of whom are independent. Also in line with the Self-Governance Code, the Remuneration Committee regulation stipulates that at least one of its members should possess appropriate financial or remuneration policy knowledge and experience, as assessed by the Board of Directors on appointment.

The current composition of the Remuneration Committee is as shown in the following table.

DIRECTOR	DATE OF APPOINTMENT	COMPETENCES HELD
Francesca Prandstraller (Chairman)	April 27, 2018	Independent Director
Annalisa Barbera ²	April 27, 2018	Non-executive director with knowledge and competence on financial matters and remuneration policies.
Paola Bonini	April 27, 2018	Independent Director
Filippo Zabban	December 13, 2018	Independent Director

The meetings of the Remuneration Committee are held as a collective and are appropriately minuted.

Directors do not take part in Remuneration Committee meetings concerning proposals on their remuneration to the Board of Directors.

On invitation, representatives of company departments and independent experts and/or other parties, whose participation is considered beneficial for the discussion of the matters at issue, may attend meetings of the Remuneration Committee.

Where considered necessary and/or beneficial for the execution of its duties, the Remuneration Committee may utilise outside remuneration policy consultants.

For more information relating to the activities of the Remuneration Committee in 2018, reference should be made to the corporate governance and ownership structure report at December 31, 2018, available at the company registered office (via XXV Aprile No. 5, Pero), on the website (www.filagroup.it), in the "Governance" section and on the authorised storage mechanism "EMARKET STORAGE" (www.emarketstorage.com), in accordance with law.

In the meetings held between January and March 2019, the Remuneration Committee:

¹ The Remuneration Committee regulation is available on the company website www.filagroup.it, in the "Governance" section.

² On appointment, the Board of Directors positively assessed the knowledge and competence on financial matters and remuneration policies of the non-executive director Annalisa Barbera.

- (i) defined the Remuneration Policy described in this Report;
- (ii) prepared this Report;
- (iii) verified the achievement of the 2018 annual objectives for the short-term and long-term variable remuneration of the Chief Executive Officer Massimo Candela and the Executive Director Luca Pelosin;
- (iv) formulated proposals to the Board of Directors for the definition of terms and conditions for the early termination of the 2017-2019 Performance Shares Plan;
- (v) formulated proposals to the Board of Directors for the definition of the terms and conditions of the 2019-2021 Performance Shares Plan;
- (vi) formulated proposals to the Board of Directors on the definition of the beneficiaries of the 2019-2021 Performance Shares Plan.

For 2019, the Remuneration Committee scheduled the additional activities briefly outlined below:

- (i) presentation of the Report to the Shareholders' Meeting of the Company (scheduled for April 2019);
- (ii) assessment of the adequacy, consistency and application of the Remuneration Policy (scheduled for November 2019);
- (iii) setting out the activities for the first quarter of 2020 (scheduled for November 2019).

1.2 INDEPENDENT SPECIALISTS INVOLVED IN THE PREPARATION OF THE REMUNERATION POLICY

In preparing the Remuneration Policy described in this Report, the company availed itself of the consultants Mercer Italia S.r.l., as independent experts, with the prior verification of the absence of situations capable of compromising their independent judgment.

In particular, Mercer Italia S.r.l. (i) conducted a benchmark analysis on the remuneration packages of Executive Directors, using a peer group composed of a selection of Italian and foreign listed companies having comparable characteristics to those of Fila and the Group, as well as the "Mercer Executive Remuneration Guide" and (ii) assisted the company in the preparation of the 2019-2021 Performance Shares Plan and in the definition of the terms and conditions for the early termination of the 2017-2019 Performance Shares Plan.

1.3 REMUNERATION POLICY

1.3.1 AIMS AND PRINCIPLES OF THE REMUNERATION POLICY

The Remuneration Policy is drawn up so as to ensure an overall remuneration structure in line with the renewed requirements of the company and the Group and which recognises the managerial value of the beneficiaries and the contribution provided to the growth of the company in terms of their respective competences.

This policy seeks to attract, maintain and motivate individuals of high professional standing, with particular regard to key positions for the development and management of the business, in addition to awarding the achievement of the individual and company performance objectives on the basis of the company economic-financial growth indicators and as a principal aim seeks to align the interests of the management of the Company with the achievement of the core objective of the creation of value for the shareholders of Fila over the medium/long-term.

The Remuneration Policy, in line with the general objectives outlined above, is based on the following key principles and is defined according to the following criteria:

- (i) appropriate balance between the fixed and variable components according to the strategic objectives and the risk management policy of the Company, taking account of the sector in which the Group operates and the operations executed, in order to avoid conduct which does not serve the creation of sustainable value over the short and medium/long-term period;
- (ii) setting of limits for the variable components;
- (iii) pre-setting and measurability of the performance objectives for the issue of the variable components;
- (iv) creation of a direct link between remuneration and performance, through mechanisms which provide for the issue of differing levels of bonuses linked to the partial or total achievement of the objectives;
- (v) establishment of overall remuneration levels which recognise the professional value of individuals and their contribution to the creation of sustainable value over the short and medium/long-term period.

The company may stipulate contractual conditions which would allow for the restitution, in full or in part, of the variable remuneration components paid (or withhold any sums subject to deferred payment), on the basis of data which is subsequently clearly erroneous in accordance with Application Criterion 6.C.1, letter f) of the Self-Governance Code (so-called claw-back).

In line with the principles outlined above, the Board of Directors, with the prior favourable opinion of the Remuneration Committee, proposed to the Shareholders' Meeting of the company called to approved the 2018 financial statements, the early termination of the 2017-2019 Performance Shares Plan - no longer considered suitable to ensure the optimal pursuit of the above-mentioned goals - and the adoption, in substitution, of the 2019-2021 Performance Shares Plan for Executive Directors, Senior Executives and Senior Managers who, on the proposal of the Remuneration Committee, were identified by the company Board of Directors on March 15, 2019. This measure aims to boost the company's attractiveness with reference to external parties, as well as to encourage the retention and incentivisation of those directors, employees or collaborators considered significant for the Group, enhancing the value of the company and of the Group and the dissemination of a value creation culture in all strategic and operating decisions.

In accordance with the provisions of Application Criterion 6.C.2 letter c) of the Self-Governance Code, the 2019-2021 Performance Shares Plan includes a holding obligation, for a certain period of time, of the shares assigned to the beneficiaries (so-called minimum holding).

The Remuneration Policy, while substantially consistent and in continuity with the structure of the remuneration policy presented to the Shareholders' Meeting of the company of April 27, 2018 and applied in 2018, envisages a harmonisation of the remuneration policy at the Group and individual level (that is, for Executive Directors, Senior Executives and Senior Management) however, specifically retaining distinctive characteristics aimed at enhancing strategic skills and ensuring the retention of key resources. In particular, the principal new elements with respect to the remuneration policy for 2019 are as follows:

- the early termination of the 2017-2019 Performance Shares Plan and its substitution with the 2019-2021 Performance Shares Plan for Executive Directors, Senior Executives and Senior Managers, with a single timeframe for all beneficiaries and aligned to the objectives of the Group's industrial plan. Consequently, Executive Directors shall be the beneficiaries of a long-term share-based incentive plan in substitution of a long-term monetary incentive plan which ended on its normal conclusion (December 31, 2018);
- the rebalancing of the fixed and variable component, as well as a new weighting between the short-term and long-term variable remuneration component, to be implemented through: (a) an increase in the fixed component and the long-term variable component, as well as a decrease in the short-term variable remuneration component of Executive Directors and (b) some variations, in specific individual cases, of the fixed and short-term variable component of Senior Executives and Senior Managers in order to harmonise the structures of remuneration packages of Senior Executives and Senior Managers in the various international companies;
- the adoption of performance and pay-out curves - applicable to variable remuneration linked to short-term and long-term quantitative objectives - better incentivised and uniform for Executive Directors, Senior Executives and Senior Management;
- the inclusion of a restriction in the payment of the short-term and long-term variable component linked to qualitative objectives, which provides for a bonus reduction in connection with the partial or total failure to achieve specific quantitative objectives;
- the fixing of the exchange rate to the budget, to be used for the consolidation of economic and financial objectives applicable to the variable remuneration linked to the achievement of both short-term and long-term objectives; and
- the standardisation of claw-back provisions for Executive Directors, Senior Executives and Senior Managers.

1.3.2 REMUNERATION POLICY

This section contains the description of the Remuneration Policy defined by the company, with specific reference to the following managers:

- (i) directors, and more specifically
 - a. *non-executive directors; and*
 - b. *Executive Directors;*

- (ii) Senior Executives;
- (iii) Senior Managers;
- (iv) Honorary Chairman.

Notwithstanding the above-mentioned harmonisation of the remuneration structure at the Group and the individual managerial level, the company considers it appropriate to retain some differences in the calculation of the individual remuneration components, to better adjust them to the level of executive/managerial skills and responsibility recognised to the persons concerned.

