

# Report on Remuneration Policy and remuneration paid for 2019

*Drawn up according to art. 123-ter of the Consolidated Finance Act,  
approved on 13 March 2020 by the Board of Directors,  
with the assistance of the Nomination and Remuneration Committee.*



**Servizi  
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## Glossary

|   |   |
|---|---|
| <b>Shareholders' Meeting</b>                              | The shareholders' meeting of Servizi Italia S.p.A.  |
| <b>Code of Conduct</b>                                    | The Code of Conduct for listed companies approved in July 2018 by the Corporate Governance Committee.   |
| <b>Board, Board of Directors or BoD</b>                   | Servizi Italia S.p.A. Board of Directors  |
| <b>Board of Statutory Auditors</b>                        | The board of statutory auditors of Servizi Italia S.p.A.  |
| <b>Committee or Nomination and Remuneration Committee</b> | The Nomination and Remuneration Committee of Servizi Italia S.p.A.  |
| <b>Executive Committee (CE)</b>                           | The Executive Committee of Servizi Italia S.p.A.  |
| <b>Fixed Monetary Component</b>                           | <ul style="list-style-type: none"> <li>- Gross Annual Remuneration (G.A.R.) to which the Beneficiary is entitled;</li> <li>- Annual Gross Remuneration/Fee for the Chief Executive Officer or member of the Executive Committee as resolved by the Board of Directors of Servizi Italia S.p.A. to which the beneficiary is entitled.</li> </ul>   |
| <b>Executives with strategic responsibilities</b>         | Executives identified by the Board of Directors as having the power or responsibility to plan, manage and control the Company's activities.   |
| <b>Executives</b>   | The set of: Chief Executive Officer or member of the Executive Committee and/or Executives with Strategic Responsibilities and/or Senior Managers.  |
| <b>Servizi Italia Group or Group</b>                      | All the companies included in the consolidation area of Servizi Italia S.p.A.   |
| <b>Management</b>   | The set of: Executives and Middle Managers.   |
| <b>Eligibility Matrix</b>                                 | Plan containing the names, belonging to the organisation of Servizi Italia, of potential candidates for the office of director of the Company to whom any powers of attorney may be entrusted.  |
| <b>Middle Managers</b>                                    | Middle managers and first line managers of departments who have the managerial levers to influence the factors determining the creation of value for the Group and who make a greater contribution to the achievement of the objectives of the industrial plan in the time horizon considered.  |
| <b>ABS Plan or Annual Bonus System Plan</b>               | The annual monetary incentive plan governed by the Regulations and related documents.   |
| <b>LTI-Cash plan</b>                                      | The Long-Term Incentive Cash Plan lasts 3 years. It should be noted that the Board of Directors' meeting of 23 January 2020, in view of the actual results for 2019 and the Group's 2020 budget forecasts for the 2018-2019-2020 vesting period, assessed and approved the termination of the 2018-2020 LTI Cash Plan as the threshold value set for the Group's consolidated net profit cannot be reached. The Board of Directors, with the support of the Nominations and Remuneration Committee, will begin the process for the definition of a new LTI Cash Plan during 2020, with a duration of at least three years that reasonably coincides with the term of office of the future Board of Directors, which will be appointed by the Shareholders' Meeting called to approve the 2020 financial statements. |
| <b>RPT Regulation</b>                                     | The Regulation for Transactions with Related Parties approved by the Board of Directors on 24 November 2010 and subsequently amended, in its current version approved on 14 November 2018.  |
| <b>Total Remuneration or Gross Target Remuneration</b>    | Indicates the sum of: Fixed Monetary Component + Short-term variable annual monetary component that the beneficiary could receive if the target objectives were achieved (ABS Plan) + the annualization of the medium/long-term variable monetary component (LTI CashPlan) that the beneficiary could receive if the medium/long-term target objectives were achieved.  |
| <b>Servizi Italia or Company</b>                          | Servizi Italia S.p.A.   |
| <b>Senior Managers</b>                                    | Other senior managers, of first organisational level, meeting specific requirements, defined as "Senior" according to the position held within the organisational structure, autonomy and decision-making power in making choices in the Company.   |
| <b>Succession Tables</b>                                  | Plan containing a) potential successors to Directors with strategic responsibility, Senior Managers and Middle Managers, special roles and key roles; and b) individual development plans (skills development, performance management system, retention policy). The Human Resources Director is the guarantor of sensitive information concerning the subjects identified as potential successors, which in any case remain confidential both inside and outside the Company, in order to protect the company's balance, unfair competition and all stakeholders. The succession table is updated every three years.   |

## Introduction

This report on remuneration policy and remuneration paid for the year 2019 (the "**Report**") has been prepared in accordance with the provisions of Article 123-*ter* of Legislative Decree no. 58/1998 as subsequently amended (the "**Consolidated Finance Act**"), Article 84-*quater* and Annex 3A, Schedule 7-*bis* of CONSOB Regulation no. 11971/1999, as subsequently amended (the "**Issuers' Regulations**"). In compliance with the regulations and in line with the values of transparency and responsibility which have always been pursued by Servizi Italia Group, the Company intends to guarantee appropriate information on the strategies and processes adopted for the definition and implementation of the Remuneration Policy.

The Report was prepared by the Human Resources Director of Servizi Italia S.p.A., and - after examination by the Nomination and Remuneration Committee - was approved by the Board of Directors at its meeting on 13 March 2020. The Report consists of two sections:

- Section I, which describes the remuneration policy for members of the board of directors, executives with strategic responsibilities and member of the control bodies for the financial year 2020 (the "**Policy**" or the "**Remuneration Policy**"), as well as the procedures used for its adoption and implementation;
- Section II, which provides an appropriate representation of each of the items that make up the remuneration, highlighting their consistency with the remuneration policy of the Company with reference to the financial year 2019, as well as describing the remuneration paid in the financial year 2019 to members of the administrative and control bodies and to executives with strategic responsibilities.

Pursuant to art. 123-*ter*, paragraphs 3-*bis* and 6, of the Consolidated Finance Act, the Shareholders' Meeting will be called upon to resolve, in favour or against:

- (i) On the Remuneration Policy explained in the first section of the Report envisaged by art. 123-*ter*, paragraph 3, of the Consolidated Finance Act; this resolution will be binding according to art. 123-*ter*, paragraph 3-*ter* of the TUF;
- (ii) On the second section of the Report envisaged by art. 123-*ter*, paragraph 4 of the TUF; this resolution will not be binding according to art. 123-*ter*, paragraph 6 of the TUF.

It should be noted that the approval by the Shareholders' Meeting of the Remuneration policy as explained in Section I of this document and its consistent application by the administrative body are grounds for exclusion from the application of the Regulation for Transactions with Related Parties adopted by the Company, pursuant to Article 7 thereof and in compliance with the provisions of Article 13 of the Regulation adopted by CONSOB in Resolution no. 17221/10. The provisions of the RPT Regulation adopted by the Company will be fully applied in any case of derogation from the Remuneration Policy, in compliance with the conditions set out in paragraph 7 of Section I below.

## SECTION I - REMUNERATION POLICY 2020

### Executive summary - Remuneration Policy 2020

| Remuneration Element   | Objectives  | Implementing terms   | Amounts/Values%  |
|--|---|--|--|
| Fixed Monetary Component (G.A.R.)                            | Rewards skills, role contribution and performance continuity  | Annual remuneration level defined on the basis of the positioning resulting from the comparison with the reference market  | <b>CEO<sup>1</sup> or CE<sup>2</sup> and DSR<sup>3</sup>:</b><br>In order to ensure the competitiveness of the remuneration package, Servizi Italia can appoint specialised consultancy firms to carry out periodical comparative analyses of the remuneration positions   |
| Short-term variable monetary component (ABS Plan)            | Promotes the achievement of annual corporate objectives   | <p><b>CEO or CE and DSR:</b></p> <p><b>Objectives:</b></p> <ul style="list-style-type: none"> <li>Group EBITDA % level (weight 30%)</li> <li>Individual objectives (weight 70%)</li> </ul> <p><b>Access gate:</b> 90% of target level</p> <p><b>Performance measurement:</b> performance objectives are measured at the end of the period covered by the ABS Plan.</p> <p><b>Disbursement:</b> within the first half of the financial year following that to which the ABS Plan refers, following the approval by the Board of Directors of the consolidated financial statements to which the ABS Plan refers</p> <p><b>Claw-back clause</b></p>  | <p><b>CEO or CE:</b></p> <ul style="list-style-type: none"> <li>Monetary Bonus: % of Fixed Monetary Component. Depending on the band to which the Beneficiary belongs, the incentive curve ranges from 2% (minimum level) to 27% (maximum level).</li> </ul> <p><b>DSR:</b></p> <ul style="list-style-type: none"> <li>Monetary Bonus: % of Fixed Monetary Component. Depending on the Beneficiary's category, the incentive curve ranges from 2% (minimum level) to 27% (maximum level).</li> </ul> |
| Medium/long-term variable monetary component (LTI Cash plan) | Promotes alignment to the interests of Shareholders and contributes to Company's strategy and to the sustainability of medium-long term value creation. | <p><b>CEO or CE and DSR: Long Term Incentive</b></p> <p>It should be noted that the Board of Directors' meeting of 23 January 2020, in view of the Group's actual and budget 2020 results for the 2018-2019-2020 vesting period, assessed and approved the termination of the LTI Cash Plan as the threshold value set for the Group's consolidated net profit cannot be reached. The Bod, supported by the Nomination and Remuneration Committee, will begin the process for the definition of a new LTI Cash Plan with a duration of at least three years reasonably coinciding with the mandate of the coming Board, which will be appointed by the Shareholders' Meeting called to approve 2020 financial results, linked to the achievement in the medium-long term of predetermined performance targets and/or strategic objectives (financial and/or non-financial) and/or individual/qualitative objectives and/or the increase in value of the Servizi Italia share on the stock exchange and/or - with a view to retention -- the achievement of certain periods of permanence within the company, subject to the application of appropriate claw-back mechanisms.</p> | <p><b>CEO or CE:</b></p> <p>Monetary Bonus: % of Fixed Monetary Component.</p> <p><b>DSR:</b></p> <p>Monetary Bonus: % of Fixed Monetary Component.</p> <p>With reference to the 2018-2020 LTI Cash Plan, the incentive curve ranged from 20% (minimum level) to 60% (maximum level), depending on the category to which the Beneficiary belongs.</p>  |

<sup>1</sup>CEO: Chief Executive Officer

<sup>2</sup>Director member of the Executive Committee

<sup>3</sup>DSR: Executives with strategic responsibilities

|          |  |  |  |
|----------|--|--|--|
|          |  | <p>It is here reminded that the 2018-2020 LTI Cash Plan had the following characteristics:</p> <p><b>Access gate:</b> 80% of target level</p> <p><b>Objectives:</b></p> <ul style="list-style-type: none"> <li>• Group Consolidated Net Profit for the three-year period</li> <li>• Non-negative Performance of Total Shareholder Return (TSR)</li> </ul> <p><b>Multiplier / Demultiplier:</b><br/>The TSR target acts as a multiplier/demultiplier of the Monetary Bonus achieved and has a value of + 5% or - 5%.</p> <p><b>Claw-back clause</b></p> |  |
| Benefits | Integration of remuneration packages and alignment with market standards | Defined in continuity with the Policy of previous years and in compliance with the provisions of collective bargaining and national legislation  | In addition to the mandatory benefits: <ul style="list-style-type: none"> <li>▪ Flexible Benefit Plan</li> <li>▪ Supplementary Health Care</li> <li>▪ Company Car</li> </ul> |

## 1.1 Process for defining and approving the Remuneration Policy

The Remuneration Policy, understood as the set of principles and instruments aiming to define the compensation packages for Directors, Executives with Strategic Responsibilities and – without prejudice to the provisions of Article 2402 of the Italian Civil Code, Auditors involves the bodies indicated below.

