

**TINEXTA S.P.A.**

**REPORT ON REMUNERATION POLICY AND COMPENSATION PAID**

pursuant to Art. 123-*ter* of Italian Legislative Decree 58/1998 and subsequent amendments.



Report approved by the Board of Directors of Tinexta S.p.A. at its meeting of 19 March 2020,  
available at [www.tinexta.com](http://www.tinexta.com), in the "Governance" section

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## INTRODUCTION

This Report on the Remuneration Policy and compensation paid (the "**Report**") was prepared in accordance with Article 123-*ter* of Italian Legislative Decree No. 58 of 1998 and subsequent amendments and additions (the "**Consolidated Finance Act**" or "**TUF**"), Article 84-*quater* and Annex 3A, Schedule 7-*bis* of the Issuers' Regulations adopted by Consob with Resolution No. 11971 of 14 May 1999 and subsequent amendments and additions (the "**Issuers' Regulations**"), as well as in compliance with the recommendations of the Code of Self-Regulation for listed companies approved by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. ("**Borsa**"), ABI, Ania, Assogestioni, Assonime and Confindustria, accessible to the public on the website of Borsa Italiana ([www.borsaitaliana.it](http://www.borsaitaliana.it)), as last amended in July 2018 (the "**Code of Self-Regulation**"), to which Tinexta S.p.A. ("**Issuer**" or the "**Company**" or even "**Tinexta**") adheres. The Report consists of two sections:

- Section I illustrates the Company's policy on the remuneration of members of the Board of Directors, the General Manager, Key Managers and members of the Board of Statutory Auditors for 2020 (the "**Remuneration Policy**"), as well as describing the bodies involved and the procedures used for its adoption.

The Shareholders' Meeting, convened to approve the Financial Statements as at 31 December 2019, pursuant to Article 123-*ter* of the TUF, is called to approve Section I of the Report with a binding vote. The result of the vote will be made available to the public, pursuant to Article 125-*quater*, paragraph 2, of the TUF;

- Section II: (i) provides a representation of the items making up the remuneration paid in the financial year ended 31 December 2019 (the "**Year**" or the "**2019 Year**") to the members of the Board of Directors, the General Manager, the Key Managers and the members of the Board of Statutory Auditors, highlighting their consistency with the Company's remuneration policy for the Year; (ii) provides an analytical representation of the compensation paid during the Year for any reason and in any form by the Company and its associates and subsidiaries (the "**Subsidiaries**" and jointly with the Company, the "**Group**" or the "**Tinexta Group**").

The Shareholders' Meeting, called to approve the Financial Statements as at 31 December 2019, pursuant to Article 123-*ter* of the TUF, is called to vote for or against Section II with a non-binding vote. The result of the vote will be made available to the public, pursuant to Article 125-*quater*, paragraph 2, of the TUF.

Pursuant to Article 84-*quater*, paragraph 4, of the Issuers' Regulations, Section II also specifies the shares held - in the Company and in its subsidiaries - by Directors, Statutory Auditors and Key Managers.

The Board of Directors meeting of the Company held on 14 November 2019 approved, on the proposal of the Remuneration Committee (as defined below), the key principles and guidelines of the Remuneration Policy in Section I of the Report, as well as the Policy for the identification of Key Managers.

The Remuneration Policy was also adopted by the Company in compliance with the provisions of the Regulation on Related Party Transactions adopted by Consob with Resolution No. 17221 of 2010 (the "**Consob RPT Regulation**") and the procedure on related party transactions adopted by the Company in compliance with the provisions of the Consob RPT Regulation (the "**Tinexta Related Parties Procedure**").

As set out by the Consob RPT Regulation, the approval of the Remuneration Policy by the Shareholders' Meeting exempts the Company from applying the aforementioned procedure in resolutions of the Board of Directors concerning the remuneration of Directors and Key Managers when the latter are in line with the Remuneration Policy. Furthermore, pursuant to Article 13, paragraph 1, of the Consob RPT Regulation, the aforementioned procedure does not apply to Shareholders' Meeting resolutions pursuant to Article 2389, paragraph 1, of the Italian Civil Code, relating to the remuneration of members of the Board of Directors and the Executive Committee, nor to resolutions relating to the remuneration of Directors vested with special offices falling within the total amount previously determined by the Shareholders' Meeting pursuant to Article 2389, paragraph 3, second sentence, of the Italian Civil Code.

The Shareholders' Meeting of 24 April 2018 has appointed as Directors, the following Board members: Pier Andrea Chevallard, Laura Benedetto, Giada Grandi, Elisa Corghi, Eugenio Rossetti, Riccardo Ranalli, Lorena Pellissier, Alessandro Potestà and Alessandro Barberis and appointed Enrico Salza as Chairman. On 23 July 2018, Alessandro Barberi resigned from the Board of Directors of the Company. On 7 November 2018, the Shareholders' Meeting, pursuant to Article 2386 of the Italian Civil Code, appointed Gian Paolo Coscia as a new member of the Board of Directors.

Therefore, during the Year and as of the date of this Report there are 11 Directors of the Company:

- 2 are **Executive Directors**: Enrico Salza (Chairman and Managing Director of the Internal Control and Risk Management System) and Pier Andrea Chevallard (Managing Director by virtue of the powers granted by the Board of Directors on 24 April 2018);
- 2 are **Non-Executive Directors**: Riccardo Ranalli (Deputy Chairman) and Alessandro Potestà;
- 7 are **Independent Directors**: Laura Benedetto, Elisa Corghi, Gian Paolo Coscia, Paola Generali, Giada Grandi, Lorena Pellissier and Eugenio Rossetti.

During the Year and as of the date of this Report, the General Manager is the Director Pier Andrea Chevallard.

## SECTION I

### REMUNERATION POLICY

The Remuneration Policy defines the principles and guidelines that Tinexta follows in determining the remuneration practices for members of the Board of Directors, Key Managers and the Board of Statutory Auditors.

#### 1.1 BODIES AND INDIVIDUALS INVOLVED IN THE PREPARATION, APPROVAL AND IMPLEMENTATION OF THE REMUNERATION POLICY

The main bodies and individuals involved in the preparation and approval of the Remuneration Policy are the Board of Directors, the Remuneration Committee, the Shareholders' Meeting and the Board of Statutory Auditors.