(i) DIRECTORS

The remuneration of directors seeks to attract and motivate the best professional talent for the exercise of their duties and the achievement of the goals of the Remuneration Policy.

All directors receive a fixed remuneration which appropriately compensates the work and commitment provided by the Directors to the company.

In the meeting of May 15, 2018, the Board of Directors, on the proposal of the Remuneration Committee and with the prior favourable opinion of the Control, Risks and Related Parties Committee, established the following additional remuneration for the participation of company directors on Board Committees: (a) Euro 37,000.00 gross annual remuneration for the Chairman of the Control, Risks and Related Parties Committee; (b) Euro 12,000.00 gross annual remuneration for the Chairman of the Remuneration Committee and, finally, (c) Euro 6,000.00 gross annual remuneration for each member of these Committees (excluding Chairpersons).

a. Non-Executive Directors

Non-executive directors (whether independent directors or not) are recognised a remuneration established by the Shareholders' Meeting of the Company in accordance with Article 2389 of the Civil Code, in addition to the reimbursement of expenses incurred.

The Chairman of the Board of Directors is recognised a remuneration established by the Shareholders' Meeting of the Company in accordance with Article 2389 of the Civil Code, in addition to the reimbursement of expenses incurred.

The remuneration paid to these directors is not based on any financial results or specific objectives of the company.

b. Executive Directors

The remuneration of Executive Directors is adequately calibrated to ensure the correct balance between development objectives in the short term and sustainable creation of value for shareholders over the medium/long-term period.

In particular, the remuneration of the Executive Directors comprises:

- a *fixed component*: this component takes account of the extent and strategic importance of the role, its subjective distinctive characteristics and the strategic skills of the managers assigned to the role. The amount is sufficient to remunerate the service also in the case of the non-reaching of the performance objectives upon which the variable remuneration component is based, and

therefore - among other issues - discourages the undertaking of conduct not consistent with the risk propensity of the company. In particular, the fixed component is based on the size of the business managed and the capacity for contribution to the consolidated results of the Group;

- a *short-term variable component*: this component seeks to incentivise Executive Directors to work towards reaching the annual objectives, in order to maximise the value of the Group, in line with the interests of shareholders. This component is achieved against, and proportionally to, the reaching of the annual performance objectives established by the Board of Directors, on the proposal of the Remuneration Committee. In any case, this component is balanced - in comparison to others - to avoid short-term or opportunistic policies, favouring therefore medium/long-term strategies, in the interest of the stakeholders and the sustainability of the business;
- a *medium/long-term variable component*: this component seeks to incentivise Executive Directors to maximise the value of the Group and to align the interests of these directors with those of the shareholders, within a medium/long term framework. The payment of this remuneration will be deferred to the conclusion of a three-year timeframe;
- *fringe benefit*: provide for the provisions of goods and/or services in line with market practice and applicable regulations.

For a description on the short-term variable component and the medium/long-term component of Executive Directors, reference should be made Section I, Paragraph **Errore. L'origine riferimento non è stata trovata.**(i) and 1.3.4 of this Report.

(ii) SENIOR EXECUTIVES

The remuneration of Senior Executives aims to concentrate greater management focus on the long-term results of the company and on the creation of value.

The company therefore adopted a policy to achieve these objectives also through the implementation of a variable remuneration system, with a strong attraction and retention function, in line with the need for growth and internal development within the Company and the Group.

The remuneration of Senior Executives is composed of:

- a *fixed component*: the amount is sufficient to remunerate the service also in the case of the non-reaching of the performance objectives upon which the variable remuneration component is based, and therefore - among other issues - encourages the undertaking of conduct in line with the strategy of the company. The fixed component of Senior Executives, harmonised in the different international companies, in any case, remains commensurate at the individual level with: (a) each executive's responsibility and level of contribution to the business and (b) the individual strategic skills;
- a *short-term variable component*;
- a *medium/long-term variable component*;

- *fringe benefit*: fringe benefits provide for the provisions of goods and/or services in line with market practice and applicable regulations in force in the individual states.

For a description on the short-term variable component of Senior Executives, reference should be made to Section I, Paragraph **Errore. L'origine riferimento non è stata trovata.** (ii) of this Report.

For a description on the medium/long-term variable component of Senior Executives, represented by the new long-term share-based incentive plan for the 2019-2021 three-year period, reference should be made to Section I, Paragraph **Errore. L'origine riferimento non è stata trovata.** (ii) and 1.3.4 of this Report.

(i) SENIOR MANAGERS

The Senior Managers remuneration policy is based on the position and responsibilities held in the Group in order to achieve sustainable earnings and the creation of medium/long term value for the shareholders.

The company therefore adopted a policy to achieve these objectives also through the implementation of a variable remuneration system, with a strong attraction and retention function, in line with the need for growth and internal development within the Company and the Group.

The remuneration of Senior Managers is composed of:

- a *fixed component*: the amount is sufficient to remunerate the service also in the case of the non-reaching of the performance objectives upon which the variable remuneration component is based, and therefore - among other issues - encourages the undertaking of conduct in line with the strategy of the company. The fixed component of Senior Managers, under harmonisation in the different international companies, in any case, remains commensurate at the individual level with: (a) the responsibility and the level of contribution to the business by each and (b) the individual strategic skills;
- a *short-term variable component*;
- a *medium/long-term variable component*;
- *fringe benefit*: fringe benefits provide for the provisions of goods and/or services in line with market practice and applicable regulations in force in the individual states.

For a description on the short-term variable component of Senior Managers, reference should be made to Section I, Paragraph **Errore. L'origine riferimento non è stata trovata.** (ii) of this Report.

For a description on the medium/long-term variable component of Senior Managers, represented by the new long-term share-based incentive plan for the 2019-2021 three-year period, reference should be made to Section 1, Paragraph **Errore. L'origine riferimento non è stata trovata.** (ii) and 1.3.4 of this Report.

(ii) HONORARY CHAIRMAN

The Honorary Chairman receives an annual remuneration set by the Board of Directors, in addition to the reimbursement of expenses incurred.

1.3.3 LINK BETWEEN FIXED AND VARIABLE COMPONENTS OF REMUNERATION

(i) EXECUTIVE DIRECTORS

Chief Executive Officer Massimo Candela

The gross annual overall remuneration of the Chief Executive Officer is established as follows.

REMUNERATION COMPONENT	DESCRIPTION OF THE GROUP OBJECTIVES AND APPLICABLE CLAUSES
Fixed component	Annual fixed component (the CEO Annual Fixed Component)
Short-term variable component	<p>Short-term variable component of a maximum amount equal to 85% of the CEO Annual Fixed Component (the CEO Short-term Variable Component) linked to the reaching of the quantitative objectives and qualitative objectives described below.</p> <ul style="list-style-type: none"> - Quantitative objectives: 70% of the CEO Short-term Variable Component is issuable on the meeting of the EBITDA and NFP objectives established by the annual consolidated budget of the Group approved by the Board of Directors. In particular: <ul style="list-style-type: none"> o 70% linked to the reaching of the consolidated EBITDA objectives on the basis of a performance scale with a variable range from a minimum -10% to a maximum of +10% (corresponding to the issue of a short-term variable remuneration respectively from 4.90% to 49.00% of the CEO Annual Fixed Component). Within this range, the amount of the variable component linked to EBITDA will be based according to the pre-set brackets; and o 30% linked to the reaching of the consolidated NFP objectives on the basis of a performance scale with a variable range from a minimum of -10% to a maximum of Euro +10% (corresponding to the issue of a variable remuneration respectively from 2.10% to 21.00% of the CEO Annual Fixed Component). Within this range, the amount of the variable component linked to NFP will be based according to the pre-set brackets. <p>The pay-out curve is set between a minimum of 20% of the target bonus linked to EBITDA and NFP, where the final balance of quantitative objectives is higher than the minimum threshold of 90% envisaged by the performance scale, and a maximum of 200% of the target bonus linked to EBITDA and NFP, where the final balance of quantitative objectives is equal to or higher than the maximum threshold of 110% envisaged by the performance scale.</p> - Qualitative objectives: 30% of the CEO Short-term Variable Component (the CEO Qualitative Component) is issuable subject to the reaching of the following qualitative objectives (defined for 2019): In particular: <ul style="list-style-type: none"> o 40% linked to improvements in the governance of the leading subsidiaries of the Group; o 40% linked to the good functioning of the work of the strategic committees of the Group;