### 1) Shareholders' Meeting

Regarding remuneration, the Shareholders' Meeting:

- pursuant to articles 2364, paragraph 1, no. 3, and 2389, paragraph 3, of the Italian Civil Code and 17.10 of the Articles of Association, determines the remuneration of the Board of Directors as a whole, except for Directors holding special offices;
- pursuant to article 2364, paragraph 1, no. 3 of the Italian Civil Code, determines the annual remuneration due to the Statutory Auditors for the entire period of their office;
- approves the Remuneration Policy as defined by the Board of Directors (on proposal of the Nomination and Remuneration Committee) and explained in the first section of the Report on Remuneration policy and Remuneration paid; the resolution is binding according to art.123-ter, paragraph 3-ter of the TUF;
- expresses a non-binding vote pursuant to art. 123-ter, paragraph 6 of the TUF about the second section of the Report on Remuneration policy and Remuneration paid;

- resolves on any remuneration plans based on shares or other financial instruments intended for Directors, employees and collaborators, including Executives with strategic responsibilities, pursuant to Article 114-bis of the Consolidated Finance Act.

## **2) Board of Directors**

As regards remuneration, the Board:

- sets up an internal Nomination and Remuneration Committee, of which at least one member must have adequate knowledge and experience in financial matters or remuneration policies, to be assessed by the Board at the time of appointment;
- resolves on the allocation of the remuneration determined by the Shareholders' Meeting for the Board of Directors and determines the remuneration of the Directors holding special offices (including the members of the Committees established within the Board and of the Vice-Chairmen), on the proposal of the Nomination and Remuneration Committee, subject to the opinion of the Board of Statutory Auditors, pursuant to art. 2389, paragraph 3 of the Italian Civil Code, art. 17.11 of the Articles of Association and in compliance with the principles established by the regulations in force on a case-by-case basis;
- defines, at the proposal of the Nomination and Remuneration Committee, the Remuneration Policy for Directors, Executives with strategic responsibilities and – without prejudice to the provisions of Article 2402 of the Italian Civil Code – Auditors, in compliance with the regulations applicable on a case-by-case basis, and then submit it to the Shareholders' Meeting for approval pursuant to Article 123-ter of the TUF and ensure its implementation;
- with the support of the Nomination and Remuneration Committee, approves the Report on Remuneration Policy and remuneration paid pursuant to art. 123-ter of the Consolidated Finance Act and art. 84-*quater* of the Issuers' Regulations, drawn up by the Human Resources Director, and submits it to the Shareholders' Meeting.
- prepares any remuneration plans based on shares or other financial instruments for Directors, employees and collaborators, including Executives with strategic responsibilities, submits them to the Shareholders' Meeting for approval pursuant to art. 114-bis of the Consolidated Finance Act and oversees their implementation.

## **3) Nomination and Remuneration Committee**

In compliance with application criteria 6.C.5 of the Code of Conduct, to which the Company adheres and conforms, concerning remuneration the Nomination and Remuneration Committee:

- periodically assesses the adequacy, overall consistency and concrete application of the remuneration policy for Directors, Auditors and Executives with strategic responsibilities, in

this regard using the information provided by the CEO or Executive Committee and Human Resources Director; making proposals to the Board of Directors on this matter;

- submits proposals or expresses opinions to the Board of Directors on the remuneration of executive Directors and other Directors holding special offices, as well as on the setting of performance objectives related to the variable component of such remuneration; monitors the application of the decisions adopted by the Board itself, verifying, in particular, the actual achievement of the performance objectives;
- examines in advance the annual Report on Remuneration Policy and remuneration paid to be made available to the public with a view to the annual general meeting for the approval of the financial statements;
- within the scope of its responsibilities, it drafts, submits to the Board of Directors and monitors the application of incentive systems for the management (including any remuneration plans based on financial instruments), understood as instruments aiming to attract and motivate resources of an adequate level and experience, developing a sense of belonging and ensuring a constant orientation towards the creation of value over time;
- it may also provide support to the CEO or Executive Committee and Director of Human Resources with regard to the enhancement of managerial resources, recruitment of talented resources and the promotion of initiatives with universities in this field;
- evaluates the criteria adopted for the remuneration of Executives with strategic responsibilities and supervises their application on the basis of the information provided by the CEO or Executive Committee and Human Resources Director.

#### **4) Board of Statutory Auditors**

With regard to remuneration, the Board of Statutory Auditors, in accordance with the provisions of Article 2389, paragraph 3 of the Italian Civil Code and Article 17.11 of the Articles of Association, expresses its opinion on the proposals for the remuneration of executive Directors, and more generally, of Directors holding special offices within the framework of the overall determination made by the Shareholders' Meeting, verifying the consistency of such proposals with the Remuneration Policy.

#### **5) Chief Executive Officer or Executive Committee**

With regard to remuneration, the Chief Executive Officer or the Executive Committee is:

- responsible for the correct implementation of the Remuneration Policy;
- responsible for identifying participants in the ABS,LTI Cash Plans and, in general, any incentive plan at short or medium/ling term adopted by the Company.



## **6) Human Resources Director**

With regard to remuneration, the Human Resources Director is jointly responsible for the correct implementation of the remuneration policy.

### **1.2 Responsibilities, composition and functioning of the Nomination and Remuneration Committee**

#### *Responsibilities*

Servizi Italia has set up a Nomination and Remuneration Committee, endowed with corporate governance tools in line with market practice, the provisions of the Consolidated Finance Act and the Code of Conduct.

In addition to what stated in paragraph 1.1, the Nomination and Remuneration Committee has the following consultative and proposal-making functions vis-à-vis the Board of Directors:

- to formulate opinions to the Board of Directors on the size and composition of the Board, and express recommendations on the professional figures whose presence on the Board is deemed appropriate;
- to make recommendations in this regard:
  - a) the maximum number of charges as director or auditor in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large companies that may be deemed compatible with the effective performance of the office of Director of the Company;
  - b) to the Board of Directors' assessments of any problematic cases in which the Shareholders' Meeting has authorised, in a general and preventive manner, of exceptions to the non-competition clause provided for by Article 2390 of the Italian Civil Code;
- to propose to the Board of Directors candidates for the office of Director in cases of co-optation, where it is necessary to replace independent Directors;
- to support the Board with a specific investigation into the preparation of any succession plans.

#### *Composition*

On 20 April 2018, the Board of Directors identified three independent and non-executive Directors as members of the Committee: Chiara Mio (Chairman of the Committee), Romina Guglielmetti and Paola Schwizer. At the time of appointment, the Board deemed its knowledge and experience in accounting and financial matters, and/or in the field of remuneration policies of the members of the Committee to be adequate.

## *Functioning*

None of the Directors attends meetings of the Committee at which proposals are made regarding their own remuneration and/or conditions, as provided for by the Committee regulations. The Company's Human Resources Director participates in the works of the Committee. The Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by the Chairman may also attend the meetings of the Committee. In any case, the Statutory Auditors may also participate if issues are discussed in relation to which the Board of Directors resolves with the mandatory opinion of the Board of Statutory Auditors. The Committee may invite non-members, including other members of the Board or the structure, to its meetings with reference to individual items on the agenda. In order to carry out the tasks assigned to it, the Committee may use the support of both internal employees and external professionals. Where the Committee uses the services of a consultant, in order to obtain information on market practices with regard to remuneration policies, it shall first check that the consultant is not in a situation that would compromise his or her independence of judgement.

The members of the Committee have access to the information and corporate functions necessary for the performance of their duties, with the assistance of the Director of Human Resources.

For information on the main activities carried out by the Committee in 2019, the number of meetings of the Committee and their duration, refer to the Report on Corporate Governance and Ownership Structure for the financial year 2019.

## **2. Guiding principles and aims of the Remuneration Policy**

The Company generally defines and applies a Remuneration Policy aimed at attracting, motivating and retaining resources possessing the competences and professional qualities required to profitably pursue the objectives of the Group and the business, competitiveness and sustainability of the business activities carried out by the Company and the Group in the long term.

The main objectives of the Policy are:

- to involve and encourage Directors and Management, whose activities are considered of fundamental importance for the achievement of Group's objectives and corporate strategy, and align their interests to the pursuit of the priority objective of creating medium-long term value for Shareholders, taking into consideration Company's relevant stakeholders' interests;
- to certify the Company's willingness to share the increase in value with the Group's highest professional figures;
- to foster the loyalty of the Group's key resources, encouraging them to stay within the Group;
- to support the implementation of the multi-year business plan approved by the Board of Directors as well as Group's and Company's corporate strategies;

- attract people with specific skills and professional qualities within the company, promoting successful management and the competitiveness and sustainability of the activities carried out by the Company and/or the Group in the long term;
- to motivate remunerative growth according to comparative market parameters (basket of companies comparable to Servizi Italia S.p.A. by sector and size used as a market benchmark);
- to structure for Executives a remuneration system consisting of a Fixed Monetary Component correlated to the achievement of specific short and medium-long term strategic objectives.

The definition of the Policy is the result of a clear and transparent process, in which the Human Resources Director, the Nomination and Remuneration Committee and the Board of Directors play a central role.