They are also responsible for the correct implementation of the Remuneration Policy and ensuring that it is properly applied. Below is a brief description of the tasks that, pursuant to the applicable legislation and Tinexta's internal regulations, are delegated to these bodies with regard to remuneration.

##### Board of Directors

The Board of Directors is exclusively responsible for annually defining the Remuneration Policy on the basis of the proposal made by the Remuneration Committee.

The Board of Directors:

- (i) shall set up an internal Remuneration Committee;
- (ii) shall determine the remuneration of Directors vested with special offices on the proposal of the Remuneration Committee (and the Committee for Related Party Transactions of Tinexta, appointed in compliance with the Consob RPT Regulation and the Related Parties Procedure, the "**Related Parties Committee**", in the cases provided for by the Related Party Regulations), subject to the opinion of the Board of Statutory Auditors, possibly within the overall remuneration determined by the Shareholders' Meeting pursuant to Art. 2389, paragraph 3, of the Italian Civil Code;
- (iii) shall define, on the proposal of the Remuneration Committee, the Remuneration Policy;
- (iv) shall approve the Remuneration Report, pursuant to articles 123-*ter* of the TUF and 84-*quater* of the Issuers' Regulations;
- (v) shall prepare any share-based remuneration plans or other financial instruments for Directors, employees and collaborators, including Key Managers, submit them to the Shareholders' Meeting for approval pursuant to Art. 114-*bis* of the TUF and oversee their implementation;
- (vi) shall approve the Policy for the identification of Key Managers (the "**Policy**");
- (vii) shall approve the current list of Key Managers proposed by the Managing Director for the Company and its subsidiaries.

The Managing Director of the Company is also responsible for validating the proposals concerning the Subsidiaries, to be submitted to the Board of Directors in one with those of Tinexta.

### Remuneration Committee

The Remuneration Committee set up in implementation of the recommendations contained in Art. 6 of the Code of Self-Regulation (the "**Remuneration Committee**") has the task of assisting the Board of Directors with investigative, advisory and consulting functions, in the assessments and decisions relating to the remuneration of Directors and Key Managers.

With regard to the composition, functioning and powers of the Remuneration Committee, reference should be made to the following Section 1.2.

### Board of Statutory Auditors

The Board of Statutory Auditors, with regard to remuneration, expresses its opinion on the proposals for the remuneration of Executive Directors, pursuant to Article 2389, paragraph 3, of the Italian Civil Code, verifying that such proposals are in line with the Remuneration Policy adopted by the Company.

### Board of Shareholders

The Shareholders' Meeting is vested with the following powers with regard to remuneration:

- (i) it shall determine the remuneration of the members of the Board of Directors pursuant to Article 2364, paragraph 1, no. 3), of the Italian Civil Code, and where appropriate also pursuant to Article 2389, paragraph 3, of the Italian Civil Code, and the Company's Articles of Association (the "**Articles of Association**");
- (ii) pursuant to Article 123-ter, paragraphs 3-bis and 3-ter, of the TUF, it shall approve the Remuneration Policy described in Section I of the Report;
- (iii) pursuant to Art. 123-ter, paragraph 6, of the TUF, it shall be called upon to decide in favour of or against Section II of the Report, with a non-binding vote;
- (iv) it shall deliberate on any share-based compensation plans or other financial instruments intended for Directors, General Managers, employees, collaborators or other Key Managers of Tinexta, pursuant to Article 114-bis of the TUF.

### Other corporate departments

In the process of defining and amending the Remuneration Policy and in the process of verifying its correct implementation and functioning, the Compliance, Human Resources and Corporate Affairs departments are involved and are responsible, in line with the responsibilities assigned to them, first and foremost, for verifying the correct application of the principles and criteria set out in the legislation. In particular, it is the responsibility of the Company's Human Resources Department to keep up to date with the Company's organisational structure, the tasks and responsibilities assigned to individual positions so as to support the Managing Director in their assessments and in overseeing the correct application of the Policy approved by the Board of Directors.

The internal audit department, on the other hand, is responsible for verifying, on an annual basis, the compliance of remuneration practices with the Remuneration Policy.

## **1.2 POSSIBLE INTERVENTION OF A REMUNERATION COMMITTEE OR OF ANOTHER COMMITTEE COMPETENT IN THIS MATTER, DESCRIBING THE COMPOSITION (WITH THE DISTINCTION BETWEEN NON-EXECUTIVE AND INDEPENDENT DIRECTORS), RESPONSIBILITIES AND OPERATING PROCEDURES**

In light of the provisions of Article 2.2.3, paragraph 3, letter m) of the Regulation of markets organised and managed by the Italian Stock Exchange, applicable to issuers holding the STAR qualification, and in compliance with the Code of Self-Regulation, the Company has set up a

Remuneration Committee within its Board of Directors.

*Composition and functioning of the Remuneration Committee*

The Remuneration Committee, in office during the Year and as of the date of the Remuneration Report, is composed of five non-executive Directors, the majority of whom are independent, with the Chairman chosen from among the independent Directors: Giada Grandi (Chairman) - independent non-executive Director;

- Eugenio Rossetti - independent non-executive Director;
- Paola Generali - independent non-executive Director;
- Lorena Pellissier - independent non-executive Director;
- Riccardo Ranalli - non-executive Director.

In particular, on 8 May 2018, the Board of Directors appointed Paola Generali, Lorena Pellissier and Riccardo Ranalli as members of the Remuneration Committee and Giada Grandi and Eugenio Rossetti as of 20 September 2018, for a term, unless revoked, forfeited or resigned, equivalent to that of the current Board of Directors, or until the date of approval of the Financial Statements for the year ending 31 December 2020.

At the time of the appointment, the Board of Directors positively assessed that all members possessed the requirements of adequate knowledge and competence in financial matters and remuneration policies.

The composition, duties and operating procedures of the Remuneration Committee are governed by the Code of Self-Regulation and by specific regulations adopted by the Remuneration Committee as from 15 May 2018.