	<ul style="list-style-type: none"> ○ 20% linked to constant attendance in meetings with investors; (collectively, the Short-term CEO Qualitative Objectives). <p>With reference to the pay-out curve, it is envisaged that:</p> <ul style="list-style-type: none"> ○ where the minimum of one of the two quantitative objectives is not achieved, the target bonus linked to qualitative objectives is reduced by 50%; ○ where the minimum of both quantitative objectives is not achieved, the target bonus linked to qualitative objectives is reduced by 75%; <p>- Issue: following approval of the 2019 consolidated financial statements, with the passing of a motion by the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors.</p> <p>The Chief Executive Officer, in advance of the date set for the approval of the 2019 consolidated financial statements, should present to the Remuneration Committee and the Board of Directors a report on the state of implementation of the activities whose completion constitutes a condition for the issue of the CEO Qualitative Component. On the basis of this report, the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors, will verify the reaching of the Short-term CEO Qualitative Objectives, deciding upon the allocation of the CEO Qualitative Component.</p> <p>- Compliance with the financial covenants: the Chief Executive Officer shall not receive any variable remuneration where one or more of the financial covenants set out in the loan contracts undertaken by the Company have not been met.</p> <p>- Claw-back clause: obligation for the repayment to the Company of the variable remuneration components in the case of material violation of company or legal rules, or harmful or seriously damaging conduct such as to alter the data utilised for the achievement of the objectives.</p>
<p>Medium/long-term variable component</p>	<p>With reference to the medium/long-term variable component, the company's Remuneration Policy provides that the Chief Executive Officer is the beneficiary of the 2019-2021 Performance Shares Plan.³</p> <p>Therefore, the medium/long-term variable component of a maximum amount aggregated over a three-year period, equal to approx. 85% of the CEO Annual Fixed Component (the "CEO Medium/Long-term Variable Component"), is linked to achieving the quantitative objectives and the qualitative objectives described in the 2019-2021 Performance Shares Plan, with specific reference to the Chief Executive Officer and as reported below.</p> <p>- Quantitative objective: 70% of shares will be assigned on the achievement of the Group's average ROI for the 2019-2021 three-year period as per the Group's industrial plan. Specifically:</p> <ul style="list-style-type: none"> ○ where the performance is below 90.00% of the objective, no shares relating to the quantitative objective shall be assigned;

³

For more information on the 2019-2021 Performance Shares Plan, reference should be made to Section I, Paragraph 1.3.4 of this Report.

	<ul style="list-style-type: none"> ○ 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.
	<ul style="list-style-type: none"> - Qualitative objective: 30% of the CEO Medium/Long-term Variable Component (the CEO Medium/Long-term Qualitative Variable Component) is issuable on condition that in the 2019-2021 three-year period the following objectives are met: <ul style="list-style-type: none"> ○ completion of the Group's SAP system roll-out, with the review of all software systems, including those planned for the upgrading of the IT infrastructure, in the times provided by the relative road map; ○ ongoing monitoring of compliance with objectives for the Group's generation of cash; ○ ongoing monitoring of the Group's sustainability indices; (collectively, the CEO Medium/Long-term Qualitative Objectives).
	<ul style="list-style-type: none"> - Issue: following approval of the 2021 consolidated financial statements, with the passing of a motion by the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors. The Chief Executive Officer, in advance of the date set for the approval of the 2021 consolidated financial statements, should present to the

	<p>Remuneration Committee and the Board of Directors a report on the state of implementation of the activities whose completion constitutes a condition for the issue of the CEO Medium/long-term Qualitative Component. On the basis of this report, the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors, will verify the reaching of the Medium/Long-term CEO Qualitative Objectives, deciding upon the allocation of the Medium/Long-term CEO Qualitative Component.</p>
	<ul style="list-style-type: none"> - Claw-back clause: obligation for the repayment to the Company of the variable remuneration components in the case of material violation of company or legal rules, or harmful or seriously damaging conduct such as to alter the data utilised for the achievement of the objectives.
	<ul style="list-style-type: none"> - Holding period: a minimum holding obligation is established for the Chief Executive Officer on 50% of the shares which will eventually be assigned to him (so-called minimum holding), until the conclusion of mandate;
	<ul style="list-style-type: none"> - Compliance with the financial covenants: the Chief Executive Officer shall not receive any shares where one or more of the financial covenants set out in the loan contracts undertaken by the Company have not been met.

Executive Director Luca Pelosin

The gross annual overall remuneration of the Executive Director Luca Pelosin is established as follows.

REMUNERATION COMPONENT	DESCRIPTION OF THE GROUP OBJECTIVES AND APPLICABLE CLAUSES
Fixed component	Fixed annual component (the ED Fixed Annual Component).
Short-term variable component	<p>Short-term variable component of a maximum amount of approx. 85% of the ED Annual Fixed Component (the ED Short-term Variable Component) linked to the reaching of the quantitative objectives and qualitative objectives described below.</p> <ul style="list-style-type: none"> - Quantitative objectives: 70% of the ED Short-term Variable Component is issuable on the meeting of the EBITDA and NFP objectives established by the annual consolidated budget of the Group approved by the Board of Directors. In particular: <ul style="list-style-type: none"> o 70% linked to the reaching of the consolidated EBITDA objectives on the basis of a performance scale with a variable range from a minimum -10% to a maximum of +10% (corresponding to the issue of a short-term variable remuneration respectively from 4.90% to 49.00% of the ED Annual Fixed Component). Within this range, the amount of the variable component linked to EBITDA will be based according to the pre-set brackets; and o 30% linked to the reaching of the consolidated NFP objectives on the basis of a performance scale with a variable range from a minimum of -10% to a maximum of Euro +10% (corresponding to the issue of a variable remuneration respectively from 2.10% to

	<p>21.00% of the ED Annual Fixed Component). Within this range, the amount of the variable component linked to NFP will be based according to the pre-set brackets.</p> <p>The pay-out curve is defined between a minimum of 20% of the target bonus linked to EBITDA and NFP, where the final balance of quantitative objectives is higher than the minimum threshold of 90% envisaged by the performance scale, and a maximum of 200% of the target bonus linked to EBITDA and NFP, where the final balance of quantitative objectives is equal to or higher than the maximum threshold of 110% envisaged by the performance scale.</p>
	<p>- Qualitative objectives: 30% of the ED Short-term Variable Component (the ED Qualitative Component) is issuable subject to the reaching of the following qualitative objectives (defined in 2019):</p> <ul style="list-style-type: none"> o 25% linked to the achievement that the Annonay hub becomes fully operational for shipments in the period of the so-called "schools campaign"; o 25% linked to the finalisation of corporate reorganisations as per the road map; o 25% linked to the completion of the Group's SAP roll-out planned by early 2020, with the review of all software systems, including those planned for the upgrading of the IT infrastructure, in the times provided by the relative road map; o 25% linked to the implementation of the new demand planning application; <p>(collectively, the ED Short-term Qualitative Objectives).</p> <p>With reference to the pay-out curve, it is envisaged that:</p> <ul style="list-style-type: none"> o where the minimum of one of the two quantitative objectives is not achieved, the target bonus linked to qualitative objectives is reduced by 50%; o where the minimum of both quantitative objectives is not achieved, the target bonus linked to qualitative objectives is reduced by 75%;
	<p>- Issue: following approval of the 2019 consolidated financial statements, with the passing of a motion by the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors.</p> <p>The Executive Director, in advance of the date set for the approval of the 2019 consolidated financial statements, should present to the Remuneration Committee and the Board of Directors a report on the state of implementation of the activities whose completion constitutes a condition for the issue of the ED Qualitative Component. On the basis of this report, the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors, will verify the reaching of the Short-term ED Qualitative Objectives, deciding upon the allocation of the ED Qualitative Component.</p>
	<p>- Compliance with the financial covenants: the Executive Director shall not receive any variable remuneration where one or more of the financial</p>

	<p>covenants set out in the loan contracts undertaken by the Company have not been met.</p>
<p>Medium/long-term variable component</p>	<p>- Claw-back clause: obligation for the repayment to the Company of the variable remuneration components in the case of material violation of company or legal rules, or harmful or seriously damaging conduct such as to alter the data utilised for the achievement of the objectives.</p> <p>With reference to the medium/long-term variable component, the company's Remuneration Policy provides that the Executive Director is the beneficiary of the 2019-2021 Performance Shares Plan.⁴</p> <p>Therefore, the medium/long-term variable component of a maximum amount aggregated over a three-year period, of approx. 85% of the ED Annual Fixed Component (the "ED Medium/Long-term Variable Component") is linked to achieving the quantitative objectives and the qualitative objectives described in the 2019-2021 Performance Shares Plan, with specific reference to the Executive Director and as reported below.</p> <p>- Quantitative objective: 70% of shares will be allocated on the achievement of the Group's average ROI for the 2019-2021 three-year period as per the Group's industrial plan. Specifically:</p> <ul style="list-style-type: none"> ○ 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;

⁴ For more information on the 2019-2021 Performance Shares Plan, reference should be made to Section 1, Paragraph 1.3.4 of this Report.