As explained, the Policy defines the principles and guidelines that the Board of Directors and the Chief Executive Officer or Executive Committee must follow when defining the remuneration of:

- members of the Board of Directors and, in particular, of the Directors holding special offices;
- Executives with strategic responsibilities;
- Senior Managers, Middle Managers, special and key figures.

At the proposal of the Nomination and Remuneration Committee, the Board of Directors adopts the criteria for the implementation of the Policy and any relevant amendment.

The remuneration of Senior Managers and Middle Managers, i.e. special and key figures, is approved by the CEO or the Executive Committee, in agreement with the Human Resources Director.

The Human Resources Director shall report, at least once a year, on compliance with the Policy and the related application criteria to the Nomination and Remuneration Committee.

## **2.1 Description of the Remuneration Policy**

The Board of Directors may propose to the Shareholders' Meeting the adoption of incentive mechanisms through the allocation of financial instruments or options on financial instruments. The relevant legislation will apply to these mechanisms. At the date of this Report, the Company has no financial instrument incentive plans in place.

The Nomination and Remuneration Committee and the Board of Directors, where required with the assistance of independent firms specialising in executive compensation, analyse the positioning, composition and, more generally, the competitiveness of the remuneration of Directors holding special offices, Executives with strategic responsibilities and senior managers, on the basis of methodological approaches that make it possible to assess the complexity of the roles from an organisational point of view, the specific delegated powers, as well as the impact on the final business results of the individual.

## The Board of Directors

The Shareholders' Meeting held on 20 April 2018 confirmed the number of members of the Board of Directors as eleven, appointing the Board of Directors for the three-year period 2018-2020, i.e. until approval of the Financial Statements as at 31 December 2020.

The Directors in charge at the moment of approval of this Report are indicated in the following table:

| Name                         | Position                                    | List (M/m) |
|------------------------------|---|------------|
| Roberto Olivi                | Chairman <sup>(d)</sup>                     | M          |
| Ilaria Eugeniani             | Deputy Chairman and Director <sup>(d)</sup> | M          |
| Michele Magagna              | Director <sup>(d)</sup>                     | M          |
| Antonio Paglialonga          | Director                                    | M          |
| Lino Zanichelli              | Director                                    | M          |
| Umberto Zuliani              | Director                                    | M          |
| Antonio Aristide Mastrangelo | Director (a)                                | m          |
| Paola Schwizer               | Director (a) (b)(c)                         | M          |
| Romina Guglielmetti          | Director (a) (b)                            | M          |
| Chiara Mio                   | Director (a) (b)                            | M          |
| Enea Righi*                  | Resigned Director                           | M          |

\* Director resigned on 7 January 2020

(a) Non-executive Director with the requirements of independence pursuant to the Consolidated Finance Act and the Corporate Governance Code.

(b) Member of the Control and Risk Committee and of the Nomination and Remuneration Committee.

(c) Lead Independent Director

(d) Member of the Executive Committee from 7 January 2020

For the duration of their term of office, the members of the Board of Directors, pursuant to art. 17.10 of the Articles of Association, are entitled to a remuneration determined by the Shareholders' Meeting in overall terms at the time of their appointment, pursuant to art. 2389, para. III, of the Italian Civil Code. The expiring Board of Directors usually refrains from formulating specific proposals in this regard and invites the Shareholders' Meeting that has on its agenda the appointment of the Board of Directors to resolve on the matter, on the basis of the proposals that may be made by the Shareholders in the context of the lists presented and/or during the Shareholders' Meeting.

As regards the Executive directors or Directors holding special offices, this compensation may also consist of a fixed part and a variable part, the latter commensurate with the achievement of certain objectives.

The Shareholders' Meeting held on 20 April 2018 resolved to grant the Board of Directors, in overall terms for each year of office (2018-2019-2020), a gross annual emolument of a maximum of Euro 1,315 thousand, comprising a fixed annual part of Euro 915 thousand and a maximum annual variable part of Euro 400 thousand, the latter to be paid to the delegated body and measured upon achievement of certain objectives set out in the Annual ABS Plan and the LTI Cash Plan, also resolving on an indemnity for termination of office as CEO.

It should be noted that on 7 January 2020, the Chief Executive Officer Enea Righi resigned and an Executive Committee was set up to which all the tasks and functions previously attributed exclusively to the Chief Executive Officer by the internal procedures and regulations adopted by the Company have been assigned, being understood as the references made to the Chief Executive Officer by the internal regulations and procedures as referred to the Executive Committee (and for the same to its Chairman).

The remuneration of Directors holding special offices is established by the Board of Directors, at the proposal of the Nomination and Remuneration Committee and after hearing the opinion of the Board of Statutory Auditors, within the framework of the overall determination made by the Shareholders' Meeting pursuant to Article 17.10 of the Articles of Association.

This remuneration, formulated in overall terms, was distributed by the Board of Directors among the Directors, Directors holding special offices and the members of the Committees provided for by the Corporate Governance Code, subject to the favourable opinion of the Board of Statutory Auditors and the Nomination and Remuneration Committee, in accordance with the provisions of the Italian Civil Code and the current Articles of Association. The distribution criterion adopted is as follows:

1. a fixed annual basic component which is the same for all members of the Board of Directors;
2. a fixed annual component for Directors holding special offices (e.g. Chairman, Deputy Chairman, Chief Executive Officer or Director member of the Executive Committee, Executive in charge of preparing the company's financial reports, Chairman of the Committee, Lead Independent Director, members of the Board Committees);
3. a maximum fixed variable component, for the Chief Executive Officer or Director member of the Executive Committee, linked to the objectives defined in the ABS Plan and, as a rule, LTI Cash Plan;
4. any pension fund and/or reimbursement of expenses for the exercise of the office of Director.

The remuneration commences from the date on which the office is conferred and is paid *on a pro-rata basis* until the date on which the office terminates.

With reference to the variable components assigned, contractual agreements are envisaged for which the Company may request their return, in whole or in part, where their assignment was made on the basis of data that later proved to be manifestly incorrect (so-called *claw-back* clause).

In compliance with principle 6 P.5 of the Code of Conduct, the Company, upon termination of office and/or the termination of the relationship with an executive Director (or possibly General Director), shall, following the internal processes that lead to the allocation or recognition of indemnities and/or

other benefits, disclose detailed information on the matter, through a press release issued to the market.

The remuneration of non-executive Directors is commensurate with the commitment required of each of them, considering their possible participation in the Committees, and is not linked to the economic results achieved by Servizi Italia S.p.A. (they do not participate in the ABS Plan or the LTI Cash Plan). This provision does not apply in the case of non-executive Directors who are also Executives of the Company who could be identified as participants in the ABS Plan and/or LTI Cash Plan.

It should also be noted that, for the Directors belonging to the list of majority shareholders (Coopservice Soc.coop.p.A.) who are also employees of the same, there is an obligation to transfer all or part of the remuneration received to Coopservice Soc.coop.p.A. for the entire duration of the mandate.

As a general rule, the Board of Statutory Auditors will be involved whenever there are cases concerning events that have an impact on the remuneration of the Directors and on the termination of their office, in order to supervise the procedures for the concrete implementation of the rules of corporate governance provided for in Article 149, paragraph 1, letter c-*bis* of the Consolidated Finance Act.

In line with best practices, a D&O (Directors & Officers) insurance policy is envisaged to cover management's third-party liability, including members of corporate bodies and Executives with strategic responsibilities, in the exercise of their functions.

### ***Remuneration of Directors holding special offices***

At the time of appointment, or at the first subsequent meeting, the Nomination and Remuneration Committee shall propose to the Board of Directors the remuneration payable to Directors holding special offices.

The remuneration of Executive directors and Directors holding special offices generally consists of the following elements:

1. fixed annual components, as member of the Board of Directors;
2. Fixed Monetary component, if the director is also an employee of the Company;
3. short-term variable component, which can be achieved on the basis of the achievement of pre-established company objectives (ABS plan);
4. medium/long-term variable component (LTI), provided for in the LTI Cash Plan;
5. any benefits recognised by company practices and identified in a specific regulation approved by the Board of Directors, in accordance with the principles of sobriety, cost containment and proportionality in relation to the objectives pursued;

6. any pension fund and/or reimbursement of expenses for the exercise of the office of Director.

With reference to the variable components of the remuneration of Executive directors holding special offices, it should be noted that, on an annual basis, the Nomination and Remuneration Committee submits proposals or expresses opinions to the Board of Directors on:

- the objectives of the ABS Plan to proceed, in the following financial year, with an audit of the Director's performance in order to verify the achievement of the objectives of the ABS Plan of the previous financial year;
- the progress of the Director's performance regarding the LTI Cash Plan.

The remuneration of non-executive Directors holding special offices, including independent Directors, is fixed and commensurate with the commitment actually required, also taking into account their participation in one or more Committees.

### ***General Director and Executives with Strategic Responsibilities***

In Servizi Italia S.p.A., the Board of Directors has not appointed a General Director. Executives with strategic responsibilities are directors identified by the Board of Directors as having the power or responsibility for planning, managing and controlling the Group's activities.

As at the date of approval of this Report, the Board of Directors has identified Executives with strategic responsibilities: Ilaria Eugeniani (Administrative, Finance and Control Director), Andrea Gozzi (Director of Operations), Danilo Canovi (Purchasing Manager), Simona Campanini (Human Resources Director) and Giovanni Manti (Organisation and Systems Director).

The remuneration of Executives with strategic responsibilities, apart from the so-called "non-monetary benefits", is generally composed of the following elements:

1. a fixed monetary component;
2. an annual variable monetary component, which can be obtained on the basis of the achievement of pre-established corporate and individual objectives provided for in the short-term incentive scheme (ABS plan for the year in question);
3. a medium/long-term variable monetary component (LTI Cash Plan);
4. benefits (non-monetary benefits) recognised by company practices and identified in a specific regulation approved by the Board of Directors, in accordance with the principles of sobriety, cost containment and proportionality in relation to the objectives pursued.

### ***Senior Managers, Middle Managers and special/key figures***

The remuneration of Senior Managers, Middle Managers and special/key figures within the organisation generally, is composed of the following elements:

1. a fixed monetary component;
2. any annual variable component that can be obtained on the basis of the achievement of pre-established corporate objectives envisaged in the short-term incentive scheme (ABS plan for the year in question), if the resource is identified as the beneficiary of the plan;
3. a possible medium/long-term variable component (LTI Cash Plan), if the resource is identified as a beneficiary of the plan;
4. benefits recognised by company practices and identified in a specific regulation approved by the Board of Directors, in accordance with the principles of sobriety, cost containment and proportionality in relation to the objectives pursued.