The work of the Remuneration Committee is coordinated by the Chairperson Giada Grandi.

During the Year, the Remuneration Committee met five times; each meeting lasted about an hour on average. The average attendance of Directors in meetings was 100 %.

During these meetings, the Committee examined the incentive system adopted by the Company, verified the adequacy, overall consistency and concrete application of the remuneration policy adopted by the Company during the Year, and continued work on the Remuneration Policy for the year 2020 with the incentive plan based on financial instruments (Stock Option Plan 2020-2022, as defined below). In carrying out its functions, during the Year, the Remuneration Committee was able to access the information and corporate departments necessary to carry out its duties as well as, where necessary, to rely on external consultants at the Company's expense and to access adequate financial resources to perform its duties within the terms established by the Board.

Six meetings are scheduled for the 2020 financial year and the Remuneration Committee has already met 3 times: on 12 February 2020, 3 March 2020 and 12 March 2020. During these meetings, the Committee examined and expressed a favourable opinion on the Remuneration Policy for the year 2020, the incentive plan based on financial instruments (Stock Option Plan 2020-2022) and this Remuneration Report.

The meetings of the Remuneration Committee were held on a collective basis and minutes were taken. The Chairman of the Board of Statutory Auditors also participated in the work of the Committee.

In line with the Application Criterion 6.C.6. of the Code, no Director took part in the meetings of the Remuneration Committee at which proposals for the Board of Directors relating to their remuneration were made.



The meetings of the Remuneration Committee may be attended, if invited in advance, by representatives of company departments (Compliance, Human Resources, Corporate and Legal Affairs) and independent experts and/or other individuals whose participation would be considered useful in relation to the issues under discussion.

If it deems it necessary or appropriate for the performance of certain tasks assigned to it, the Remuneration Committee may avail itself of the support of external consultants with expertise in remuneration policies.

The Remuneration Committee makes use of the Company's resources and structures to carry out its tasks.

#### *The powers of the Remuneration Committee*

The following tasks are assigned to the Remuneration Committee:

- a) it shall periodically assess the suitability, overall consistency and actual application of the Remuneration Policy for Directors and Key Managers, making use in this regard of the information provided by the Executive Directors; formulating proposals on the matter to the Board of Directors;
- b) it shall present proposals or express opinions to the Board of Directors on the remuneration of Executive Directors as well as on the establishment of performance objectives relating to the variable component of such remuneration; monitoring the application of decisions adopted by the Board, verifying, in particular, that performance objectives are achieved;
- c) it shall examine in advance the annual Report on Remuneration to be made available to the public ahead of the Annual General Meeting; and
- d) it shall carry out any additional tasks assigned to it by the Board of Directors;
- e) it shall assist the Board of Directors in defining the criteria for the identification of Key Managers, keeping the Policy updated and suggesting to the Board any changes that regulatory developments may require.

The establishment of this Committee guarantees the widest possible dissemination of information and transparency on the remuneration due to the Executive Directors, as well as on the respective methods of determination. However, it is understood that, in compliance with Art. 2389, paragraph 3, of the Italian Civil Code, the Remuneration Committee's role is to submit proposals, while the power to establish the remuneration of the Executive Directors is, in any event, held by the Board of Directors, after hearing the opinion of the Board of Statutory Auditors and subsequently by the Shareholders' Meeting.

### **1.3 INDEPENDENT EXPERTS INVOLVED IN THE PREPARATION OF THE REMUNERATION POLICY**

For the purposes of the definition of the Remuneration Policy for the year 2020, the Company did not use the assistance of independent experts.

### **1.4 AIMS PURSUED BY THE REMUNERATION POLICY, UNDERLYING PRINCIPLES AND POSSIBLE CHANGES IN THE REMUNERATION POLICY COMPARED TO THE PREVIOUS FINANCIAL YEAR**

The Remuneration Policy is defined in such a way as to ensure an overall remuneration structure capable of recognising the managerial value of the individuals involved and the contribution made to the growth

of the Company in relation to their respective competences. Its objective is to attract, retain and motivate highly professional resources, with particular attention to positions considered key to business development and management, as well as to reward the achievement of individual and corporate performance targets linked to economic-financial indicators of corporate growth. The main objective of the Remuneration Policy is to align the interests of the Company's management with the pursuit of the priority objective of creating value for Tinexta's Shareholders in the medium to long term.

The Remuneration Policy, in line with the general purposes illustrated above, is based on the following reference principles and is defined in line with the following criteria:

- (i) the fixed component and the variable component are adequately balanced according to the Company's strategic objectives and risk management policy, taking into account the Group's reference market and the activities actually carried out, in order to avoid behaviour that is not aligned with the creation of sustainable value in the short and medium-long term. The overall remuneration must tend to be appropriate to the actual responsibilities and commitment, related to the role held, and to the results achieved, in the belief that correct remuneration in general makes it possible to have a positive impact on behaviour, also contributing to aligning individual work objectives with strategic objectives and business priorities;
- (ii) maximum limits shall be set for variable components;
- (iii) the fixed component shall be sufficient to remunerate the service if the variable component is not paid due to the failure to achieve the performance targets set by the Board of Directors;
- (iv) the performance objectives - i.e. the economic results and any other specific objectives to which the disbursement of the variable components is linked (including the objectives defined for share-based remuneration plans) - are predetermined, measurable and linked to the creation of value for shareholders over the medium-long term;
- (iv) the pay-out of a portion of the variable remuneration component is deferred by an appropriate period of time after the vesting date; the size of this portion and the duration of the deferral are consistent with the characteristics of the business activity carried out and the related risk profiles;
- (v) there are contractual agreements that allow the Company to request the return, in whole or in part, of variable components of the remuneration paid (or to withhold sums subject to deferment), determined on the basis of data that later turns out to be manifestly incorrect;
- (vi) any indemnity provided for termination of the directorship shall be defined in such a way that its total amount does not exceed a certain amount or a certain number of years of remuneration. This indemnity is not paid if the termination of the relationship is due to the achievement of objectively inadequate results.

The assignment of variable components (short or medium-long term) of remuneration is linked to the achievement of predetermined performance objectives which are fairly predetermined by the Board of Directors, on the proposal of the Remuneration Committee.