	<ul style="list-style-type: none"> ○ 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.
	<ul style="list-style-type: none"> - Qualitative objective: 30% of the ED Medium/Long-term Variable Component (the ED Medium/Long-term Qualitative Variable Component) is issuable on condition that in the 2019-2021 three-year period the following objectives are met: <ul style="list-style-type: none"> ○ completion of the Group's SAP system roll-out with the review of all software systems, including those planned for the upgrading of the IT infrastructure, in the times provided by the relative road map; ○ ongoing monitoring of compliance with objectives for the Group's generation of cash; ○ ongoing monitoring of the Group's sustainability indices; (collectively, the ED Medium/Long-term Qualitative Objectives).
	<ul style="list-style-type: none"> - Issue: following approval of the 2021 consolidated financial statements, with the passing of a motion by the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors. The Executive Director, in advance of the date set for the approval of the 2021 consolidated financial statements, should present to the Remuneration Committee and the Board of Directors a report on the state of implementation of the activities whose completion constitutes a condition for the issue of the ED Medium/Long-term Variable Qualitative Component. On the basis of this report, the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors, will verify the reaching of the Medium/Long-term ED Qualitative Objectives, deciding upon the allocation of the ED Medium/Long-term Qualitative Component
	<ul style="list-style-type: none"> - Claw-back clause: obligation for the repayment to the Company of the variable remuneration components in the case of material violation of company or legal rules, or harmful or seriously damaging conduct such as to alter the data utilised for the achievement of the objectives.
	<ul style="list-style-type: none"> - Holding period: a minimum holding obligation is established for the Executive Director on 50% of the shares which will eventually be assigned to him (so-called minimum holding), until the conclusion of mandate;
	<ul style="list-style-type: none"> - Compliance with the financial covenants: the Executive Director shall not receive any shares where one or more of the financial covenants set out in the loan contracts undertaken by the Company have not been met.

Common application provisions

The criteria for the normalisation of EBITDA and the NFP are described at Annex A of the present Report. The calculation of the EBITDA and the NFP will be based on a like-for-like consolidation scope (without including therefore the EBITDA and NFP of the companies acquired and/or disposed of and/or merged and/or incorporated and not considered in the Group Industrial Plan), normalising (i) in the calculation of the NFP also the acquisition costs and (ii) in the calculation of the EBITDA the value of the bonus, both in the budget and actual figures, for the verification of the achievement of the quantitative objectives of this component of the Executive Directors as well as the Senior Executives and Senior Management.

The fixing of the exchange rate to the budget is also envisaged, to be used for the consolidation of economic and financial objectives applicable to the variable remuneration linked to the achievement of both short-term and long-term objectives

Where one or more of the Relevant Events occurs, the Board of Directors - also on the proposal on the Remuneration Committee - shall make the amendments and supplementations considered necessary and appropriate to neutralise the effects of the Relevant Events to the objectives and/or governance of the remuneration plans of the executive directors, and maintain therefore as far as possible the substantial content of the plan and the concrete opportunity to achieve the bonuses therein unchanged.

(ii) SENIOR EXECUTIVES AND SENIOR MANAGERS

The variable remuneration of Senior Executives and Senior Managers is composed of a short-term variable component and a medium/long term variable component, as detailed below.

Senior Executives and Senior Managers - Short-term variable component

The short-term variable component of Senior Executives and Senior Managers depends on the level of contribution to the company's consolidated results by the companies included in the scope of reference and/or by the level of challenges managed in relation to the relevant business area or the Group in general.

On this basis, for the purposes of calculating the short-term variable component, Senior Executives and Senior Managers are divided into responsibility functions as follows:

- Country CEO SE;
- Other SE;
- Country CEO SM;
- Other SM.

The principles and procedures for the establishment of the short-term variable component of Senior Executives is shown below.

	COUNTRY CEO SE	OTHER SE
Short-term variable component	Short-term variable component of a maximum amount equal to 85% of the Annual Fixed Component (the Country SE Short-term Variable Component) linked to the reaching of the quantitative objectives and qualitative objectives described below.	Short-term variable component of a maximum amount equal to 75% of the Annual Fixed Component (the Other SE Short-term Variable Component) linked to the reaching of the quantitative objectives and qualitative objectives described below.
Quantitative objectives	70% of the Country SE Short-term Variable Component is issuable on the meeting of the EBITDA and NFP objectives established by the regions and/or of the local entity annual budget. In particular: <ul style="list-style-type: none"> ○ 70% linked to the reaching of the EBITDA objectives on the basis of a performance scale with a variable range from a minimum -10% to a maximum of +10% (corresponding to the issue of a short-term variable remuneration respectively from 4.90% to 49.00% of the Annual Fixed Component). Within this range, the amount of the variable component linked to EBITDA will be based according to the pre-set brackets; and ○ 30% linked to the reaching of the NFP objectives on the basis of a performance scale with a variable range from a minimum of -10% to a maximum of Euro +10% (corresponding to the issue of a variable remuneration respectively from 2.10% to 21.00% of the Annual Fixed Component). Within this range, the amount of the variable component linked to NFP will be based according to the pre-set brackets. 	50% of the Other SE Short-term Variable Component is issuable on the meeting of the EBITDA and NFP objectives established by the regions and/or of the local entity annual budget or of the Group. In particular: <ul style="list-style-type: none"> ○ 70% linked to the reaching of the EBITDA objectives on the basis of a performance scale with a variable range from a minimum -10% to a maximum of +10% (corresponding to the issue of a short-term variable remuneration respectively from 2.45% to 35.00% of the Annual Fixed Component). Within this range, the amount of the variable component linked to EBITDA will be based according to the pre-set brackets; and ○ 30% linked to the reaching of the NFP objectives on the basis of a performance scale with a variable range from a minimum of -10% to a maximum of Euro +10% (corresponding to the issue of a variable remuneration respectively from 1.05% to 15.00% of the Annual Fixed Component). Within this range, the amount of the variable component linked to NFP will be based according to the pre-set brackets.
	The performance curve is set as between a minimum of 90% and a maximum of 110% of the EBITDA and of the NFP of the region and/or local entity annual budget.	The performance curve is set as between a minimum of 90% and a maximum of 110% of the EBITDA and of the NFP of the region and/or local entity annual budget or of the Group.
	The pay-out curve is defined between a minimum of 20% of the target bonus linked to EBITDA and NFP, in the case where the final balance of quantitative objectives is higher than the minimum threshold of 90% envisaged by the performance scale, and a maximum of 200% of the target bonus linked to EBITDA and NFP, in the case where the final balance of quantitative objectives is equal to or higher than the maximum threshold of 110% envisaged by the performance scale.	

Qualitative objectives	30% of the Country SE short-term variable component is issuable subject to the reaching of the qualitative objectives which depend on the specific characteristics of the role.	50% of the Other SE short-term variable component is issuable subject to the reaching of the qualitative objectives which depend on the specific characteristics of the role.
	<p>With reference to the pay-out curve, it is envisaged that:</p> <ul style="list-style-type: none"> ○ where the minimum of one of the two quantitative objectives is not achieved, the target bonus linked to qualitative objectives is reduced by 50%; ○ where the minimum of both quantitative objectives is not achieved, the target bonus linked to qualitative objectives is reduced by 75%; 	
Compliance with financial covenants	The Senior Executives shall not receive any variable remuneration where one or more of the financial covenants set out in the loan contracts undertaken by the Company have not been met.	
Caw-back clause	The Senior Executives have the obligation to repay to the Company the variable remuneration components in the case of material violation of company or legal rules, or harmful or seriously damaging conduct such as to alter the data utilised for the achievement of the objectives.	

The principles and procedures for the establishment of the short-term variable component of Senior Managers is shown below.

	SM - COUNTRY CEO	OTHER SM.
Short-term variable component	Short-term variable component of a maximum amount equal to 85% of the M Annual Fixed Component (the Country SM Short-term Variable Component) linked to the reaching of the quantitative objectives and qualitative objectives described below.	Short-term variable component of a maximum amount equal to 68% of the Other SM Annual Fixed Component (the Other M Short-term Variable Component) linked to the reaching of the quantitative objectives and qualitative objectives described below.
Quantitative objectives	<p>70% of the Country SM Short-term Variable Component is issuable on the meeting of the EBITDA and NFP objectives established by the local entity annual budget. In particular:</p> <ul style="list-style-type: none"> ○ 70% linked to the reaching of the EBITDA objectives on the basis of a performance scale with a variable range from a minimum -10% to a maximum of +10% (corresponding to the issue of a short-term variable remuneration respectively from 3.92% to 39.20% of the Annual Fixed Component). Within this range, the amount of the variable component linked to EBITDA will be based according to the pre-set brackets based on a performance scale with a variable range; and 	<p>50% of the Country SM Short-term Variable Component is issuable on the meeting of the EBITDA and NFP objectives established by the regions and/or of the local entity annual budget or of the Group. In particular:</p> <ul style="list-style-type: none"> ○ 70% linked to the reaching of the EBITDA objectives on the basis of a performance scale with a variable range from a minimum -10% to a maximum of +10% (corresponding to the issue of a short-term variable remuneration respectively from 1.40% to 28.00% of the Annual Fixed Component). Within this range, the amount of the variable component linked to EBITDA will be based according to the pre-set brackets based on a performance scale with a variable range; and