### ***Remuneration of the Board of Auditors***

Pursuant to Article 2402 of the Italian Civil Code, when appointing the Board of Statutory Auditors of Servizi Italia S.p.A., the Shareholders' Meeting shall determine the annual remuneration due to the Statutory Auditors for the entire duration of their office.

With regard to the practice of determining the remuneration of the Board of Statutory Auditors, the Board of Directors refrains from formulating specific proposals in this regard and invites the Shareholders' Meeting in which the appointment of the Board of Statutory Auditors is on the agenda, to resolve on the basis of the proposals be made by the Shareholders themselves in the context of the lists presented or during the above-mentioned Shareholders' Meeting.

In particular, during the Shareholders' Meeting of 20 April 2017, on renewal of the Board of Statutory Auditors for the three-year period 2017-2018-2019, the fixed annual gross remuneration of its Chairman was set at Euro 25 thousand per year and that of the members at Euro 20 thousand per year.

As part of the Explanatory Report pursuant to Article 125-ter of the TUF on the items on the agenda of the next Shareholders' Meeting convened in first call for 28 April 2020, the criteria for the composition of the lists for the renewal of the Board of Statutory Auditors provided for by the Articles of Association in force and by the diversity policy adopted by the Board of Statutory Auditors were recalled, and shareholders who intend to submit a list were recommended to prepare and file, together with the list, a proposal for a resolution of the Shareholders' Meeting on the remuneration to be awarded to the Statutory Auditors.

The remuneration of the Statutory Auditors must in any case be appropriate to the competence, professionalism and commitment required by the importance of the role held and the size and sectorial



characteristics of the Company. The remuneration commences from the date of conferral of office and is paid *pro rata* the date on which the office terminates.

The members of the Board of Statutory Auditors are precluded from any form of variable remuneration, while any social security fund and/or reimbursement of expenses for the exercise of the office of Statutory Auditor is recognized.

As explained, in line with the best practices, a D&O (Directors & Officers) insurance policy is envisaged to cover management's third-party liability, including members of corporate bodies and Executives with strategic responsibilities, for the exercise of their functions.

### **Collaboration contracts and/or Directorship contracts**

In order to provide for the correct organisational development of its functions, the Company may conclude collaboration or directorship contracts, governed by the rules of self-employment provided for by current legislation.

It is company practice, in the event that, due to the particular nature of the collaboration contract, it is not possible in any way to recognise a subordinate employment relationship between the Company and the collaborator (not subjecting the collaborator to the organisational, hierarchical and disciplinary power of the employer), not to recognise any further accessory benefits in both economic and social security or welfare terms, in addition to the remuneration defined for the service. For the services required and for the proper performance of the function, the employee may be assigned benefits (e.g. car, telephone, computer) recognised by company practices and identified in a special regulation approved by the Board of Directors, the operating costs of which will be borne by the company.

Up to 7 January 2020, the Company had a directorship contract with Enea Righi (Deputy Chairman and CEO), approved on 20 April 2018 by the Board of Directors, with the favourable opinion of the Nomination and Remuneration Committee and the Board of Statutory Auditors. As promptly reported to the market on 7 January 2020, it is recalled that Mr. Righi resigned for personal reasons, expressing his willingness to devote himself to new initiatives in areas other than those in which the Company operates, and, at the same time, considering the conditions to facilitate a change in Company's governance.

### **3. Balancing of elements of the management remuneration package**

In determining the remuneration and its individual components, the Board of Directors, the Chief Executive Officer or Executive Committee and the Human Resources Director shall take into account a balance of the Total Remuneration consisting of a fixed monetary component and both short and medium/long-term variable monetary components, whose weight shall take into account the specific

content of the powers delegated to individual beneficiaries and/or the functions and role they actually perform within the company.

In particular, with regard to executive Directors holding special offices, the Board of Directors - with the support of the Nomination and Remuneration Committee - evaluates the specific office assigned and any specific powers delegated. In particular, the remuneration shall be determined on the basis of the following indicative criteria:

- the fixed monetary component tends to have an average weight of about 75% of the Total Remuneration. For the resigned CEO, in accordance with the resolution passed by the Shareholders' Meeting of 20 April 2018, the fixed monetary component had a weight of about 54% of the Total Remuneration;
- the target monetary bonus of the ABS Plan is equal to a pre-established percentage of the fixed remuneration for the office of executive director holding special offices in the Company (therefore excluding remuneration received for other offices in various Group companies) with an average weight of approximately 10% of the said remuneration; for the CEO, in accordance with the resolution passed by the Shareholders' Meeting of 20 April 2018, the short-term variable monetary component (MBO) has a weight of approximately 23% of the target total remuneration; as a general rule, the target monetary premium under the ABS Plan ranges from a minimum of 4 % to a maximum of 18 % of the beneficiary's Fixed Monetary Component;
- the monetary bonus of the (annualised) LTI Cash Plan is equal to a pre-established percentage of the fixed remuneration for the office of executive director holding special offices in the Company (excluding, in any case, remuneration received for other offices in various Group companies for which there may be an obligation to pay out); for the ceased CEO, in accordance with the resolution passed by the Shareholders' Meeting of 20 April 2018, the medium/long-term variable monetary component (LTI) had a weight of approximately 23% of the Total Remuneration.

For Executives with strategic responsibilities, *Senior Managers* and special/key figures, remuneration is determined on the basis of the following indicative criteria:

- the fixed monetary component tends to have an average weight of 75% of the Total Remuneration;
- the target monetary bonus of the ABS Plan is equal to a pre-established percentage of the Fixed Monetary Component which, with reference to the ceased 2018-2020 LTI Cash Plan, tended to have an average weight of approximately 10% of the said remuneration; in general, the target monetary premium under the ABS Plan ranges from a minimum of 4 % to a maximum of 18 % of the beneficiary's Fixed Monetary Component;

- the target monetary bonus of the (annualised) LTI Cash Plan is equal to a pre-established percentage of the Fixed Monetary Component and tends to have an average weight of approximately 15% of the said remuneration; in general, the target monetary bonus of the medium/long-term incentive plan ranges from a minimum of 20% to a maximum of 60% of the beneficiary's Fixed Monetary Component.

It should also be noted that with regard to the beneficiaries (executive Directors and/or Executives with strategic responsibilities and special/key figures), the Company, as mentioned above, has promoted the introduction clauses in the letters of appointment or in the so-called "claw back" ABS and LTI Cash Plans, which make it possible to request the return, in whole or in part, of variable components of remuneration paid (or to withhold sums subject to deferment), determined on the basis of data that subsequently proved to be manifestly incorrect).

#### **4. Criteria for variable remuneration**

##### ***ABS Plan***

The Company adopts as a practice an ABS Plan described in the criteria, terms and conditions in a specific regulation examined in advance by the Nomination and Remuneration Committee and approved by the Board of Directors. The regulations of the current ABS Plan were approved by the Board of Directors on 13 March 2018, with the support of the Nomination and Remuneration Committee. The purpose of the ABS Plan, which has not been substantially modified with respect to the previous one, is always to continue to support corporate strategy, management of sustainability issues and the improvement of short-term economic performance, to promote and spread the culture of value creation in all strategic and operational decisions, as well as to encourage the retention of strategic management figures. About financial year 2020, it should be noted that the criteria of the ABS Plan did not change compared to those of the previous financial year. It should be noted that on 5 March 2020 the ABS Plan was updated to take account of the changes in governance that had occurred and the recommendations made by the Corporate Governance Committee, also providing that the end of the vesting period should coincide with 31 December of the financial year in question.

A summary description of the ABS Plan is provided below.

The beneficiaries of the incentive provided for in the ABS Plan are: the executive Directors holding special offices identified by the Board of Directors, the Executives with strategic responsibilities, the Senior Managers, the Middle Managers and the special/key figures, who, at the sole discretion of the CEO or Executive Committee, assisted by the Human Resources Manager, have the management levers necessary to influence the determinants of value creation for the Company, in the annual period considered.

The value of the monetary bonus is annual and is calculated as a percentage of the Monetary Component Fixed in Servizi Italia in force on a specific date (from the basis of calculation are excluded the remuneration for positions in companies belonging to the Group, for which there may be an obligation to pay out). In identifying the beneficiaries, the Chief Executive Officer or Executive Committee, with the support of the Human Resources Director, assigns to each of them the bracket and the corresponding monetary bonus a target.

The system provides for an access threshold, below which the entire monetary bonus cannot be received, and an incentive strategy that links the result achieved to the monetary bonus accrued.

The disbursement of the incentive - which takes place at the end of the time horizon considered - is conditional not only on the achievement of performance objectives, but also on the beneficiary's permanence in the company until the end of the vesting period (i.e. 31 December of the year in question).

Each beneficiary, in relation to the objectives achieved, is paid the monetary bonus according to the following criteria:

- on achievement of the target objective: 1 time the monetary bonus;
- on achievement of the minimum target: the monetary bonus is halved;
- when the maximum target is reached: the monetary bonus increases by half (150%).

The objectives identified by the ABS Plan are:

- an objective, identified by the Board of Directors, of an economic and financial nature (EBITDA planned in the budget) in the financial year of reference, in percentage terms with respect to turnover and compared with that actually achieved. This objective, which is the same for all beneficiaries participating in the Plan, aims to support the growth of the Group and has a weight equal to 30% of the bonus. The objective, as defined above, may be modified by the Board of Directors, subject to the opinion of the Nomination and Remuneration Committee, in the event of significant changes in the macroeconomic and/or business scenario;
- individual objectives assigned with a cascading logic starting from the objectives assigned to management, consistent with those set in the annual budget and, therefore, with the business plan. For each of the beneficiaries, the delegated body (Chief Executive Officer or Executive Committee), in agreement with the beneficiary's direct superior and the Human Resources Director, identifies, on the basis of economic/managerial or quantitative and qualitative or non-financial factors, the targets to which the percentage amount of the bonus payment and its weight shall be linked. The individual objectives may therefore be either quantitative (absolute values, percentages and/or indices) or qualitative (in any case measurable through observable behaviour, for example, the development of turnover on order, the improvement

of the order margin, the improvement of average cost of kg produced, the respect of project schedules, the quality of the outputs, the customer satisfaction, the respect of activities and commitments set in the Sustainability plan of the Group – K.P.I. ESG). These objectives account for 70% of the bonus.

The achievement of individual objectives is assessed by the competent body from time to time, following the approval of the consolidated financial statements for the year in question; extraordinary effects, both negative and positive, will be assessed at the final balance at the sole discretion of the Board of Directors, according to conditions set in paragraph 7 of this Section.

