



***REMUNERATION REPORT***  
***in compliance with articles 123 - ter of the Consolidated Financial Act and 84 – quarter***  
***of the Issuers' Regulations***

***Report Approval Date: 13 March 2020***  
***Year to which the Report refers: 2019***

***Website: [www.irce.it](http://www.irce.it)***

This Report is drafted in compliance with articles 123 – *ter* of the Consolidated Financial Act (Italian Legislative Decree No. 58 of 24 February 1998) and 84 – *quater* of the Issuers' Regulations (Consob Regulations 11971 of 14/05/1999), on the basis of Scheme 7 – *bis* of Annex 3A of the same Regulations.

This Report defines the criteria and guidelines for the remuneration of members of the Board of Directors, including the Executive Directors and the Directors holding special offices and the members of the Board of Statutory Auditors.

The remuneration policy has been approved by the Company's Board of Directors, upon proposal submitted by the Remuneration Committee, and submitted to the Shareholders' Meeting held to approve the financial Statements.

## **SECTION I**

The Company's Board of Directors has established its own Remuneration Committee with resolution of 30/04/2019, which will remain in office until approval of the 2021 financial statements.

The Remuneration Committee is composed of three non-executive Directors appointed by the Board of Directors, the majority of whom are independent: Ms Francesca Pischedda independent and non-executive director and Chairwoman of the Committee, Mr Gianfranco Sepriano, non-executive director and Ms Gigliola Di Chiara independent and non-executive director.

At least one member of the Remuneration Committee has know-how and experience in accounting and finance and/or remuneration policies which were deemed adequate by the Board at the time of appointment.

The Committee's work is coordinated by a Chairwoman, Ms Francesca Pischedda, and minutes of the meetings are regularly taken.

During the financial year one meeting was held lasting two hour which was attended by all the Committee members.

One meeting are scheduled for the current financial year.

The Chairman of the Board of Statutory Auditors attended the discussions of the Remuneration Committee.

The Remuneration Committee:

- presents to the Board of Directors proposals for setting-up the general policy for the remuneration of executive directors, directors holding special offices and key management personnel;
- carries out a periodic assessment of the adequacy, overall coherence and actual implementation of the general policy adopted for the remuneration of the executive Directors, the other directors holding special offices and the key management personnel, using for this last task information provided by the managing directors, and formulates the relevant proposals;
- presents to the Board of Directors proposals concerning the remuneration of the executive directors and the other directors holding special offices and also establishes the performance objectives related to the variable component of such remuneration, monitors

the implementation of decisions adopted by the Board itself in particular verifying the actual achievement of the performance objectives.

In carrying out its functions, the Remuneration Committee was able to access the company information and functions necessary for carrying out its duties without the need to use an external consultant.

The Board of Directors defined a remuneration policy for directors and key management personnel.

### **Remuneration policy for the Board of Directors**

The remuneration policy of executive directors or directors holding special offices defines guidelines with reference to the topics and in line with the criteria indicated below:

- a) The fixed component and the variable component are sufficiently balanced according to the strategic objectives and the risk management policy of the Company, also bearing in mind the industry in which it operates and the characteristics of the business activity actually carried out;
- b) Maximum limits are envisaged for the variable components;
- c) The fixed component is determined in an amount sufficient to remunerate the services performed by the director if the variable component should not be paid due to failure to achieve the performance objectives specified by the Board of Directors;
- d) The performance objectives are pre-established, measurable and linked to the creation of value for shareholders over a medium-long timescale;
- e) The payment of a significant portion of the remuneration variable component is deferred over an adequate period of time with respect to the time it is accrued; the extent of this portion and the duration of the deferment are in line with the characteristics of the business activity carried out and with the related risk profiles;
- f) Contractual agreements allowing the company to ask for the total or partial repayment of the variable components of the remuneration paid out (or to deduct the sums involved in the deferment), established on the basis of figures that turned out to be grossly wrong at a later date, are not envisaged;
- g) No indemnities are envisaged for the early termination of the directorship relationship or for its non-renewal;
- h) Share-based compensation plans are not envisaged.

The remuneration of non-executive directors is not linked to the economic results achieved by the Company.