The Shareholders' Meeting resolves on the total amount of compensation due to the Board of Directors, including any compensation to be attributed to Directors vested with special offices. Within the scope of that decided by the Shareholders' Meeting, it is then up to the Board of Directors to implement the decisions of the Meeting with the attribution of compensation to individual members, establishing any additional compensation for Directors vested with special offices, on the proposal of the Remuneration Committee and after hearing the opinion of the Board of Statutory Auditors.

The Company may provide share-based incentive and loyalty plans or other financial instruments for Directors, employees and collaborators, including Key Managers, pursuant to Article 114-*bis* of the TUF.

The Remuneration Policy does not present significant changes with respect to that presented to the Shareholders' Meeting of 18 April 2019 relative to 2018.

At the meeting held on 19 March 2020, the Board of Directors approved, on the proposal of the Remuneration Committee, the long-term incentive system based on financial instruments (the "**2020-2022 Stock Option Plan**" or the "**Plan**"), which has not yet been approved by the Shareholders' Meeting.

For further information, please refer to Section 1.5 of this Report.

## **1.5 DESCRIPTION OF POLICIES RELATING TO FIXED AND VARIABLE REMUNERATION COMPONENTS, PARTICULARLY WITH RESPECT TO THEIR RESPECTIVE WEIGHT WITHIN TOTAL REMUNERATION, DISTINGUISHING BETWEEN SHORT AND MEDIUM-LONG TERM VARIABLE COMPONENTS**

The Remuneration Policy provides that fixed and variable components are articulated according to different principles and methods in relation to the different types of recipients and are suitably balanced.

With specific reference to variable remuneration, its objective is to meet the following determination criteria and mechanisms:

- objectivity, such that it can be measured;
- transparency, known, shared and easily verifiable;
- based on merit;
- as simple and immediately assessable as possible

and is articulated in such a way that there is convergence between personal and corporate objectives, in order to generate responsible behaviour in line with the interests of all stakeholders.

The variable remuneration mechanisms must refer to Group, corporate, and where possible area and personal performance indicators. Personal indicators, if any, are linked to variables over which the individual has the ability to influence.

The performance evaluation shall be carried out at least annually but, where possible, the variable remuneration is based on multi-year indicators that reflect the Company's profitability over time and are appropriately adjusted to take into account all current and prospective risks, the cost of capital and liquidity necessary to cope with the activities undertaken. In application of the criterion of proportionality the economic and qualitative indicators and risk parameters are identified in relation to the characteristics of the business and the size of the Company.

The total amount of the variable component of the remuneration entered each year in the budget (bonus pool), at Group and individual company level, both short and long term, must be approved in proportion to the consolidated and company net profit and/or according to indicators related to equity and prudent risk management. Capital strengthening needs must influence the setting of the amount of the bonus pool both in terms of the amount budgeted for and the amount actually awarded.

Variable remuneration is recognised on condition that the Group's and the Company's results are positive. In the case of significant extraordinary items, it will be the task of the Board of Directors to assess their impact and repercussions on the incentive system.

The final variable remuneration is paid on condition that at the time of actual payment the work performed with the Group companies remains in place.

The maximum ratio between the variable component accrued annually and the fixed annual remuneration component is set at the level of one to one.

In application of the proportionality criterion, the final variable remuneration is paid on the basis of the following rules.

	Part of variable remuneration recognised				
	in the year following the year of vesting t (“ <i>up-front</i> ”) <sup>1</sup>	at the end of the year t + 1	at the end of the year t + 2	at the end of the year t + 3	at the end of the year t + 4
Final variable remuneration of less than EUR 50,000 gross	100%	0%	0	0	0
Final variable remuneration over Euro 50,000 gross	For the part of the bonus exceeding EUR 50,000 gross payment deferred in equal parts over the following two years				

The Company therefore considered it appropriate to distinguish the remuneration structure in relation to competences and executive/managerial responsibilities accorded to the individuals concerned and consequently to independently define the criteria for determining the remuneration of:

- (i) Directors other than the Managing Director (i.e., non-executive Directors and independent Directors);
- (ii) the Managing Director (this definition specifies the Directors of the Company to whom operational or managerial powers are assigned or to whom the Board of Directors assign particular roles. As of the date of this Report, Pier Andrea Chevallard holds the position of Managing Director);
- (iii) Key Managers, those persons who have the power and responsibility, directly or indirectly, for the planning, management and control of activities, which are identified from time to time by the Board of Directors with the support of the Managing Director;
- (iv) the members of the Board of Statutory Auditors.

With reference to the variable components, the Remuneration Policy provides for, depending on the different types of recipients (as better represented below): as a short-term variable component, an annual incentive aimed at rewarding the achievement of corporate and individual objectives, also linked to extraordinary results and/or predetermined project commitments (bonus); as a medium-long term variable component, participation in the Stock Option Plan 2020-2022, which at the date of this Report has not yet been approved by the Shareholders' Meeting.

<sup>1</sup> Including any part already anticipated during the vesting year.

➤ **Short-term variable component**

Short-term variable remuneration for the Managing Director and Key Managers is determined by applying a "profit-sharing" mechanism based on an individual percentage to adjusted consolidated EBITDA and net of the effects of any extraordinary transactions that occurred during the period:

- based on a pre-determined percentage of adjusted consolidated EBITDA, which is never less than 10% of total short-term variable remuneration; and
- based on a predetermined percentage of the Company's Adjusted EBITDA or the EBITDA of the business or operating area and/or other qualitative/quantitative parameters established annually in the Remuneration Policy.

The Issuer's consolidated adjusted EBITDA, based on the short-term variable remuneration mechanism and approved by the Board of Directors, is calculated:

- not considering items that have generated an economic result whose impact cannot be considered definitive since it has not been realised or is even likely to change significantly (e.g. revaluations of assets on the market but not sold);
- taking into account any form of adjustment necessary to ensure that the adjusted EBITDA can be considered measured net of excesses in the risks assumed and in the equity and liquidity outlook and that it is adequately representative of a sustainable result on a multi-year basis.