The disbursement only concerns the beneficiaries who have been present since at least a semester, in force at the time the vesting period expires and on condition that they have reached the objectives assigned *ad personam*. The disbursement is a one-shot payment, recognised within the first six months of the financial year following that in which the assigned targets were assessed.

If the total performance achieved is, respectively, between the minimum performance and the target performance or between the target performance and the maximum performance, the incentive value will be calculated proportionally.

The total cost of the ABS plan is given by the valorisation of the target cost incentive (including the company's social contributions) for each beneficiary. To this end, the financial statements for the financial year in question will indicate the costs relating to the bonuses actually earned for which provision is made. The cost is therefore deducted from the economic result of the company.

Every year, the company management promotes plenary and individual meetings with the figures identified as beneficiaries, in order to illustrate the incentive system for the year in question and assign the economic, non-economic and qualitative objectives that the Company sets out to achieve.

### **Medium/long-term incentive system: LTI-Cash Plan**

The Company periodically uses medium/long-term monetary incentive systems, lasting three years, aimed at linking the remuneration of key company resources to the effective performance of the Company and the creation of new value for the Servizi Italia Group in the medium/long term.

In 2018, the Board of Directors, at the proposal of the Nomination and Remuneration Committee, had approved a medium/long-term incentive system linked to the achievement of the objectives contained in the 2018-2019-2020 three-year plan. The regulations of the LTI Cash Plan 2018-2020, approved on 13 March 2018 and then terminated by a resolution of the Board of Directors on 23 January 2020 (since the set threshold value could not be reached), have not changed substantially with respect to the previous one. The beneficiaries of the incentive provided for in the plan were: executive Directors holding special offices identified by the Board of Directors, Executives with strategic responsibilities,

Senior Managers and special/key figures who, at the sole discretion of the Chief Executive Officer or Executive Committee, assisted by the Human Resources Director, have the management levers to influence the determinants of the Group's value creation in the 2018-2019-2020 period considered.

The rules of the LTI Cash Plan 2018-2020 provided that: (i) The value of the Monetary Bonus is calculated as a percentage of the Fixed Monetary Component in Servizi Italia S.p.A. in place at a specific date, excluding, therefore, remuneration for assignments in companies belonging to the Servizi Italia Group; (ii) the Chief Executive Officer, with the support of the Human Resources Director, would have assigned to each of them the category and the corresponding target monetary bonus. The economic value of the *target* monetary bonus would have been distributed equally over three years.

The system provided for an access threshold, below which the entire monetary bonus could not be received, and an incentive strategy that links the result achieved to the monetary bonus accrued.

The disbursement of the monetary bonus - which would have taken place at the end of the time horizon considered - was conditional not only on the achievement of performance objectives, but also on the beneficiary's permanence in the company until the end of the vesting period (i.e. the date of Board approval of the 2020 consolidated financial statements, last financial year of the plan).

Each beneficiary, in relation to the objectives achieved, would have been paid the value of the monetary bonus according to the following criteria:

- on achievement of the *target* objective: 1 time the monetary bonus;
- on achievement of the minimum target: the monetary bonus is halved;
- when the maximum target is reached: the monetary bonus increases by half (150%).

The LTI Cash Plan provided for a single, equal economic and financial objective for all beneficiaries, which was the Group's Net Consolidated Result cumulated over the three-year period, and a target, the Total Shareholder Return (TSR), linked to the value of the Company's shares and dividends distributed, which acts as a multiplier of the monetary bonus accrued (with a value equal to +5% or -5% of the LTI bonus achieved through the Group's consolidated net result objective). A target value, as well as a minimum and a maximum value, had been defined for this objective. The minimum value of the Group's consolidated net result represented the threshold condition of the LTI Cash Plan. This means that if not achieved, the monetary bonus would have been zero.

If the total performance achieved was, respectively, between the minimum performance and the target performance or between the target performance and the maximum performance, the incentive value would have been calculated proportionally.

The LTI incentive would have been paid at the end of the vesting period, after the approval of the consolidated financial statements for the year 2020 and, in any case, no later than the first half of 2021.

As already underlined, the Board of Directors' meeting held on 23 January 2020, in view of Group's 2019 actual results and 2020 budget for the 2018-2019-2020 vesting period, assessed and approved the termination of the LTI Cash Plan as the threshold value set for the Group's consolidated net profit cannot be reached. The Board of Directors, supported by the Nomination and Remuneration Committee, will begin the process for the definition of a new LTI Cash Plan with a duration of at least three years reasonably coinciding with the mandate of the coming Board, which will be appointed by the Shareholders' Meeting called to approve 2020 financial results, linked to the achievement in the medium-long term of predetermined performance targets and/or strategic objectives (financial and/or non-financial) and/or individual/qualitative objectives and/or the increase in value of the Servizi Italia share on the stock exchange and/or - with a view to retention - the achievement of certain periods of permanence within the company, subject to the application of appropriate claw-back mechanisms.

### **5. Indemnities in the event of resignation, dismissal or termination of employment**

In Servizi Italia, it is common practice not to enter into agreements with Directors, Executives with strategic responsibilities and Senior Managers that regulate *ex ante* the economic aspects of any early termination of the relationship at the initiative of the Company or the individual (so-called parachute).

In the event of termination of the existing relationship with the Group, for reasons other than just cause, the orientation is to seek agreements for the termination of the relationship by mutual consent. In the presence of variable components of any remuneration package paid, it is envisaged that in the contractual agreements the Company may request their return, in whole or in part, where such variable components have been paid on the basis of data that later proved to be manifestly incorrect.

Without prejudice, in any case, to legal and/or contractual obligations, the agreements for the termination of the relationship with the Group are based on the reference benchmarks on the subject, within the limits defined by the jurisprudence and practices of the country in which the agreement is concluded.

Servizi Italia, on the termination of office and/or the dissolution of the relationship with an executive Director or a general director, shall publish detailed information regarding the internal processes relating to the allocation or recognition of indemnities and/or other benefits, in compliance with the provisions of the Code of Conduct, in a specific press release circulated to the market.

With regard to Directors holding special offices, to whom specific powers have been delegated and who are not linked by executive employment relationships, generally the Company does not provide for the payment of indemnities or compensation of an extraordinary nature linked to the end of their mandate.

If the Board of Directors of Servizi Italia S.p.A. decides to adopt, in the interest of the company, specific indemnities or decides to enter into specific consulting contracts with the Director or the Executives



with strategic responsibility ceased, such decisions shall be taken in accordance with the strategy, values and medium-long term interests of the Servizi Italia Group and, in any case, shall take into account the following guiding principles:

- (i) the indemnity (except, where applicable, that relating to non-competition agreements and termination indemnities provided for in application of the national collective labour agreement) is not payable if the termination is caused by the attainment of objectively inadequate results;
- (ii) any consultancy contract shall be limited to predefined periods of time, and limited to what is strictly necessary in the interest of Servizi Italia S.p.A. in order to ensure continuity of action in a context of efficient and effective management of the Group;
- (iii) as a rule and except in exceptional cases, the amounts to be paid to the Executive Director or the Manager with strategic responsibilities (not including those relating to non-competition agreements and termination benefits provided for in application of the applicable national collective labour agreement) may not exceed the overall remuneration paid to the same on a consistent basis over a period of 24 months;
- (iv) as a rule, contractual agreements are in place that allow the Company to request the return, in whole or in part, of variable components of remuneration paid (or to withhold sums subject to deferment), determined on the basis of data that subsequently proved to be manifestly incorrect.

## **6. Non-competition agreements**

The Company may enter into confidentiality and non-competition agreements with its executive Directors, Executives with strategic responsibilities, Senior Managers or with collaborators with particularly strategic professional skills. These provide for: (i) the recognition of a consideration in relation to the RAL/fixed remuneration component set according to market practice, which – as a rule and except extraordinary cases - does not exceed for each year of the duration of the non-competition pact the RAL/fixed annual remuneration component recognised to it on a constant-ratio basis; (ii) duration and extent of the constraint deriving from the agreement itself. The constraint refers to the reference sector in which the Group operates at the time of the definition of the agreement and to the territorial/geographical extension.

## **7. Derogations from the Remuneration Policy: exceptional circumstances and procedural conditions**

In case of exceptional circumstances, it is possible to temporarily derogate from the Remuneration Policy, in compliance with the conditions set out in this paragraph.

In particular, the competent bodies of Servizi Italia S.p.A. may:



- (i) award Executives MBO and/or LTI bonuses above the thresholds provided for each type of beneficiary by the Remuneration Policy, whenever they opt for the adoption of a reasonably low Fixed Monetary Component compared to the market benchmark, as well as whenever particularly challenging performance targets are identified;
- (ii) not assign to single Executives MBO and/or LTI remuneration components;
- (iii) also allocate ex post to individual Executives bonuses and one-off payments of a discretionary nature, in relation to the achievement or method of achieving particular objectives (other than those assigned for the payment of variable components of remuneration), achieved through exceptional individual contributions, as well as to encourage the acquisition and retention of resources possessing specific high-level skills and professionalism deemed necessary to achieve the objectives of the Servizi Italia Group;
- (iv) award to the individual Executive Director and/or Manager with strategic responsibilities an indemnity/compensation for the termination of the administration and/or employment relationship with the Company (not including the amounts relating to non-competition agreements and severance indemnities provided for in application of the applicable national collective bargaining agreement) higher than the total remuneration paid to the same on a consistent basis over a 24-month period, as well as recognising, for non-competition agreements after termination of the relationship with the Company, amounts higher, for each year of the duration of the non-competition agreement, than the gross remuneration/fixed annual remuneration component recognised to the same on a consistent basis;
- (v) recognize the individual executive Director and/or Manager with strategic responsibilities as retaining the rights associated with incentive plans (both MBO and LTI, both monetary and based on financial instruments) after the termination of the relationship with the Company before the expiry of the vesting period of the incentive plan;
- (vi) waive, in the context of a settlement agreement with the party concerned, the application of claw-back mechanisms.