	<ul style="list-style-type: none"> 30% linked to the reaching of the NFP objectives on the basis of a performance scale with a variable range from a minimum of -10% to a maximum of Euro +10% (corresponding to the issue of a variable remuneration respectively from 1.68% to 16.80% of the Annual Fixed Component). Within this range, the amount of the variable component linked to NFP will be based according to the pre-set brackets. 	<ul style="list-style-type: none"> 30% linked to the reaching of the NFP objectives on the basis of a performance scale with a variable range from a minimum of -10% to a maximum of Euro +10% (corresponding to the issue of a variable remuneration respectively from 0.60% to 12.00% of the Annual Fixed Component). Within this range, the amount of the variable component linked to NFP will be based according to the pre-set brackets.
	The performance curve is set as between a minimum of 90% and a maximum of 110% of the EBITDA and of the NFP of the region and/or local entity annual budget.	The performance curve is set as between a minimum of 90% and a maximum of 110% of the EBITDA and of the NFP of the region and/or local entity annual budget or of the Group.
	The pay-out curve is defined between a minimum of 20% of the target bonus linked to EBITDA and NFP, where the final balance of quantitative objectives is higher than the minimum threshold of 90% envisaged by the performance scale, and a maximum of 200% of the target bonus linked to EBITDA and NFP, where the final balance of quantitative objectives is equal to or higher than the maximum threshold of 110% envisaged by the performance scale.	
Qualitative objectives	30% of the Country SM short-term variable component is issuable subject to the reaching of the qualitative objectives which depend on the specific characteristics of the role.	50% of the Other SM short-term variable component is issuable subject to the reaching of the qualitative objectives which depend on the specific characteristics of the role.
	<p>With reference to the pay-out curve, it is envisaged that:</p> <ul style="list-style-type: none"> where the minimum of one of the two quantitative objectives is not achieved, the target bonus linked to qualitative objectives is reduced by 50%; where the minimum of both quantitative objectives is not achieved, the target bonus linked to qualitative objectives is reduced by 75%; 	
Compliance with financial covenants	The Senior Managers shall not receive any variable remuneration where one or more of the financial covenants set out in the loan contracts undertaken by the Company have not been met.	
Claw-back clause	The Senior Managers have the obligation to repay to the Company the variable remuneration components in the case of material violation of company or legal rules, or harmful or seriously damaging conduct such as to alter the data utilised for the achievement of the objectives.	

Senior Executives and Senior Managers- Medium/long term variable component

The Remuneration Policy of the company provides that the medium/long-term variable component for Senior Executives and Senior Managers is established in accordance with the objectives and principles outlined in the 2019-2021 Performance Shares Plan.

For more information on the 2019-2021 Performance Shares Plan, reference should be made to the following Paragraph.

1.3.4 2019-2021 PERFORMANCE SHARES PLAN

The 2019-2021 Performance Shares Plan was approved by the Board of Directors on March 15, 2019, on the proposal of the Remuneration Committee which met on the same date, and shall be submitted for the approval of the Shareholders’ Meeting of the Company called for the approval of the Fila financial statements for the year 2018.

This represents a medium/long-term incentive system based on the free assignment of company shares and subject to the achievement of specific performance objectives, in addition to continued employment with the Group. In particular, except as described below, the free assignment of shares is linked (i) partly to the achievement of industrial performance objectives which shall be calculated for all beneficiaries of the 2019-2021 Performance Shares Plan with reference to the scope of the Fila Group, and (ii) partly to the achievement of certain individual or organisational strategic objectives, which shall be defined specifically for each beneficiary of the 2019-2021 Performance Shares Plan by reason of the role and position held.

Four Senior Executives and two Senior Managers operating in North America are the exception, in particular: (i) the quantitative component, linked to the achievement of industrial performance objectives, shall be calculated by only taking the scope of North America into account (Canada and the United States) and (ii) the qualitative component shall only be linked to continued employment in the Group, there being no individual or organisational strategic objectives planned for them.

The 2019-2021 Performance Shares Plan was implemented in order to:

- link remuneration with the medium/long-term enterprise performance, in order to further align managerial prospects with the interests of the shareholders, ensuring conduct based on the sustainability of the performance and the achievement of the industrial and business objectives defined;
- reward the achievement of the Group's industrial plan objectives and pre-defined qualitative objectives;
- increase the company and the Group's capacity to attract and retain key and strategic personnel for the implementation of the company development plan.

The guidelines of the 2019-2021 Performance Shares Plan are outlined below.

2019-2021 PERFORMANCE SHARES PLAN		
1.	Beneficiaries	Executive directors (2), Senior Executives (8) and Senior Managers (18) ⁵ .

⁵ As indicated in the documentation published concerning the 2019-2021 Performance Shares Plan, the Board of Directors has the power to change the number of beneficiaries over time (also, for example, following the identification of new Senior Executives or new Senior Managers), subject to the limit in terms of the maximum number of company shares which may be issued in service of the 2019-2021 Performance Shares Plan, as approved by the Shareholders’ Meeting.

2.	Objectives	The assignment of shares to each beneficiary is linked to achieving the quantitative objectives and qualitative objectives described below.
3.	Quantitative objective	<p>70% of shares will be assigned on the achievement of the Group's average ROI⁶ for the 2019-2021 three-year period as per the Group's industrial plan. Specifically:</p> <ul style="list-style-type: none"> ○ 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.
4.	Qualitative objective	30% of shares shall be assigned on achieving specific individual or organisational strategic objectives which shall be defined in the

⁶ With reference to 4 Senior Executives and 2 Senior Managers, the 2019-2021 Performance Shares Plan provides that the quantitative component, linked to the achievement of average ROI objectives, shall be calculated by only taking the scope of North America into account (Canada and the United States) and not of the entire Group.

		respective assignment letters and which shall encompass, <i>inter alia</i> , the achievement of objectives envisaged by the "DNA Project" ⁷ :
5.	Vesting period of the results	January 1, 2019 - December 31, 2021.
6.	Conditions for the assignment of the shares	<ul style="list-style-type: none"> ○ Continued employment with the company or with the Group companies at the moment of the bonus' disbursement (except in the case of the so-called "good leaver") and for each individual beneficiary to retain the title of Executive Director, or Senior Executive or Senior Manager; ○ achievement of the objectives as per points 3 and 4; ○ compliance with all of the financial covenants as per the loan contracts undertaken by the company.
7.	Maturation of the right to receive the shares	A single maturation tranche at the end of the vesting period as per the preceding point 5.
8.	Assignment of the shares	In a single tranche, subsequent to the vesting period as per the preceding point 5, during the approval of the company's 2021 financial statements.
9.	Holding Period	<p>A holding obligation of assigned shares is also stipulated for all the beneficiaries (the "minimum holding"). In particular:</p> <ul style="list-style-type: none"> ○ for the Executive Director and Chief Executive Officer: 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: <ul style="list-style-type: none"> ▪ 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.
10.	Caw-back clause	Obligation for the repayment to the Company of the variable remuneration components in the case of material violation of company or legal rules, or harmful or seriously damaging conduct such as to alter the data utilised for the achievement of the objectives.

⁷ With reference to 4 Senior Executives and 2 Senior Managers, the 2019-2021 Performance Shares Plan only envisages continued employment with the company or Group companies at the moment of the bonus' disbursement as the qualitative component for the assignment of 30% of shares.

For further information on the 2019-2021 Performance Shares Plan reference should be made to the Information Document prepared in accordance with Article 84-*bis* and Statement 7 of Attachment 3A of the Issuers' Regulations and of the relative Illustrative Report prepared in accordance with Articles 114-*bis* and 125-*ter* of the CFA, both made available to the public in accordance with the terms and conditions required by applicable legislation.

1.4 POLICY UPON NON-MONETARY BENEFITS (FRINGE BENEFITS)

The non-executive directors are not assigned non-monetary benefits, with the exception of insurance coverage for liability arising from the exercise of office.

The remuneration package of the Honorary Chairman comprises, with regard to non-monetary benefits, insurance coverage for liability arising from the exercise of office, insurance coverage in the case of death or accident, a health policy and the assignment of a company car for general use.

The remuneration package of the Executive Directors comprises, with regard to the non-monetary benefits, D&O insurance coverage, insurance coverage in the case of death or accident, a health policy and the assignment of a company car for general use.

The recognition of non-monetary benefits to Senior Executives and Senior Managers is in line with market practice and applicable regulations.

1.5 POLICY UPON BENEFITS ON CONCLUSION OF OFFICE

Subject to that outlined in the previous Paragraph 1.3.4 in relation to the payment of the medium/long-term variable component, no severance payments are provided, except where specific circumstances render such appropriate.