Each year the Board of Directors of the Company, upon proposal of the Remuneration Committee, defines whether and to what extent items related to events of an extraordinary nature or to changes in the application of accounting principles, if significant, may be considered for the calculation of adjusted EBITDA.

Percentage levels, established each year, may vary (increasing or decreasing) depending on the year:

- the duties, tasks assigned and responsibilities assumed;
- the contribution made to the degree of achievement of the Group's objectives;
- the degree of achievement of the objectives assigned;
- the level of the fixed part of the remuneration.

In relation to Key Managers, the payment of variable components of the remuneration system may be carried out on the basis of the achievement of pre-established company objectives (the so-called MBO), linked to the expected results on the basis of the Strategic Plan approved by the Company. The variable component is equal to a pre-established percentage of fixed gross annual remuneration of a weight generally no less than 30% of said remuneration and no more than 50%.

It should be noted that the vesting of the short-term variable component is subject to eligibility requirements ("on/off") and is commensurate to the exceeding of 95% of the Company's consolidated EBITDA value as set out in the 2019 Budget

As far as the Managing Director is concerned, the short-term variable component, which is payable within the limits of the "cap" set annually at a maximum of EUR 170,889.00 gross, pursues the objective of providing an incentive for the Managing Director to work towards achieving annual objectives in order to maximise the value of the Group, in line with the interests of Shareholders. This component is achievable only if minimum annual performance targets set by the Board of Directors on the proposal of the Remuneration Committee are achieved.

The maturity of the short-term variable component is, in fact, subject to the achievement of both access conditions (so-called on/off) indicated below:

- the exceeding of 95% of the EBITDA value forecast in the 2019 Budget and approved by the Board of Directors on 29 January 2019; and

- A NFP/EBITDA ratio not exceeding 2X.

In any case, this component is balanced - with respect to others - in such a way as to avoid short-term or opportunistic rationale from prevailing over medium-long term strategies, in the interests of stakeholders and business sustainability.

This component makes up between 30% and 50% of the total remuneration.

➤ **Medium-long term variable component**

Long-term incentive plans are designed to strengthen the motivational drive in pursuing strategic objectives, within a timeframe generally aligned and consistent with that of the strategic plan.

The payment of the incentive is conditional on the individual staying in the company and/or in the Group (except in the case of retirement, premature death or disability).

The medium-long term variable component will be represented by the Stock Option Plan 2020 - 2022 which the Board of Directors intends to submit to the Shareholders' Meeting called to approve the Financial Statements at 31 December 2019.

With the Tinexta Plan it intends to promote and pursue the following objectives:

- (i) linking the overall remuneration and in particular the incentive system for the Group's management and key people to the results actually achieved by the Company and the creation of new value for the Tinexta Group;
- (ii) directing key corporate resources towards strategies aimed at the pursuit of medium to long-term results;
- (iii) aligning the interests of Executive Directors and Key Managers with those of Shareholders and investors;
- (iv) further developing retention policies aimed at retaining key corporate resources and encouraging them to remain with the Company or the Tinexta Group; and
- (v) further developing policies of attraction towards talented managerial and professional figures in order to continuously develop and strengthen Tinexta's key and distinctive skills.

The Plan provides for the free allocation of options ("**Options**") which allow for, under the conditions set out in the Plan regulations, the purchase and, if necessary, subsequent subscription of the Shares, with settlement by physical delivery. The Plan provides for a single cycle of allocation of Options.

Each single Option granted gives the beneficiary the right to purchase and, if necessary, subscribe one Tinexta Share against payment to the Company of the predetermined exercise price.

The Options granted will become vested Options, and will therefore be exercisable by the beneficiaries, only upon achievement of the specific performance objectives related to EBITDA as provided in the consolidated Financial Statements of the Company as at 31 December 2022, as indicated in the table below.

<b>EBITDA resulting from the Company's consolidated Financial Statements as at 31 December 2022</b>	<b>% of Options Vested</b>
> 80% and >100% (compared to the approved budget value)	proportionately

< 80% (compared to the approved budget value)	0%
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The verification of the achievement of the objectives will be carried out by the Board of Directors of the Company, after consulting the Remuneration Committee, following the approval by the Shareholders' Meeting of the Financial Statements for the year ended 31 December 2022.

In the event of failure to reach the minimum target of 80% of EBITDA compared to the reference budget approved in the financial year ended 31 December 2022, the Options granted will lapse and must be considered for all intents and purposes extinguished.

Vested options may be exercised at the end of a vesting period of 36 months starting from the grant date, i.e. the date on which the Board of Directors, after consulting the Remuneration Committee, identifies the beneficiaries and determines the number of Options to be granted to each of them. The length of the period is consistent with the incentive objective mentioned above and is designed to ensure progressive value creation.

For further information on the Stock Option Plan 2020-2022, please refer to the relevant Information Document prepared in accordance with Annex 3A, Scheme 7-*bis* of the Consob Issuers' Regulations, made available to the public on the Company's website, [www.tinexta.com](http://www.tinexta.com), in the section "Governance/Shareholders' Meeting". At the date of this Report the Plan had not yet been approved by the Shareholders' Meeting.

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Below are the components (fixed and variable) of the remuneration of the individual types of recipients indicated above.

### **Directors**

The remuneration of non-executive Directors (whether independent or not) is determined on a fixed basis and such as to attract, retain and motivate Directors with the professional qualities required for the excellent management of the Group and the Company and is adequate for their commitment, responsibility and contribution, as well as the reimbursement of expenses incurred and attendance fees.

The remuneration of Directors is fixed by the Shareholders' Meeting.

A fixed component of compensation, approved by the Shareholders' Meeting of 24 April 2018 for an amount of EUR 32,000.00, is envisaged for all Directors to ensure adequate remuneration for their activities and commitment of the Directors towards the Company, in addition to the reimbursement of expenses incurred, pursuant to Art. 15 of the Articles of Association, and attendance fees.

These Directors are not entitled to a variable remuneration component, because their activities are not likely to directly affect the Company's performance, which is normally linked to the pay-out of variable components.

The remuneration of Directors may be supplemented by other emoluments relating to special assignments conferred on individual Directors by the Board of Directors and participation in bodies established within the Board.