The exceptional circumstances in which the exceptions provided for above are permitted are those in which the exception is necessary in order to pursue the long-term interests and sustainability of the business activity carried out by the Company and the Group or to ensure the ability of the Company and the Group to stay on the market, and include, by way of example and without limitation, the following situations:

- (i) the need to acquire and/or retain individuals with skills and professionalism considered strategic for the interests and/or sustainability of the activities carried out by the Company and/or the Servizi Italia Group;
- (ii) need to motivate resources considered strategic where the failure to achieve the performance targets is linked to exogenous circumstances and/or extraordinary and/or unforeseeable

factors and/or in any case independent from the work of the individual recipient of the incentive award;

(iii) need to manage a turnover of persons in roles and/or positions that are strategic for the interests and/or sustainability of the activities carried out by the Company and/or the Servizi Italia Group;

(iv) need to protect the company know-how;

(v) the Company's interest in settling a dispute that has already arisen and/or may arise.

In cases of derogation from the Remuneration Policy provided for in this paragraph, the Company will apply the procedure and obligations provided for by the RPT Regulation adopted by the Company in compliance with Consob Regulation no. 17221/2010 (as amended and supplemented), even in the event of an exemption provided for in the RPT Regulation (by way of example, if the transaction qualifies as a small amount). In any case, it is still necessary to obtain the prior opinion of the Board of Statutory Auditors pursuant to Article 2389, paragraph 3 of the Italian Civil Code where the exemption concerns the remuneration of Directors holding special offices.

## **8. Changes in the Remuneration Policy compared to the previous financial year**

The Remuneration Policy adopted for 2020 does not present substantial changes with respect to the one adopted with reference to the previous financial year, described in the Remuneration Report published in 2019, except for: (i) the powers of the bodies involved in approving the Policy have been redefined to reflect the new provisions of the new paragraphs 3-bis and 3-ter of art. 123-ter of the TUF, and general information has been included on the remuneration of the Statutory Auditors in compliance with the provisions of art. 123-ter, paragraph 3, letter a) of the TUF (without prejudice in any case to the provisions of art. 2402 of the Italian Civil Code, which binds the setting of the Statutory Auditors' remuneration for the entire term of office); (ii) the bonus relating to the medium/long-term incentive scheme, 2018-2020 LTI-Cash Plan, will not be paid to the Beneficiaries, since the threshold value set for the Group's consolidated net result cannot be reached, and the Board of Directors, with the assistance of the Nomination and Remuneration Committee, will begin the process of defining a new medium/long-term monetary incentive plan of at least three years during the 2020 financial year; (iii) further limits have been defined for the recognition of indemnities and compensation in the event of termination of the relevant relationship; (iv) further limits have been defined, in compliance with the article 123-ter of the TUF, as exceptional circumstances and procedural conditions under which it is possible to derogate temporarily from the Remuneration Policy.

In the opinion of Management and of the Remuneration Committee, the Policy is suitable to allow a correct definition of competitive remuneration levels and to promote internal fairness and transparency.

## 9. Other Information

Drafting 2020 Remuneration policy, the Company did not use the assistance of consulting firms and/or external experts.

At the date of this report, Servizi Italia S.p.A. had no incentive plans based on financial instruments in place pursuant to Article 114-bis of the TUF.

## 10. Proposed resolution

Dear Shareholders,

We remind you that the Shareholders' Meeting is required to vote on the "first section" of the Remuneration Report, which refers to the policy adopted by the Company with regard to the remuneration of members of the Board of Directors and Executives with strategic responsibilities for financial year 2020.

In preparing the Report, Servizi Italia S.p.A. has taken into account the provisions of current laws and regulations and the Code of Conduct for listed companies to which the Company has adhered.

The following is the proposal for a resolution submitted to the Shareholders' Meeting by your Board of Directors, in compliance with the applicable legal provisions:

*"The Shareholders' Meeting:*

- *having regard to Articles 123-ter of Legislative Decree No 58 of 24 February 1998 and 84-quater of the Regulation adopted by CONSOB resolution no. 11971/99;*
- *having acknowledged the Remuneration Policy explained in the first section of the Report on Remuneration Policy and Remuneration Paid drafted by the Board of Directors pursuant to Article 123-ter of Legislative Decree No 58 of 24 February 1998;*
- *considering that, pursuant to Article 123-ter, paragraph 3-ter of Legislative Decree no. 58 of 24 February 1998, this resolution will be binding on the Board of Directors;*

### **RESOLVES**

*to approve the Remuneration Policy of Servizi Italia S.p.A. explained in the first section of the Report on Remuneration Policy and Remuneration Paid prepared by the Board of Directors pursuant to Article 123-ter of Legislative Decree No 58 of 24 February 1998.*

## **SECTION II**

This section, by name for the members of the administrative and control bodies:

- a) provides an adequate representation of each of the items making up their remuneration, highlighting their consistency with the Remuneration Policy for 2019 described in the Remuneration Report prepared at the Shareholders' Meeting of 30 May 2019;
- b) analytically illustrates the compensation paid to them in 2019 for any reason and in any form by the Company and its subsidiaries or associated companies.

There are no other Executives with strategic responsibilities in the Company who received more overall remuneration during the year than the highest remuneration received by the Directors.

Therefore, for Executives with strategic responsibilities the information is provided in aggregate form.

For the 2019, the Board of Directors has identified as Executives with strategic responsibilities: Ilaria Eugeniani (Administration, Finance and Control Director), Danilo Canovi (Purchasing Director), Simona Campanini (Human Resources Director) and Giovanni Manti (Organisation and Systems Director).

### **Part One**

Details of the remuneration paid in 2019 to members of the management and control bodies, as well as to Executives with strategic responsibilities, are shown in the tables below.

It should be noted that the Shareholders' Meeting held on 20 April 2018 resolved to grant the Board of Directors, in overall terms for each year of office (2018-2019-2020), a gross annual emolument of a maximum of Euro 1,315 thousand, consisting of a fixed annual portion of Euro 915 thousand and a variable annual portion of a maximum of Euro 400 thousand, the latter to be paid to the Chief Executive Officer and commensurate with the achievement of certain objectives set out in the annual ABS Plan and the LTI Cash Plan, also resolving on an indemnity for the termination of the office of Chief Executive Officer.

This remuneration, formulated in overall terms, was distributed by the Board of Directors on 20 April 2018 among the Directors, Directors with special duties and participants in the Committees provided for by the Corporate Governance Code, subject to the favourable opinion of the Board of Statutory Auditors and the Nominations and Remuneration Committee, in accordance with the provisions of the Italian Civil Code and the current Articles of Association.

The distribution criterion adopted is as follows:

1. a fixed annual basic component equal for all members of the Board of Directors;

2. a fixed annual component for Directors holding particular offices (e.g. Chairman, Deputy Chairman, Chief Executive Officer, Executive Responsible, Committee Chairman, Lead Independent Director, members of the Board Committees);
3. a maximum fixed variable component for the Chief Executive Officer linked to the objectives defined in the ABS Plan and LTI Cash Plan.

In line with the Remuneration Policy adopted by the Company for the year 2019, the remuneration of Executives with strategic responsibilities for the year 2019 was composed of the following elements:

1. a fixed monetary component;
2. an annual variable monetary component, which can be reached against the achievement of predefined corporate and individual objectives set out in the short-term incentive scheme (ABS Plan for 2019);
3. a medium/long-term variable monetary component (LTI Cash Plan) which, as mentioned above - is no longer available (since the set threshold value cannot be reached);
4. benefits (non-monetary benefits) recognised by company practices and identified in a specific regulation approved by the Board of Directors, in compliance with the principles of sobriety, cost containment and proportionality with respect to the objectives pursued.

The Nomination and Remuneration Committee, on 13 March 2020, provided full information and support to the Board of Directors, highlighting the achievement of 58 % of the target performance forecast for 2019 relating to the ABS Plan. The Board of Directors, with the favourable opinion of the Board of Statutory Auditors, approved the disbursement of the annual variable remuneration components accrued to the beneficiaries, within the terms and conditions established in the regulations.

For details of the variable remuneration components of Executive Directors and Executives with strategic responsibilities accrued in 2019, please refer to the tables contained in the second part of this section of this Report.

The members of the Board of Statutory Auditors also receive an emolument, the amount of which is determined by the Shareholders' Meeting at the time of their appointment. In particular, the Shareholders' Meeting of 20 April 2017, on the occasion of the renewal of the Board of Statutory Auditors for the three-year period 2017-2018-2019, resolved to set the gross annual fixed remuneration of its Chairman at Euro 25 thousand per year and that of its members at Euro 20 thousand per year. In execution of the Remuneration Policy, the members of the Board of Statutory Auditors are precluded from any form of variable remuneration, while any social security funds and/or reimbursement of expenses for the exercise of the office of Statutory Auditor are recognised.

As explained, the Shareholders' Meeting of 20 April 2018 resolved to grant the CEO, in the event of (i) natural expiry of the directorship contract (approval of the 2020 financial statement) without confirmation of his/her position as CEO at the end of the term of office, (ii) revocation without just cause and (iii) resignation for just cause, an indemnity for termination of office of an amount that varies according to the time when the relationship is terminated, and specifically:

- Euro 400,000.00 (four hundred thousand/00) in the event of termination of employment during the first year;
- Euro 500,000.00 (five hundred thousand/00), in the event of termination of the employment relationship during the second year;
- Euro 700,000.00 (seven hundred thousand/00) in the event of termination of the employment relationship during the third year or at the end of the mandate (approval of the 2020 financial statements).

It should also be noted that, during 2018, the Company entered into a directorship agreement with the Chief Executive Officer, which provides for a non-competition agreement for a period of 24 months following the termination (for whatever reason) of the office and powers assigned; this agreement provides for the recognition of a gross sum of Euro 500,000, without interest of any kind (corresponding to approximately 1.04 years of the Fixed Monetary Component for the office), to be paid (i) as to Euro 250,000 gross within 30 days of the effective termination of all the offices, and (ii) as to Euro 250,000 gross within 12 months of the expiry of the payment term referred to in the previous point.

It should be noted that, as a result of the resignation of the Chief Executive Officer on 7 January 2020, the requirement for payment of the severance indemnity described above has ceased to apply. As promptly disclosed to the market with the press release of 7 January 2020, an agreement was signed by the parties providing for the payment:

- of fixed emoluments accrued *pro-rata temporis*;
- compensation for the non-competition agreement in terms specified above;
- of the monetary premium relating to the ABS Plan against the achievement of 58% of the target performance provided for in the regulation for the 2019 financial year. Pursuant to Consob Regulation no. 17221/2010 and the RPT Regulation adopted by Servizi Italia, the value of the monetary premium was a small related-party transaction. The transaction was, however, submitted to the Nomination and Remuneration Committee and the Control and Risk Committee as the Company's Related Parties Committee, which acknowledged the Company's interest in carrying out the transaction.