Non-executive directors are not recipients of share-based incentive plans.

Agreements have not been entered into between the Company and the directors that provide for indemnities in the event of resignation or dismissal/repeal without just cause or if the relationship terminates due to a take-over bid.

## **SECTION II**

### **PART ONE**

#### **Compensation of members of the Administration and Control Bodies**

Compensation for the administrative Body was resolved by the shareholders' meeting on 30/04/2019.

In particular, the shareholders' meeting resolved to award an annual compensation to each board member of 12,000.00 Euro.

In the session of 30/04/2019, the Board also awarded to the Chairman of the Board of Directors, on the basis of the office assigned and that provided by art. 2389, paragraph 3 of the Italian Civil Code, a compensation of 142,542.10 Euro on an annual basis, gross of any withholding amounts foreseen by law and for the whole duration of the office (31/12/2021).

Such compensation will remain unchanged until any modification resolution.

Moreover, for the three-year period 2019 – 2021 a variable remuneration will be paid to Executive Directors only.

The remuneration for directors and key management personnel is set up in order to align their interests with the pursuit of the company's primary objective, i.e. the creation of value for shareholders, also in the medium term.

The total remuneration of executive directors and key management personnel comprises:

- a fix remuneration;
- a short-term variable remuneration based on the achievement of predefined objectives, measured annually, on the basis of an economic-financial index;
- a medium-term variable remuneration tied to the achievement of objectives, measured on the basis of an economic-financial index, over a three-year period (equal to the Board's term of office).

The overall remuneration of executive directors and key management personnel, for 2019 financial year, does not benefit of short-term variable remuneration, because the predefined annual objectives based on the "Rules for the definition of the variable remuneration for directors and management personnel for the three-year period 2019-2021 ", have not been achieved.

In fact, the ROCE calculated on the 2019 consolidated financial statements stands at 1.3%, lower than the 4% limit set in Table A of the above Rules, which corresponds to a premium equal to zero.

The medium-term variable remuneration will instead be verified at the end of the three-year term of the current mandate (2021).

The compensation of the Board of Statutory Auditors were resolved by the shareholders' meeting of 28/04/2017, which approved the following:

- To the Chairman of the Board of Statutory Auditors, an annual amount of € 22,500.00 for fees, indemnity and expenses (including general practice expenses);
- To each Standing Statutory Auditor, an annual amount of € 15,000.00 for fees, indemnity and expenses (including general practice expenses);
- An attendance fee, including travel expenses, equal to € 500.00 for every day spent attending the meetings of the Board of Statutory Auditors, the Board of Directors and the Shareholders' Meeting up to a maximum number of 9 attendance fees per year.

Incentive plans based on financial instruments for board members or for members of the control body are not envisaged.

This Report will be made available, within the deadlines envisaged under currently effective regulations, at the registered office of the Company as well as at Borsa Italiana S.p.A. and on the website [www.irce.it](http://www.irce.it)

On behalf of the Board of Directors

## **PART TWO**

- a) Table of compensation paid to the administration and control bodies;**
- b) Table of equity investments held by members of the administration and control bodies.**