On 24 April 2018, the Board of Directors decided to pay the following additional compensation for the participation of the Company's Directors in committees: EUR 20,000.00 gross per year for the chairperson of the Committees and EUR 14,000.00 gross per year for each member of the Committees.

The remuneration provided for the independent Directors is the same as that provided for the other non-executive Directors: therefore, there is no particular remuneration policy for the independent

Directors, while a differentiated compensation is provided for Directors who take on the role of Chairman and Deputy Chairman. The relative amounts were set at EUR 150,000.00 and EUR 50,000.00 respectively.

### **Managing Director**

The Managing Director's remuneration is suitably balanced in order to ensure consistency between short-term development objectives and the sustainability of creating value for the Shareholders in the medium-long term. To the fixed component, determined by the Board of Directors on the basis of the office, is added a variable component such as to encourage the Managing Director to work towards achieving annual targets aimed at maximising the value of the Group, in line with the interests of Shareholders.

In particular, the remuneration structure of the Managing Director consists of:

- **a fixed component**: this consists of the compensation approved for each Director by the Ordinary Shareholders' Meeting, at the time of appointment to the position of Board of Directors member and the compensation approved by the Board of Directors, on the proposal of the Remuneration Committee and subject to the favourable opinion of the Board of Statutory Auditors, pursuant to Article 2389, paragraph 3, of the Italian Civil Code (equal to EUR 130,000.00 gross per year for the office of Managing Director and EUR 32,000.00 gross per year for the position of Director). This component is determined taking into account the magnitude and strategic nature of the specific role, the distinctive subjective characteristics and the strategic skills possessed by the manager. Its extent is sufficient to remunerate the individual's services even in the event of failure to achieve the performance objectives that condition the payment of variable remuneration and this - among other reasons - is to discourage the adoption of behaviours that are inconsistent with the risk propensity of the company. In particular, the fixed component is determined on the basis of the magnitude of business that they manage and their capacity to contribute to the Group's consolidated results.
- **a variable component**: consisting of a short-term variable component, the disbursement of which is subject to verification of the achievement of performance targets, and a medium/long-term component through participation in the 2020 - 2022 Stock Option Plan such as to encourage the Managing Director to work towards the achievement of annual targets aimed at maximising the value of the Group, in line with the interests of Shareholders.
- **fringe benefits**: these are defined in line with the practices of the reference remuneration markets in order to complete and enhance the overall remuneration package, taking into account the roles and/or responsibilities assigned. They are exclusively attributable to the Managing Director for his/her position as General Manager and consist of the supply of goods and/or services assigned with instruments that may also supplement the provisions of current legislation (motor vehicle assigned for mixed use and health, life, permanent disability, accident, professional and extra-professional indemnity policies).

To the amounts indicated above and due to the Managing Director, the amount of EUR 270,000.00 should be added as fixed remuneration by virtue of the executive relationship relating to the role held by the same as General Manager.

### **Key Managers**

The remuneration of Key Managers is structured with the aim of focusing management on long-term business results and the creation of value.

The Company has therefore also adopted a policy aimed at achieving these objectives through the implementation of variable components of the remuneration system.



The remuneration of Key Managers is composed of:

- a fixed component, pre-determined to a significant extent, consistent with the position and commitment required and, in any case, sufficient to remunerate services in the event that the variable component is not paid out due to failure to achieve the objectives illustrated above. In any case, the fixed component must not represent more than 75% of the total annual remuneration envisaged.
- a short-term variable component (on an annual basis), in cash;
- a medium/long-term variable component based on the 2020-2022 Stock Option Plan;
- non-monetary fringe benefits (motor vehicle assigned for mixed use, health, life, permanent disability, accident, professional and extra-professional indemnity policies, in addition to mandatory ones).

### **Board of Statutory Auditors**

The remuneration of the members of the Board of Statutory Auditors (Statutory Auditors) is determined by the Shareholders' Meeting as a fixed amount. In this regard, the Shareholders' Meeting held on 24 April 2018 determined a gross annual compensation of EUR 45,000.00 for the Chairman and EUR 34,000.00 for each Statutory Auditor, in addition to refund of documented out-of-pocket expenses incurred.

### **1.6 POLICY APPLICABLE TO NON-MONETARY BENEFITS (FRINGE BENEFITS)**

The Company has not prepared a policy regarding non-monetary benefits for Directors, with the exception of insurance cover for liability arising from carrying out their role as 'Directors and Officer'.

Key Managers will be assigned company cars for mixed use and will adhere to pension and insurance plans that reflect ordinary retirement and welfare protection, as provided for in the applicable National Collective Labour Agreement.

The recognition of non-monetary benefits is carried out in accordance with market practice and in compliance with current tax regulations.

### **1.7 WITH REFERENCE TO VARIABLE COMPONENTS, A DESCRIPTION OF THE PERFORMANCE OBJECTIVES ON THE BASIS OF WHICH THEY ARE ASSIGNED, DISTINGUISHING BETWEEN SHORT AND MEDIUM-LONG TERM VARIABLE COMPONENTS AND INFORMATION ON THE LINK BETWEEN VARIATIONS IN RESULTS AND VARIATIONS IN REMUNERATION**

The performance objectives for the provision of variable components are described in Section 1.5, to which reference should be made.

### **1.8 CRITERIA USED FOR EVALUATING THE PREREQUISITE PERFORMANCE OBJECTIVES FOR THE ASSIGNMENT OF SHARES, OPTIONS, OTHER FINANCIAL INSTRUMENTS, OR OTHER VARIABLE REMUNERATION COMPONENTS**

The criteria for evaluating the performance objectives underlying the short-term variable

remuneration are based on the economic and profitability results achieved by the Company (i.e., adjusted consolidated EBITDA). In general, the objectives are based on the specific activities carried out by the Company and are indicators of the Company's ability to produce value in a sustainable manner and to manage the risk associated with its business in the medium-long term.

The criteria used to assess the performance objectives of the medium/long-term remuneration are based on the economic requirements (EBITDA) achieved by the Company and better described in the Stock Option Plan 2020 - 2022, represented in Section 1.5. to which reference should be made.