It should also be noted that the agreement does not provide for: (i) the maintenance of rights based on financial instruments (Mr. Righi has declared that he does not hold shares in the Company); (ii) monetary benefits or additional indemnities of any kind following termination of office; (iii) claw back mechanisms.

Please note that for the year 2019 in relation to the Directors:

- there are no further specific agreements providing for the payment of severance indemnities, the maintenance or assignment of non-monetary benefits in the event of termination of office, compensation for non-competition commitments, agreements for the stipulation of consultancy contracts for the period after the termination of the relationship;
- no stock option plans were approved by the Shareholders' Meeting.

## **Part Two**

The table below, presented for information to the Shareholders' Meeting, provides a summary of remuneration for the financial year 2019, highlighting its consistency with the Remuneration Policy approved by the Company in the previous financial year.

Below, tables 1 and 3B of schedule 7-*bis* and table 1 of schedule 7-*ter* of annex 3A of the Issuers' Regulations are shown.

The information relating to Tables 2 and 3A of schedule 7-*bis* of Annex 3A of the Issuers' Regulations is not shown, as stock option plans for Directors and Executives with strategic responsibilities were not approved by the Shareholders' Meeting.

With regard to the information of table 1 of schedule 7-*ter* of Annex 3A of the Issuers' Regulations requested by art. 84-*quarter* of the Issuers' Regulations, it should be noted that the members of the administrative and control bodies, their spouses who are not legally separated and their children aged under 18 do not own any shareholdings in Servizi Italia Sp.A. and its subsidiaries, neither directly nor through subsidiaries, trust companies or third parties.

## **Resolution Proposal**

Dear Shareholders,

We remind you that the Shareholders' Meeting is required to express its vote on "section two" of the Remuneration Report, which provides a representation of each item making up remuneration, by name of the members of the board of directors and control bodies and, in aggregate form, of the managers with strategic responsibilities.

In its preparation, Servizi Italia S.p.A. has taken into account the provisions of current laws and regulations and the Corporate Governance Code for listed companies to which the Company has adhered.

Below is the proposed resolution submitted to the Shareholders' Meeting by your Board of Directors, in compliance with the applicable provisions of law:

*"The Shareholders' Meeting:*

- *having regard to articles 123-ter of Legislative Decree no. 58 of 24 February 1998 and 84-quater of the Reg. adopted by Consob resolution no. 11971/99;*
- *having taken note of the second section of the Report on remuneration policy and remuneration paid prepared by the Board of Directors pursuant to Article 123-ter of Legislative Decree no. 58 of 24 February 1998;*
- *considering that, pursuant to Article 123-ter, paragraph 6, of Legislative Decree no. 58 of 24 February 1998, this resolution will not be binding on the Board of Directors;*

#### **RESOLVES**

*to express a favourable opinion on the second section of the Report on remuneration policy and remuneration paid prepared by the Board of Directors pursuant to Article 123-ter of Legislative Decree no. 58 of 24 February 1998"*



**TABLE 1: Remuneration paid to members of the Board of Directors and Board of Statutory Auditors, general directors and other executives with strategic responsibilities.** (values expressed in thousands of EUR)

| Name   | Position   | Period for which the office was held | Expiration of the office                       | Fixed remuneration | Remuneration for participation in committees | Variable non-equity fees     |                         |                       |                | Total | Fair value of equity remuneration | Indemnities upon termination of office or employment relationship |
|--|--|--------------------------------------|--|--------------------|--|------------------------------|-------------------------|-----------------------|----------------|-------|-----------------------------------|---|
|  |  |                                      |  |                    |  | Bonuses and other incentives | Participation in shares | Non-monetary benefits | Other fees     |       |                                   |   |
| <b>Roberto Olivi</b>   | Chairman   | 01/01/2019-31/12/2019                | Approval of Financial Statements at 31/12/2020 |                    |  |                              |                         |                       |                |       |                                   |   |
| (I) Remuneration in the company preparing the financial statements |  |                                      |  | 90                 | -  | -                            | -                       | -                     | -              | 90    | -                                 | -   |
| (II) Remuneration from subsidiaries and associates                 |  |                                      |  | -                  | -  | -                            | -                       | -                     | -              | -     | -                                 | -   |
| (III) Total  |  |                                      |  | 90                 | -  | -                            | -                       | -                     | -              | 90    | -                                 | -   |
| <b>Enea Righi</b>  | Deputy Chairman and CEO (resigned on 7 January 2020) | 01/01/2019-31/12/2019                | Approval of Financial Statements at 31/12/2020 |                    |  |                              |                         |                       |                |       |                                   |   |
| (I) Remuneration in the company preparing the financial statements |  |                                      |  | 480                | -  | 116 <sup>4</sup>             | -                       | 6                     | 5 <sup>5</sup> | 607   | -                                 | (x) <sup>6</sup>  |
| (II) Remuneration from subsidiaries and associates                 |  |                                      |  | -                  | -  | -                            | -                       | -                     | -              | -     | -                                 | -   |
| (III) Total  |  |                                      |  | 480                | -  | 116                          | -                       | 6                     | 5              | 607   | -                                 | -   |
| <b>Ilaria Eugeniani</b>  | Financial Reporting Manager                          | 01/01/2019-31/12/2019                | Approval of Financial Statements at 31/12/2020 |                    |  |                              |                         |                       |                |       |                                   |   |
| (I) Remuneration in the company preparing the financial statements |  |                                      |  | 110                | -  | -                            | -                       | -                     | -              | 110   | -                                 | -   |
| (II) Remuneration from subsidiaries and associates                 |  |                                      |  | -                  | -  | -                            | -                       | -                     | -              | -     | -                                 | -   |
| (III) Total  |  |                                      |  | 110                | -  | -                            | -                       | -                     | -              | 110   | -                                 | -   |
| <b>Aristide Mastrangelo</b>  | Director   | 01/01/2019-31/12/2019                | Approval of Financial Statements at 31/12/2020 |                    |  |                              |                         |                       |                |       |                                   |   |
| (I) Remuneration in the company preparing the financial statements |  |                                      |  | 20                 | -  | -                            | -                       | -                     | -              | 20    | -                                 | -   |
| (II) Remuneration from subsidiaries and associates                 |  |                                      |  | -                  | -  | -                            | -                       | -                     | -              | -     | -                                 | -   |
| (III) Total  |  |                                      |  | 20                 | -  | -                            | -                       | -                     | -              | 20    | -                                 | -   |

4 Amount of the monetary bonus relating to the ABS plan for the year 2019

5 Compensation due for the directorship contract of 22/04/2018

6 Amount due for the directorship contract of 22/04/2018 as a non-competition agreement equal to a gross sum of Euro 500,000 to be paid (i) Euro 250,000 gross within 30 days from the effective termination of all the offices, and (ii) Euro 250,000 gross within 12 months from the expiry of the payment term referred to in the previous point.

**TABLE 1: Remuneration paid to members of the Board of Directors and Board of Statutory Auditors, general directors and other executives with strategic responsibilities. (values expressed in thousands of EUR)**

| Name   | Position | Period for which the office was held | Expiration of the office                       | Fixed remuneration | Remuneration for participation in committees | Variable non-equity fees     |                         |                       |            | Total | Fair value of equity remuneration | Indemnities upon termination of office or employment relationship |
|--|----------|--------------------------------------|--|--------------------|--|------------------------------|-------------------------|-----------------------|------------|-------|-----------------------------------|---|
|  |          |                                      |  |                    |  | Bonuses and other incentives | Participation in shares | Non-monetary benefits | Other fees |       |                                   |   |
| <b>Michele Magagna</b>   | Director | 01/01/2019-31/12/2019                | Approval of Financial Statements at 31/12/2020 |                    |  |                              |                         |                       |            |       |                                   |   |
| (I) Remuneration in the company preparing the financial statements |          |                                      |  | 20                 | -  | -                            | -                       | -                     | -          | 20    | -                                 | -   |
| (II) Remuneration from subsidiaries and associates                 |          |                                      |  | -                  | -  | -                            | -                       | -                     | -          | -     | -                                 | -   |
| (III) Total  |          |                                      |  | 20                 | -  | -                            | -                       | -                     | -          | 20    | -                                 | -   |
| <b>Antonio Paglialonga</b>   | Director | 01/01/2019-31/12/2019                | Approval of Financial Statements at 31/12/2020 |                    |  |                              |                         |                       |            |       |                                   |   |
| (I) Remuneration in the company preparing the financial statements |          |                                      |  | 20                 | -  | -                            | -                       | -                     | -          | 20    | -                                 | -   |
| (II) Remuneration from subsidiaries and associates                 |          |                                      |  | -                  | -  | -                            | -                       | -                     | -          | -     | -                                 | -   |
| (III) Total  |          |                                      |  | 20                 | -  | -                            | -                       | -                     | -          | 20    | -                                 | -   |
| <b>Umberto Zuliani</b>   | Director | 01/01/2019-31/12/2019                | Approval of Financial Statements at 31/12/2020 |                    |  |                              |                         |                       |            |       |                                   |   |
| (I) Remuneration in the company preparing the financial statements |          |                                      |  | 20                 | -  | -                            | -                       | -                     | -          | 20    | -                                 | -   |
| (II) Remuneration from subsidiaries and associates                 |          |                                      |  | -                  | -  | -                            | -                       | -                     | -          | -     | -                                 | -   |
| (III) Total  |          |                                      |  | 20                 | -  | -                            | -                       | -                     | -          | 20    | -                                 | -   |
| <b>Lino Zanichelli</b>   | Director | 01/01/2019-31/12/2019                | Approval of Financial Statements at 31/12/2020 |                    |  |                              |                         |                       |            |       |                                   |   |
| (I) Remuneration in the company preparing the financial statements |          |                                      |  | 20                 | -  | -                            | -                       | -                     | -          | 20    | -                                 | -   |
| (II) Remuneration from subsidiaries and associates                 |          |                                      |  | -                  | -  | -                            | -                       | -                     | -          | -     | -                                 | -   |
| (III) Total  |          |                                      |  | 20                 | -  | -                            | -                       | -                     | -          | 20    | -                                 | -   |