## a) TABLE OF COMPENSATION PAID TO THE ADMINISTRATION AND CONTROL BODIES

A Name and Surname	B Office	C Period during which the office was held	D Expiry date of office	1 Fixed compensation	2 Compensation for attending Committees	3 Variable non-equity compensation		4 Non-monetary benefits	5 Other compensation	6 Total	7 Fair value of equity compensation	8 End of office or termination of working relationship indemnity
						Bonus and other incentives	Profit-sharing					
<b>Filippo Casadio</b>	Chairman of the Board of Directors	2019-2021	2021									
(I) Compensation in the company that drafts the financial statements				263,883.10	-	25,000.00	-	3,613.91		292,497.01	-	272,214.55
(II) Compensation from subsidiary and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				263,883.10	-	25,000.00	-	3,613.91	-	292,497.01	-	272,214.55
<b>Francesco Gandolfi Colleoni</b>	Director	2019-2021	2021									
(I) Compensation in the company that drafts the financial statements				112,465.00	-	25,000.00	-	6,141.21		143,606.21	-	-
(II) Compensation from subsidiary and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				112,465.00	-	25,000.00	-	6,141.21	-	143,606.21	-	-
<b>Gianfranco Sepriano</b>	Director	2019-2021	2021									
(I) Compensation in the company that drafts the financial statements				12,000.00	-	-	-	-	70,000.00	82,000.00	-	-
(II) Compensation from subsidiary and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				12,000.00	-	-	-	-	70,000.00	82,000.00	-	-
<b>Orfeo Dallago</b>	Director	2019-2021	2021									
(I) Compensation in the company that drafts the financial statements				12,000.00	-	-	-	-	-	12,000.00	-	-
(II) Compensation from subsidiary and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				12,000.00	-	-	-	-	-	12,000.00	-	-
<b>Francesca Pischedda</b>	Director	2019-2021	2021									
(I) Compensation in the company that drafts the financial statements				12,000.00	-	-	-	-	-	12,000.00	-	-
(II) Compensation from subsidiary and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				12,000.00	-	-	-	-	-	12,000.00	-	-
<b>Gigliola Di Chiara</b>	Director	2019-2021	2021									
(I) Compensation in the company that drafts the financial statements				12,000.00	-	-	-	-	-	12,000.00	-	-
(II) Compensation from subsidiary and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				12,000.00	-	-	-	-	-	12,000.00	-	-
<b>Total Board of Directors</b>				<b>424,348.10</b>	<b>-</b>	<b>50,000.00</b>	<b>-</b>	<b>9,755.12</b>	<b>70,000.00</b>	<b>554,103.22</b>	<b>-</b>	<b>272,214.55</b>
<b>Fabio Senese</b>	Chairman of the Board of Statutory Auditors	2017-2019	2019									
(I) Compensation in the company that drafts the financial statements				27,000.00	-	-	-	-	-	27,000.00	-	-
(II) Compensation from subsidiary and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				27,000.00	-	-	-	-	-	27,000.00	-	-
<b>Donatella Vitanza</b>	Standing Statutory Auditor	2017-2019	2019									
(I) Compensation in the company that drafts the financial statements				19,500.00	-	-	-	-	-	19,500.00	-	-
(II) Compensation from subsidiary and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				19,500.00	-	-	-	-	-	19,500.00	-	-
<b>Adalberto Costantini</b>	Standing Statutory Auditor	2017-2019	2019									
(I) Compensation in the company that drafts the financial statements				19,500.00	-	-	-	-	-	19,500.00	-	-
(II) Compensation from subsidiary and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				19,500.00	-	-	-	-	-	19,500.00	-	-
<b>Total Board of Statutory Auditors</b>				<b>66,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66,000.00</b>	<b>-</b>	<b>-</b>

## b) TABLE OF EQUITY INVESTMENTS HELD BY MEMBERS OF THE ADMINISTRATION AND CONTROL BODIES

Name and Surname	Office	Company	No. of shares held at the end of the previous financial year	No. of shares purchased during the financial year	No. of shares sold during the financial year	No. of shares held at the end of the current financial year
Filippo Casadio	Chairman of the Board of Directors	IRCE S.p.A.	561,371	-	-	561,371
Francesco Gandolfi Colleoni	Director	IRCE S.p.A.	559,371 (*)	-	-	559,371 (*)
		IRCE S.p.A.	30,000	-	-	30,000
Gianfranco Sepriano	Director	IRCE S.p.A.	3,500	-	-	3,500
Orfeo Dallago	Director	IRCE S.p.A.	595,267	-	-	595,267
Francesca Pischedda	Director	IRCE S.p.A.	-	-	-	-
Gigliola Di Chiara	Director	IRCE S.p.A.	-	-	-	-
Fabio Senese	Chairman of the Board of Statutory Auditors	IRCE S.p.A.	-	-	-	-
Adalberto Costantini	Standing Statutory Auditor	IRCE S.p.A.	-	-	-	-
Donatella Vitanza	Standing Statutory Auditor	IRCE S.p.A.	-	-	-	-
(*) Shares held by his wife, Carla Casadio						