#### **1.9 INFORMATION INTENDED TO VERIFY THE CONSISTENCY OF THE REMUNERATION POLICY WITH THE PURSUIT OF THE COMPANY'S LONG-TERM INTERESTS AND WITH THE RISK MANAGEMENT POLICY, WHERE FORMALISED**

As described in Section 1.5 of the Report above, the Remuneration Policy aims to create value in the medium-long term for the Company and its Shareholders.

Consistently with this purpose, the remuneration of Executive Directors and Key Managers is structured in such a way so as to:

- a) balance fixed remuneration and variable remuneration with the aim of creating value in the medium to long term in a sustainable way for the company;
- b) coordinate variable compensation for the achievement of operational and financial objectives aligned with the creation of value in the medium-long term and the actual results achieved by the Company;
- c) recognise adequate remuneration to attract, motivate and retain individuals with the individual and professional qualities necessary to pursue the company's business development objectives in the medium to long term.

#### **1.10 VESTING PERIOD, POSSIBLE DEFERRED PAY-OUT SYSTEMS, DEFERMENT PERIODS AND CRITERIA USED FOR DETERMINING SUCH PERIODS, AS WELL AS EX POST CORRECTION MECHANISMS, IF ANY**

The short-term variable remuneration component is paid after approval of the financial statements for the reference year. With regard to vesting periods and payment systems for variable compensation linked to incentive mechanisms based on financial instruments, please refer to that described in Section 1.5. with reference to the Stock Option Plan 2020-2022.

It should be noted that the Remuneration Policy includes a claw back clause in the Plan under which the Company has the right to ask the Beneficiaries of the Plan to return all or part of the Options granted but not yet exercised or to return the Shares held by the Beneficiary resulting from the exercise of the Vested Options or to return all or part of the net gains obtained by the Beneficiary as a result of the exercise of the Options, in the event that the Board of Directors, after consulting the Remuneration Committee, determines, during the course of the Plan and/or within 3 years of the end of the Plan: (1) that the Objectives were determined on the basis of data that turned out to be manifestly incorrect or the data used for the achievement of the Objectives was maliciously altered; (2) that the Beneficiary has engaged in conduct that resulted in a significant loss for the Issuer, any Group company or the Group in general; (3) that the Beneficiary has engaged in fraudulent conduct or gross negligence to the detriment of the Issuer, any Group company or the Group in general.

For further information on the Stock Option Plan 2020-2022, please refer to the relevant Information Document prepared in accordance with Annex 3A, Schedule 7-*bis* of the Consob Issuers' Regulations made available to the public on the Company's website, [www.tinexta.com](http://www.tinexta.com), in the "Governance/Shareholders' Meeting" section. At the date of this Report the Plan had not yet been

approved by the Shareholders' Meeting.

#### **1.11 INFORMATION ON ANY CLAUSES REQUIRING THE MAINTENANCE IN THE PORTFOLIO OF FINANCIAL INSTRUMENTS AFTER THEIR ACQUISITION, WITH THE MAINTENANCE PERIODS AND THE CRITERIA USED FOR DETERMINING SUCH PERIODS**

The Stock Option Plan 2020-2022 provides that the beneficiaries, who are Key Managers linked to the Company or the Subsidiary by a contractual relationship of indefinite duration, in accordance with the recommendations of the Code of Self-Regulation, will have the obligation to hold continuously for a period of 3 years from the date on which they received the Shares following the exercise of the vested Options, a number of Shares equal to at least 20% of the Shares purchased and, if applicable, subscribed as a result of the exercise of the vested Options.

The beneficiaries of the Plan who qualify as Executive Directors, in accordance with the recommendations of the Code of Self-Regulation, will be required to hold continuously, until the end of their term of office, a number of Shares equal to at least 20% of the Shares purchased and, if applicable, subscribed as a result of the exercise of the Options.

Said Shares will be subject to inalienability restrictions and therefore may not be sold, transferred, exchanged or otherwise disposed of between living persons until the above terms have expired, except with the prior written authorisation of the Board of Directors, after consulting the Remuneration Committee.

This lock up commitment, also in consideration of the three-year vesting period from which it is preceded, is deemed to be consistent with the provisions of the Code of Self-Regulation and with the objective of aligning the management's interest with that of the medium/long-term interest of the Shareholders, as well as being able to achieve the goal of building the loyalty of the main managerial figures.

For further information on the Stock Option Plan 2020-2022, please refer to the relevant Information Document prepared in accordance with Annex 3A, Schedule 7-*bis* of the Consob Issuers' Regulations made available to the public on the Company's website, [www.tinexta.com](http://www.tinexta.com), in the "Governance/Shareholders' Meeting" section. At the date of this Report the Plan had not yet been approved by the Shareholders' Meeting.

#### **1.12 POLICY APPLICABLE TO INDEMNITIES IN THE EVENT OF TERMINATION OF OFFICE OR EMPLOYMENT RELATIONSHIP**

The Remuneration Policy does not envisage the payment of any indemnity in favour of Directors and Key Managers (other than the Managing Director) in the event of early termination of office and/or working relationships or its non-renewal.

For the Managing Director who also holds the office of General Manager, in the event of early termination by the Company without just cause and/or revocation and/or non-renewal and/or if the Managing Director or General Manager has to resign from both relationships at the request of the Company, the Managing Director or General Manager will be paid an amount, as an incentive to leave, equal to three years' worth of overall emoluments received as General Manager.

No agreements have been entered into which take effect, are modified or are extinguished in the event of a change of control of the Company or a request for resignation following a takeover bid or a public exchange offer.

The Managing Director and General Manager of the Company has undertaken not to carry out, for a period of one year after the termination of the employment relationship, on their own or directly, throughout the European Union, any type of activity that may be in competition with that carried

out by the Company. In return for this commitment, the Company has undertaken to pay the Company's Managing Director and General Manager a total amount equal to the sum of the annual gross fixed emoluments due to them both as Managing Director and Director, including the variable portion calculated on the basis of the average amount received in the last three years.

It should be noted that with regard to the liquidation of short-term incentives, the Company adopts the criterion of paying the amount accrued on the basis of the achievement of performance objectives, provided that the beneficiary is in force at the time of payment and not resigning, unless individually agreed.