The company may stipulate - and normally does - with Senior Executives and Senior Managers non-competition agreements.

No agreements have been undertaken between the Company and directors which provide for post-employment benefits following a public purchase offer.

1.6 INSURANCE, SOCIAL SECURITY AND PENSION COVERAGE

For further information concerning insurance, social security and pension coverage, reference should be made to paragraph 1.4.

1.7 AMENDMENTS TO FIXED OR VARIABLE REMUNERATION AND EXTRAORDINARY FORMS OF REMUNERATION

The competent corporate boards may assess and approve:

- a) adjustments and amendments of any type to remuneration (fixed or variable) in favour of the parties indicated in this Report, in order to maintain an appropriate incentive and retention effect, although always in line with the principles and guidelines expressed in the Remuneration Policy above, as a consequence of - and to reflect - specific and/or extraordinary events such as, for example purposes, acquisitions, mergers and spin-offs with a significant impact on the Group scope or significant changes to the duties assigned to a director;

- b) monetary disbursements, through bonuses and one-off discretionary payments, awarding pre-established results or performances and not already included in the variable components of short and medium/long-term remuneration. These disbursements may be put in place for parties considered in this Report and who have a particularly significant strategic importance and/or in terms of guaranteeing particularly significant results also in strategic terms (for example, the completion of significant corporate operations for the Group).

SECOND SECTION

1. PART 1 - BREAKDOWN OF THE 2018 REMUNERATION

In the first part of Section II of the present Report, an adequate outline of each of the items comprising the remuneration paid to directors and to statutory auditors of the Company is provided.

1.1 BOARD OF DIRECTORS

The company Shareholders' Meeting of April 27, 2018 approved the allocation of remuneration to the Board of Directors for the entire duration of mandate (i.e. until the approval of the 2020 financial statements) for an annual total of Euro 230,000.00. On the same date, the Board of Directors resolved to divide the total annual remuneration as follows: (i) the allocation of a gross annual emolument of Euro 15,000.00 to each director (excluding the Chairman of the Board of Directors) and (ii) the allocation of a gross annual emolument of Euro 110,000.00 to the Chairman of the Board of Directors.

Furthermore, the Board of Directors of May 15, 2018 resolved, on the proposal of the Remuneration Committee and with the prior favourable opinion of the Control, Risks and Related Parties Committee and the Board of Statutory Auditors, to allocate (i) to the Honorary Chairman of the company, a gross annual emolument of Euro 170,000.00; (ii) to each member of the Control, Risks and Related Parties Committee (excluding the Chairman), a gross annual emolument of Euro 6,000.00 and to the Chairman, a gross annual emolument of Euro 37,000 and, finally, (iii) to each member of the Remuneration Committee (excluding the Chairman), a gross annual emolument of Euro 6,000.00 and to the Chairman, a gross annual emolument of Euro 12,000.00.

1.2 EXECUTIVE DIRECTORS

The Board of Directors of May 15, 2018 resolved, on the proposal of the Remuneration Committee and after consulting the Board of Statutory Auditors, to allocate (i) to the Chief Executive Officer, a gross annual emolument of Euro 850,000.00 as a fixed component of his remuneration and (ii) to the Executive Director, a gross annual emolument of Euro 300,000.00, as a fixed component of his remuneration.

On March 20, 2019, on the proposal of the Remuneration Committee and with the prior favourable opinion of the Board of Statutory Auditors, the Board of Directors approved the allocation of the following short-term and medium/long-term variable remuneration to the Chief Executive Officer Massimo Candela and the Executive Director Luca Pelosin for the year 2018;

- Chief Executive Officer Massimo Candela
 - short-term quantitative variable remuneration equal to Euro 333,200.00;
 - short-term qualitative variable remuneration equal to Euro 255,000.00;
 - no medium/long-term quantitative variable remuneration;
 - medium/long-term qualitative variable remuneration equal to Euro 360,000.00;

- Executive Director Luca Pelosin
 - short-term quantitative variable remuneration equal to Euro 117,600.00;
 - short-term qualitative variable remuneration equal to Euro 45,000.00;
 - no medium/long-term quantitative variable remuneration;
 - medium/long-term qualitative variable remuneration equal to Euro 150,000.00;

A summary of the remuneration disbursed to Executive Directors in 2018 is outlined below.

SUMMARY OF EXECUTIVE DIRECTOR REMUNERATION FOR 2018					
(in Euro)	2018 Fixed remuneration	2018 quantitative variable remuneration		2018 quantitative variable remuneration	
		Short-term for the year 2018	Medium/long-term for the 2016-2018 three-year period	Short-term for the year 2018	Medium/long-term for the 2016-2018 three-year period
Chief Executive Officer Massimo Candela	850,000.00	333,200.00	-	255,000.00	360,000.00
Executive Director Luca Pelosin	300,000.00	117,600.00	-	45,000.00	150,000.00
TOTAL					2,410,800.00

1.3 SENIOR EXECUTIVES

The Senior Executives are identified by the Board of Directors of the Company, also having consulted with the Remuneration Committee.

The Remuneration Policy described in this Report for Senior Executives is applied in 2019.

With regards to those acting as Senior Executives in 2018, or also for a part of the year, the following remuneration was paid: (i) fixed remuneration as a Group employee; (ii) short-term variable remuneration; (iii) other non-monetary benefits (e.g. car allowance) and non-monetary benefits (company car, meals, insurance).

1.4 BOARD OF STATUTORY AUDITORS

The Shareholders' Meeting of April 27, 2018 approved a gross annual remuneration for each statutory auditor of Euro 22,000.00 and of Euro 29,000.00 for the Chairman of the Board of Statutory Auditors.

*** **

The remuneration reported in this Report has been based, for financial year 2018, on the Remuneration Policy submitted to the Shareholders' Meeting of April 27, 2018.

For further details on remuneration paid, reference should be made to the tables below.

For more information on the 2019-2021 Performance Shares Plan and the 2017-2019 Performance Shares Plan, reference should be made to the documents published on the company website (www.filagroup.it), in the "Governance" section.

2. PART II - BREAKDOWN OF THE REMUNERATION PAID DURING THE YEAR

Table 1

Remuneration paid to members of the Board of Directors and of the Board of Statutory Auditors, in addition to other Senior Executives.

Name	Office	Period of office	Concl. of office	Fixed Remun. (in Euro)	Committee Remuneration (in Euro)	Non-equity variable remuneration (in Euro)		Non-monetary benefits (in Euro)	Other remuneration (in Euro)	Total (in Euro)	Fair Value of equity remuner. (in Euro)	Post-employment benefits (in Euro)
						Bonuses and other incentives	Profit sharing					
Gianni Mion ⁸	Chairperson	01.01.2018 – 31.12.2018	Approval 2020 FS	103,333.28	-	-	-	-	-	103,333.28	-	-
Massimo Candela ⁹	Chief Executive Officer	01.01.2018 – 31.12.2018	Approval 2020 FS	850,000.00	-	948,200.00 (*)	-	7,998.95	-	1,806,198.95	-	-
Luca Pelosin ¹⁰	Executive Director	01.01.2018 – 31.12.2018	Approval 2020 FS	300,000.00	-	312,600.00 (*)	-	6,556.07	-	619,156.07	-	-

⁸ **Gianni Mion** - Chairman of the Board of Directors: the amount includes: (i) *pro-rata*, up to April 27, 2018, annual fixed remuneration equal to Euro 90,000.00, established by the Shareholders' Meeting of July 22, 2015 for the office of Chairman and (ii) *pro-rata* annual fixed remuneration established by the Board of Directors of April 27, 2018 for the office of Chairman.

⁹ **Massimo Candela** - Chief Executive Officer: the amount includes: (i) the annual fixed remuneration established by the Board of Directors of March 22, 2016 for the office of Chief Executive Officer and which was then confirmed by the Board of Directors of May 15, 2018; (ii) the medium/long-term quantitative variable remuneration for the 2016-2018 three-year period for the Chief Executive Officer; and (iii) the short-term quantitative variable remuneration for 2018 for the Chief Executive Officer.

¹⁰ **Luca Pelosin** - Executive Director: the amount includes: (i) the annual fixed remuneration established by the Board of Directors of March 22, 2016 for the office of Executive Director and which was then confirmed by the Board of Directors of May 15, 2018; (ii) the medium/long-term quantitative variable remuneration for the 2016-2018 three-year period for the Executive Director; and (iii) the short-term quantitative variable remuneration for 2018 for the Executive Director.