**TABLE 1: Remuneration paid to members of the Board of Directors and Board of Statutory Auditors, general directors and other executives with strategic responsibilities. (values expressed in thousands of EUR)**

| Name   | Position   | Period for which the office was held | Expiration of the office                       | Fixed remuneration | Remuneration for participation in committees | Variable non-equity fees     |                         |                       |            | Fair value of equity remuneration | Indemnities upon termination of office or employment relationship |       |
|--|--|--------------------------------------|--|--------------------|--|------------------------------|-------------------------|-----------------------|------------|-----------------------------------|---|-------|
|  |  |                                      |  |                    |  | Bonuses and other incentives | Participation in shares | Non-monetary benefits | Other fees |                                   |   | Total |
| <b>Romina Guglielmetti</b>   | Independent Director<br>Chairman of the CRC Committee<br>Member of CNR               | 01/01/2019-<br>31/12/2019            | Approval of Financial Statements at 31/12/2020 |                    |  |                              |                         |                       |            |                                   |   |       |
| (I) Remuneration in the company preparing the financial statements |  |                                      |  | 20                 | 25   | -                            | -                       | -                     | -          | 45                                | -   | -     |
| (II) Remuneration from subsidiaries and associates                 |  |                                      |  | -                  | -  | -                            | -                       | -                     | -          | -                                 | -   | -     |
| (III) Total  |  |                                      |  | 20                 | 25   | -                            | -                       | -                     | -          | 45                                | -   | -     |
| <b>Chiara Mio</b>  | Independent Director<br>Member of the CRC<br>Chairman of CNR                         | 01/01/2019-<br>31/12/2019            | Approval of Financial Statements at 31/12/2020 |                    |  |                              |                         |                       |            |                                   |   |       |
| (I) Remuneration in the company preparing the financial statements |  |                                      |  | 20                 | 25   | -                            | -                       | -                     | -          | 45                                | -   | -     |
| (II) Remuneration from subsidiaries and associates                 |  |                                      |  | -                  | -  | -                            | -                       | -                     | -          | -                                 | -   | -     |
| (III) Total  |  |                                      |  | 20                 | 25   | -                            | -                       | -                     | -          | 45                                | -   | -     |
| <b>Paola Schwizer</b>  | Independent Director<br>CRC Member<br>CNR Member<br><i>Lead Independent Director</i> | 01/01/2019-<br>31/12/2019            | Approval of Financial Statements at 31/12/2020 |                    |  |                              |                         |                       |            |                                   |   |       |
| (I) Remuneration in the company preparing the financial statements |  |                                      |  | 20                 | 25   | -                            | -                       | -                     | -          | 45                                | -   | -     |
| (II) Remuneration from subsidiaries and associates                 |  |                                      |  | -                  | -  | -                            | -                       | -                     | -          | -                                 | -   | -     |
| (III) Total  |  |                                      |  | 20                 | 25   | -                            | -                       | -                     | -          | 45                                | -   | -     |

**TABLE 1: Remuneration paid to members of the Board of Directors and Board of Statutory Auditors, general directors and other executives with strategic responsibilities. (values expressed in thousands of EUR)**

| Name   | Position                          | Period for which the office was held | Expiration of the office                       | Fixed remuneration | Variable non-equity fees                     |                              |                         |                       | Total | Fair value of equity remuneration | Indemnities upon termination of office or employment relationship |
|--|-----------------------------------|--------------------------------------|--|--------------------|--|------------------------------|-------------------------|-----------------------|-------|-----------------------------------|---|
|  |                                   |                                      |  |                    | Remuneration for participation in committees | Bonuses and other incentives | Participation in shares | Non-monetary benefits |       |                                   |   |
| <b>Gianfranco Milanesi</b>   | Chairman of the Board of Auditors | 01/01/2019-31/12/2019                | Approval of Financial Statements at 31/12/2019 |                    |  |                              |                         |                       |       |                                   |   |
| (I) Remuneration in the company preparing the financial statements |                                   |                                      |  | 25                 | -  | -                            | -                       | -                     | 25    | -                                 | -   |
| (II) Remuneration from subsidiaries and associates                 |                                   |                                      |  | -                  | -  | -                            | -                       | -                     | -     | -                                 | -   |
| (III) Total  |                                   |                                      |  | 25                 | -  | -                            | -                       | -                     | 25    | -                                 | -   |
| <b>Simone Caprari</b>  | Standing Auditor                  | 01/01/2019-31/12/2019                | Approval of Financial Statements at 31/12/2019 |                    |  |                              |                         |                       |       |                                   |   |
| (I) Remuneration in the company preparing the financial statements |                                   |                                      |  | 20                 | -  | -                            | -                       | -                     | 20    | -                                 | -   |
| (II) Remuneration from subsidiaries and associates                 |                                   |                                      |  | -                  | -  | -                            | -                       | -                     | -     | -                                 | -   |
| (III) Total  |                                   |                                      |  | 20                 | -  | -                            | -                       | -                     | 20    | -                                 | -   |
| <b>Anna Maria Fellegara</b>  | Standing Auditor                  | 01/01/2019-31/12/2019                | Approval of Financial Statements at 31/12/2019 |                    |  |                              |                         |                       |       |                                   |   |
| (I) Remuneration in the company preparing the financial statements |                                   |                                      |  | 20                 | -  | -                            | -                       | -                     | 20    | -                                 | -   |
| (II) Remuneration from subsidiaries and associates                 |                                   |                                      |  | -                  | -  | -                            | -                       | -                     | -     | -                                 | -   |
| (III) Total  |                                   |                                      |  | 20                 | -  | -                            | -                       | -                     | 20    | -                                 | -   |
| <b>Chiara Ferretti</b>   | Alternate Auditor                 | 01/01/2019-31/12/2019                | Approval of Financial Statements at 31/12/2019 |                    |  |                              |                         |                       |       |                                   |   |
| (I) Remuneration in the company preparing the financial statements |                                   |                                      |  | -                  | -  | -                            | -                       | -                     | -     | -                                 | -   |
| (II) Remuneration from subsidiaries and associates                 |                                   |                                      |  | -                  | -  | -                            | -                       | -                     | -     | -                                 | -   |
| (III) Total  |                                   |                                      |  | -                  | -  | -                            | -                       | -                     | -     | -                                 | -   |
| <b>Paolo Alberini</b>  | Alternate Auditor                 | 01/01/2019-31/12/2019                | Approval of Financial Statements at 31/12/2019 |                    |  |                              |                         |                       |       |                                   |   |
| (I) Remuneration in the company preparing the financial statements |                                   |                                      |  | -                  | -  | -                            | -                       | -                     | -     | -                                 | -   |
| (II) Remuneration from subsidiaries and associates                 |                                   |                                      |  | -                  | -  | -                            | -                       | -                     | -     | -                                 | -   |
| (III) Total  |                                   |                                      |  | -                  | -  | -                            | -                       | -                     | -     | -                                 | -   |

**TABLE 1: Remuneration paid to members of the Board of Directors and Board of Statutory Auditors, general directors and other executives with strategic responsibilities. (values expressed in thousands of EUR)**

| Name   | Position | Period for which the office was held | Expiration of the office | Fixed remuneration | Remuneration for participation in committees | Variable non-equity fees     |                         |                       |            | Total | Fair value of equity remuneration | Indemnities upon termination of office or employment relationship |
|--|----------|--------------------------------------|--------------------------|--------------------|--|------------------------------|-------------------------|-----------------------|------------|-------|-----------------------------------|---|
|  |          |                                      |                          |                    |  | Bonuses and other incentives | Participation in shares | Non-monetary benefits | Other fees |       |                                   |   |
| No. 4 Strategic Directors  |          | 01/01/2019-31/12/2019                | Indefinitely             |                    |  |                              |                         |                       |            |       |                                   |   |
| (I) Remuneration in the company preparing the financial statements |          |                                      |                          | 520                | -  | 47                           | -                       | 19                    | -          | 586   | -                                 | 11  |
| (II) Remuneration from subsidiaries and associates                 |          |                                      |                          | -                  | -  | -                            | -                       | -                     | 33         | 33    | -                                 | -   |
| (III) Total  |          |                                      |                          | 520                | -  | 47                           | -                       | 19                    | 33         | 619   | -                                 | 11  |

**TABLE 3B: Remuneration paid to members of the Board of Directors and Board of Statutory Auditors, general directors and other executives with strategic responsibilities.** (values expressed in thousands of EUR)

| A<br>Name   | B<br>Position  | (1)<br>Plan | (2)<br>Year's Bonus |                  |                        | (3)<br>Previous years' bonus |                     |                       | (4)<br>Other<br>bonuses |
|---|--|-------------|---------------------|------------------|------------------------|------------------------------|---------------------|-----------------------|-------------------------|
|   |  |             | (A)<br>Payable/Paid | (B)<br>Deferred  | (C)<br>Deferral period | (A)<br>No longer payable     | (B)<br>Payable/Paid | (C)<br>Still deferred |                         |
| Enea Righi  | Chief Executive Officer<br>(resigned on 7 January<br>2020) |             | 116 <sup>7</sup>    | -                |                        | -                            | -                   | -                     | -                       |
| No. 5 Strategic<br>Directors  |  |             | 47 <sup>8</sup>     | -                |                        | -                            | -                   | -                     | -                       |
| (I) Remuneration in the company preparing<br>the financial statements | ABS plan -<br>Financial<br>year 2019                       |             | 163                 | -                |                        | -                            | -                   | -                     | -                       |
|   | Resolution of<br>13/03/2020                                |             |                     |                  |                        |                              |                     |                       |                         |
|   | LTI Cash Plan<br>- financial<br>years 2018-<br>2019-2020   |             |                     | (-) <sup>9</sup> |                        | -                            | -                   | -                     | -                       |
| (II) Remuneration in subsidiaries and<br>associates                   |  | -           | -                   | -                |                        | -                            | -                   | -                     | -                       |
| (III) Total   |  |             | 163                 | -                |                        | -                            | -                   | -                     | -                       |

<sup>7</sup> Amount given by the sum of the monetary bonus relating to the ABS plan for the year 2019

<sup>8</sup> Amount given by the sum of the monetary bonus relating to the ABS plan for the year 2019

<sup>9</sup> It should be noted that the Board of Directors' meeting held on 23 January 2020, in view of the Group's actual results for 2019 and budget results for 2020 for the 2018-2019-2020 vesting period, assessed and approved the termination of the LTI Cash Plan as the threshold value set for the Group's consolidated net profit cannot be reached.

SCHEDULE 7-ter- TABLE 2: Participations of other executives with strategic responsibilities

| Number of executives with strategic responsibilities | Subsidiary   | No. of shares held at the end of the previous year | No. of shares purchased | No. of shares sold | No. of shares held at the end of the current year |
|--|--|--|-------------------------|--------------------|---|
| 4 (four)   | Servizi Italia S.p.a.<br>Title of ownership: <i>direct</i><br>Method of ownership: <i>direct</i> | 2,100  | 1,500                   | None               | 3,600   |