Name	Office	Period of office	Concl. of office	Fixed Remun. (in Euro)	Committee Remuneration (in Euro)	Non-equity variable remuneration (in Euro)		Non-monetary benefits (in Euro)	Other remuneration (in Euro)	Total (in Euro)	Fair Value of equity remuner. (in Euro)	Post-employment benefits (in Euro)
						Bonuses and other incentives	Profit sharing					
Alberto Candela ¹¹	Honorary Chairman	01.01.2018 – 31.12.2018	Approval 2020 FS	163,333.28	-	-	-	8,944.19	-	172,277.47	-	-
Annalisa Barbera ¹²	Director	01.01.2018 – 31.12.2018	Approval 2020 FS	15,000.00	5,666.67	-	-	-	-	20,666.67	-	-
Fabio Zucchetti ¹³	Director	01.01.2018 – 27.04.2018	Approval 2017 FS	5,000.00	3,333.33	-	-	-	-	8,333.33	-	-
Sergio Ravagli ¹⁴	Director	01.01.2018 – 05.10.2018	Approval 2020 FS	11,424.66	7,597.26	-	-	-	-	19,021.92	-	-

¹¹ **Alberto Candela** - Honorary Chairman: the amount includes: (i) the *pro-rata*, up to April 27, 2018, annual fixed remuneration established by the Shareholders' Meeting of July 22, 2015 for the office of Director; (ii) the *pro-rata*, up to April 27, 2018, annual fixed remuneration equal to Euro 150,000.00 established by the Board of Directors of July 22, 2015 for the office of Honorary Chairman; (iii) the *pro-rata* annual fixed remuneration established by the Board of Directors of May 15, 2018 for the office of Honorary Chairman.

¹² **Annalisa Barbera** - Director; the amount includes: (i) the annual fixed remuneration established by the Shareholders' Meeting of July 22, 2015 for the office of Director and which was then confirmed by the Board of Directors of April 27, 2018; (ii) the *pro-rata*, up to April 27, 2018, annual fixed remuneration equal to Euro 5,000.00 established by the Board of Directors of March 21, 2017 for participation in the Remuneration Committee; (iii) the *pro-rata* annual fixed remuneration established by the Board of Directors of May 15, 2018 for participation in the Remuneration Committee.

¹³ **Fabio Zucchetti** - Director: the amount includes: (i) the *pro-rata*, up to April 27, 2018, annual fixed remuneration established by the Shareholders' Meeting of July 22, 2015 for the office of Director; (ii) the *pro-rata*, up to April 27, 2018, annual fixed remuneration equal to Euro 5,000.00 established by the Board of Directors of March 21, 2017 for participation in the Control and Risks Committee; and (iii) the *pro-rata*, up to April 27, 2018, annual fixed remuneration established by the Board of Directors of March 21, 2017 for participation in the Related Parties Committee.

¹⁴ **Sergio Ravagli** - Director: the amount includes: (i) the *pro-rata*, up to October 5, 2018, annual fixed remuneration established by the Shareholders' Meeting of July 22, 2015 for the office of Director and which was then confirmed by the Board of Directors of April 27, 2018; (ii) the *pro-rata*, up to April 27, 2018, annual fixed remuneration equal to Euro 5,000.00 established by the Board of Directors of March 21, 2017 for participation in the Control and Risks Committee; (iii) the *pro-rata*, up to April 27, 2018, annual fixed remuneration equal to Euro 5,000.00 established by the Board of Directors of March 21, 2017 for participation in the Related Parties Committee and (iv) the *pro-rata*, up to October 5, 2018, annual fixed remuneration established by the Board of Directors of May 15, 2018 for participation in the Control, Risks and Related Parties Committee.

Name	Office	Period of office	Concl. of office	Fixed Remun. (in Euro)	Committee Remuneration (in Euro)	Non-equity variable remuneration (in Euro)		Non-monetary benefits (in Euro)	Other remuneration (in Euro)	Total (in Euro)	Fair Value of equity remuner. (in Euro)	Post-employment benefits (in Euro)
						Bonuses and other incentives	Profit sharing					
Alessandro Potestà ¹⁵	Director	15.11.2018 – 31.12.2018	Until the first valid Shareholders' Meeting	1,875.00	750.00	-	-	-	-	2,625.00	-	-
Francesca Prandstraller ¹⁶	Director	01.01.2018 – 31.12.2018	Approval 2020 FS	15,000.00	11,333.33	-	-	-	-	26,333.33	-	-
Filippo Zabban ¹⁷	Director	27.04.2018 – 31.12.2018	Approval 2020 FS	10,000.00	4,250.00	-	-	-	-	14,250.00	-	-
Paola Bonini ¹⁸	Director	27.04.2018 – 31.12.2018	Approval 2020 FS	10,000.00	8,000.00	-	-	-	-	18,000.00	-	-

¹⁵ **Alessandro Potestà** - Director: the amount includes: (i) the *pro-rata*, effective from November 13, 2018, annual fixed remuneration established by the Board of Directors of April 27, 2018 for the office of Director and (ii) the *pro-rata*, effective from November 13, 2018, annual fixed remuneration established by the Board of Directors of May 15, 2018 for participation in the Control, Risks and Related Parties Committee.

¹⁶ **Francesca Prandstraller** - Director: the amount includes: (i) the annual fixed remuneration established by the Shareholders' Meeting of July 22, 2015 for the office of Director and which was then confirmed by the Board of Directors of April 27, 2018; (ii) the *pro-rata*, up to April 27, 2018, annual fixed remuneration equal to Euro 10,000.00 established by the Board of Directors of March 21, 2017 for the office of Chairperson of the Remuneration Committee; (iii) the *pro-rata* annual fixed remuneration established by the Board of Directors of May 15, 2018 for the office of Chairperson of the Remuneration Committee.

¹⁷ **Filippo Zabban** - Director: the amount includes (i) the *pro-rata* annual fixed remuneration established by the Board of Directors of April 27, 2018 for the office of Director; (ii) the *pro-rata* annual fixed remuneration established by the Board of Directors of May 15, 2018 for participation in the Control, Risks and Related Parties Committee; and (iii) the *pro-rata*, effective from December 13, 2018, annual fixed remuneration established by the Board of Directors of May 15, 2018 for participation in the Remuneration Committee.

¹⁸ **Paola Bonini** - Director: the amount includes (i) the *pro-rata* annual fixed remuneration established by the Board of Directors of April 27, 2018 for the office of Director; (ii) the *pro-rata* annual fixed remuneration established by the Board of Directors of May 15, 2018 for participation in the Control, Risks and Related Parties Committee; and (iii) the *pro-rata* annual fixed remuneration established by the Board of Directors of May 15, 2018 for participation in the Remuneration Committee.

Name	Office	Period of office	Concl. of office	Fixed Remun. (in Euro)	Committee Remuneration (in Euro)	Non-equity variable remuneration (in Euro)		Non-monetary benefits (in Euro)	Other remuneration (in Euro)	Total (in Euro)	Fair Value of equity remuner. (in Euro)	Post-employment benefits (in Euro)
						Bonuses and other incentives	Profit sharing					
Gerolamo Caccia Dominioni ¹⁹	Director	01.01.2018 – 31.12.2018	Approval 2020 FS	15,000.00	31,333.33	-	-	-	-	46,333.33	-	-
Claudia Mezzabotta ²⁰	Chair. Board of Statutory Auditors	01.01.2018 – 27.04.2018	Approval 2017 FS	9,395.21	-	-	-	-	-	9,395.21	-	-
Gianfranco Consorti ²¹	Chair. Board of Statutory Auditors	01.01.2018 – 31.12.2018	Approval 2020 FS	19,333.33	-	-	-	-	-	19,333.33	-	-
Stefano Amoroso ²²	Alternate Auditor	27.04.2018 – 31.12.2018	Approval 2020 FS	7,333.33	-	-	-	-	6,500.00	13,833.33	-	-

¹⁹ **Gerolamo Caccia Dominioni** - Director: the amount includes: (i) the annual fixed remuneration established by the Shareholders' Meeting of July 22, 2015 for the office of Director and which was then confirmed by the Board of Directors of April 27, 2018; (ii) the *pro-rata*, up to April 27, 2018, annual fixed remuneration equal to Euro 10,000.00 established by the Board of Directors of March 21, 2017 for the office of Chairman of the Control and Risks Committee; (iii) the *pro-rata*, up to April 27, 2018, annual fixed remuneration equal to Euro 10,000.00 established by the Board of Directors of March 21, 2017 for the office of Chairman of the Related Parties Committee and (iv) the *pro-rata* annual fixed remuneration established by the Board of Directors of May 15, 2018 for the office of Chairman of the Control, Risks and Related Parties Committee.

²⁰ **Claudia Mezzabotta** - Chairperson of the Board of Statutory Auditors: the amount includes: the *pro-rata*, up to April 27, 2018, annual fixed remuneration equal to Euro 29,000.00, established by the Shareholders' Meeting of July 22, 2015 for the office of Chairperson of the Board of Statutory Auditors.

²¹ **Gianfranco Consorti** - Chairman of the Board of Statutory Auditors: the *pro-rata* annual fixed remuneration established by the Shareholders' Meeting of April 27, 2018 for the office of Chairman of the Board of Statutory Auditors.

²² **Stefano Amoroso** - Alternate Auditor: the amount includes: the *pro-rata*, up to April 27, 2018, annual fixed remuneration equal to Euro 22,000.00, established by the Shareholders' Meeting of July 22, 2015 for the office of Statutory Auditor held from January 1, 2018 to April 27, 2019.

Name	Office	Period of office	Concl. of office	Fixed Remun. (in Euro)	Committee Remuneration (in Euro)	Non-equity variable remuneration (in Euro)		Non-monetary benefits (in Euro)	Other remuneration (in Euro)	Total (in Euro)	Fair Value of equity remuner. (in Euro)	Post-employment benefits (in Euro)
						Bonuses and other incentives	Profit sharing					
Pietro Villa ²³	Standing Auditor	01.01.2018 – 31.12.2018	Approval 2020 FS	22,000.00	-	-	-	-	-	22,000.00	-	-
Elena Spagnol ²⁴	Standing Auditor	27.04.2018 – 31.12.2018	Approval 2020 FS	14,666.66	-	-	-	-	-	14,666.66	-	-
Sonia Ferrero	Alternate Auditor	01.01.2018 – 31.12.2018	Approval 2020 FS	-	-	-	-	-	-	-	-	-
		Remuneration from Company	-	171,014.00	-	38,222.00	-	2,604.00	-	211,840.00	56,044.56	■
SE	-	Remuneration from subsidiaries & associates (**)	-	718,657.00	-	202,367.00	-	36,217.00	-	957,241.00	74,724.24	■
		Sub-total	-	889,671.00	-	240,589.00	-	38,821.00	-	1,169,081.00	130,768.80	■

²³ **Pietro Villa** - Statutory Auditor: the amount includes: the annual fixed remuneration established by the Shareholders' Meeting of July 22, 2015 for the office of Statutory Auditor and confirmed by the Shareholders' Meeting of April 27, 2018.

²⁴ **Elena Spagnol** - Statutory Auditor: the amount includes: the *pro-rata* annual fixed remuneration established by the Shareholders' Meeting of July 27, 2018 for the office of Statutory Auditor.

Name	Office	Period of office	Concl. of office	Fixed Remun. (in Euro)	Committee Remuneration (in Euro)	Non-equity variable remuneration (in Euro)		Non-monetary benefits (in Euro)	Other remuneration (in Euro)	Total (in Euro)	Fair Value of equity remuner. (in Euro)	Post-employment benefits (in Euro)
						Bonuses and other incentives	Profit sharing					
Total				2,462,365.75	72,263.92	1,501,389.00	-	62,320.21	6,500.00	4,104,838.88	130,768.80	€

(*) Amount inclusive of the aggregated sum for the 2016-2018 three-year period of the Chief Executive Officer and Executive Director's Long-Term Incentive, since the Board of Directors, on March 20, 2019, and after consulting the Remuneration Committee, decided that certain three-year objectives were achieved.

(**) The amounts are expressed in Euro, converting the amounts in local currency at the 2018 average exchange rate

Table 3 A

Incentive plans based on financial instruments, other than stock options, in favour of members of the Board of Directors, the Board of Statutory Auditors and other Senior Executives.

A	B	(1)	Financial instruments assigned in previous years not vested in the year		Financial instruments assigned in the year					Financial instruments vested in the year and not attributed	Financial instruments vested in the year and attributable		Financial instruments accruing in the year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name	Office	Plan	Number and Type financial instruments	Vesting period	Number and Type financial instruments	Fair value at assignment date	Vesting period	Assignment date	Market price upon assignment	Number and type of financial instruments	Number and type of financial instruments	Value at Maturation Date (**)	Fair value (*)
SE	-	Performance Shares Incentive Plan (motion of 27/04/2017)	Maximum 23,690 Ordinary Shares	2017-2019	-	-	-	-	-	-	-	-	130,768.80
Total			Maximum 23,690 Ordinary Shares		-	-	-	-	-	-	-	-	130,768.80

(*) *pro-rata* of column (2) accruing in 2018

Table 3 B

Monetary incentive plans in favour of the members of the Board of Directors, Board of Statutory Auditors and other Senior Executives.

Name	Office	Plan	Bonus for the year			Prior year bonuses			Other Bonuses
			Issuable/Issued	Deferred	Period of deferment	No longer issuable	Issuable/Issued	Still deferred	
Massimo Candela	Chief Executive Officer	Short-term variable component	588,200.00	-	-	-	-	-	-
		Medium/long-term variable component	120,000.00 (*)	-	-	560,000.00	240,000.00 (**)	-	-
Luca Pelosin	Executive Director	Short-term variable component	162,600.00	-	-	-	-	-	-
		Medium/long-term variable component	50,000.00(*)	-	-	183,333.34	100,000.00 (**)	-	-
Name	Office	Plan	Bonus for the year			Prior year bonuses			Other Bonuses
			Issuable/Issued	Deferred	Period of deferment	No longer issuable	Issuable/Issued	Still deferred	

	Remuneration from Company	Short-term variable component	38,222.00	-	-	-	-	-	-
SE	Emoluments from subsidiary and associates	Short-term variable component	202,367.00	-	-	-	-	-	-
	Sub-total		240,589.00	-	-	-	-	-	-
	Total:		1,161,389.00	-	-	743,333.34	340,000.00	-	-

(*) *Pro-rata* accruing in 2018 of the Chief Executive Officer and the Executive Director's 2016-2018 Long-Term Incentive.

(**) *Pro-rata* accruing in 2017 and *pro-rata* accruing in 2016 of the Chief Executive Officer and the Executive Director's 2016-2018 Long-Term Incentive.

3. PART III - LIST OF INVESTMENTS HELD

Table 1

Investments of members of the Board of Directors, Board of Statutory Auditors and other Senior Executives.

Name	Office	Investee	Manner of holding (direct / indirect)	Number of shares held at 31/12/2017	Number of shares purchased	Number of shares sold	Number of shares held at 31/12/2018
Gianni Mion	Chairman of the Board of Directors	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.	Direct	-	169,845 ordinary shares	-	169,845 ordinary shares
		F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.	Indirect	6566508 “B” shares	1515348 “B” shares	-	8081856 “B” shares
		F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.	Indirect	13133032 ordinary shares	561,532 ordinary shares	-	13694564 ordinary shares
		Fila Hispania S.L. (*)	Direct	500	-	500	-
		Fila Iberia S.L. (*)	Direct	-	97	-	97
Massimo Candela	Chief Executive Officer	Grupo Fila Dixon S.A. de CV	Direct	445	-	-	445
		Servidix (Mexico)	Direct	1	-	-	1
		Dixon Comercializadora S.A. de CV (Mexico)	Direct	4	-	-	4

Name	Office	Investee	Manner of holding (direct / indirect)	Number of shares held at 31/12/2017	Number of shares purchased	Number of shares sold	Number of shares held at 31/12/2018
		Dixon Ticonderoga de Mexico (Mexico)	Direct	1	-	-	1
Luca Pelosin	Executive Director	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.	Direct	64,190 ordinary shares	42,800 ordinary shares	-	106,990 ordinary shares
Annalisa Barbera	Non-Executive Director	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.	Direct	1,635 ordinary shares	2,319 ordinary shares	-	3,954 ordinary shares
SE	-	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.	Direct	15,728 ordinary shares	15,612 ordinary shares	-	31,340 ordinary shares

(*) Fila Hispania S.L. was incorporated into Fila Iberia S.L. in 2018. Therefore, the 500 shares of Fila Hispania S.L. directly held by Massimo Candela, were exchanged for 97 shares of Fila Iberia S.L.

ATTACHMENT A

The Actual EBITDA and the Actual NFP are normalised through precise formulae which take into account the economic and financial elements to be considered and to be excluded from the normalisation scope.

More specifically, the Actual EBITDA and the Actual NFP are calculated beginning with the reported EBITDA/NFP as per the consolidated financial statements and normalised through neutralisation of all costs/charges and revenue/income (and relative financial movements) outside of the ordinary operations of the company and not envisaged in the Group Industrial Plan (both conditions should be present).

For example: extra direct and indirect costs concerning goodwill, the transfer and closure of commercial or industrial operations; restructuring charges for the portion not capitalised, such as for example, leaving and mobility incentives, bonuses; consultancy charges incurred by the companies of the Group in relation to market research, regulatory adjustments, the acquisition of new companies, the listing of securities of the Company on regulated markets and any other extraordinary corporate operations; commissions and consultancy charges concerning financing operations or the issue of debt securities deriving from changes to the accounting standards during the year; indemnities, penalties, bonuses or similar cash amounts received or recognised as compensation in relation to any disputes concerning non-recurring events.

Pero, March 20, 2019

F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.

For the Board of Directors

Gianni Mion
(Chairman of the Board of Directors)