A similar principle is contained in the Stock Option Plan 2020-2022, which provides for the loss of the rights assigned in the event of voluntary resignation by the beneficiary, dismissal by the Company for just cause or justified reason or violation by the beneficiary of non-competition obligations.

#### **1.13 INFORMATION ON THE PRESENCE OF ANY INSURANCE COVERS, OR SOCIAL SECURITY OR RETIREMENT BENEFITS, OTHER THAN THOSE REQUIRED BY LAW**

Directors are not granted insurance coverage other than compulsory insurance and insurance to cover liabilities arising from the exercise of their office, Directors & Officers Policy (directors' civil and financial liability) and Legal Protection.

#### **1.14 REMUNERATION POLICY APPLICABLE TO: (I) INDEPENDENT DIRECTORS, (II) PARTICIPATION IN COMMITTEES, AND (III) PERFORMANCE OF CERTAIN DUTIES (CHAIRMAN, DEPUTY CHAIRMAN, ETC.)**

In accordance with the recommendations of the Code of Self-Regulation, the remuneration of independent Directors is not linked to the economic results achieved by the Company.

The Remuneration Policy provides for the attribution of an additional fixed amount of remuneration to non-executive Directors and to independent Directors who are members of Committees established within the Board in order to adequately remunerate the additional activities and commitments required and carried out for the benefit of the Company.

For further information, reference should be made to Section 1.5 above.

#### **1.15 WHETHER THE REMUNERATION POLICY HAS BEEN DEFINED USING THE REMUNERATION POLICIES OF OTHER COMPANIES AS A REFERENCE, AND IF SO, THE CRITERIA USED FOR THE CHOICE OF SUCH COMPANIES**

In defining the Remuneration Policy, the Company did not use the remuneration policies of other companies as a reference.

#### **1.16 ELEMENTS OF THE REMUNERATION POLICY FROM WHICH, IN EXCEPTIONAL CIRCUMSTANCES, DEROGATIONS MAY BE MADE AND WITHOUT PREJUDICE TO REGULATION NO. 17221 OF 12 MARCH 2010, ANY FURTHER PROCEDURAL CONDITIONS UNDER WHICH THE DEROGATION MAY BE APPLIED**

If exceptional circumstances arise, the Company may derogate from the Remuneration Policy approved by Shareholders in order to ensure (i) the pursuit of long-term interests and/or (ii) sustainability as a whole and/or (iii) the capacity to stay in the market.

Any exceptions must be of an exceptional nature and resolved by the Board of Directors of the

Company with the favourable opinion of the Remuneration Committee.

## **SECTION II**

**REMUNERATION RECEIVED BY MEMBERS OF THE BOARD OF  
DIRECTORS AND THE BOARD OF STATUTORY AUDITORS, AS WELL  
AS BY GENERAL MANAGERS AND KEY MANAGERS**

This section identifies the remuneration attributed to Directors and Statutory Auditors and to the General Manager, and in aggregate form, the remuneration attributed to Key Managers:

- in the first part, it provides a representation of each of the items that make up the remuneration, including the remuneration provided for in the event of termination of office or employment relationship, highlighting the consistency with the remuneration policy of the Company approved in the previous year; it should be noted that the remuneration paid in 2019 is consistent, in its amount and in the items that it is comprised of, with the remuneration policy adopted by the Board of Directors with reference to the 2019 Year on which the Shareholders' Meeting of 18 April 2019 voted in favour;
- in the second part, it analytically illustrates the compensation paid in 2019 for any reason and in any form by the Company and by subsidiary or associated companies, indicating any components of the aforesaid compensation that refer to activities carried out in years prior to the reference year and also highlighting the compensation to be paid in one or more subsequent years for the activities carried out in the reference year, possibly indicating an estimate value for the components that cannot be objectively quantified in the reference year;
- in the third part, it specifies, with the criteria established in Annex 3A, Schedule 7-ter of the Issuers' Regulations, the shares held in the Issuer and its subsidiaries by members of the administration and control bodies, the General Manager and other Key Managers, as well as by spouses not legally separated and dependent children, directly or through subsidiaries, trust companies or third parties, resulting from the shareholders' register, communications received and other information acquired from the same members of the administration and control bodies as well as from the General Manager and other Key Managers.

The reason why the compensation of Key Managers is shown in the aggregate is that none of them received more overall compensation in 2019 than the compensation awarded to the Managing Director.

KPMG S.P.A., the entity appointed to carry out the statutory audit of Tinexta's Financial Statements, has verified that the Directors have prepared this Second Section of the Report.

## **1.1 FIRST PART - ITEMS THAT MAKE UP THE 2019 REMUNERATION**

### ***1.1.1 Board of Directors***

The Shareholders' Meeting of 24 April 2018 has appointed as Directors, the following Board members: Pier Andrea Chevallard, Laura Benedetto, Giada Grandi, Elisa Corghi, Eugenio Rossetti, Riccardo Ranalli, Lorena Pellissier, Alessandro Potestà and Alessandro Barberis and appointed Enrico Salza as Chairman.

The Shareholders' Meeting of 24 April 2018 set the gross annual compensation for each member of the Board of Directors at EUR 32,000.00 and the gross annual compensation for the Chairman of the Board of Directors, Enrico Salza, at EUR 150,000.00 for each of the years from 2018 to 2020, in addition to reimbursement for expenses incurred as indicated in Article 15 of the Articles of Association and an individual attendance fee of EUR 600.00 gross for participation in each meeting of the Board of Directors.

The Board of Directors, which met on 15 May 2018, in accordance with the provisions of the Remuneration Policy, established the additional remuneration payable to members of the Board of Directors vested with special offices and for participation in committees, as follows:

- to the Managing Director Pier Andrea Chevallard, on the proposal of the Remuneration Committee and subject to the favourable opinion of the Board of Statutory Auditors, an annual compensation of EUR 130,000.00, to be understood as gross of withholdings and legal charges and in addition to the basic compensation approved by the Shareholders' Meeting;
- to each member of the Internal Control and Risk Management Committee, an annual gross compensation of EUR 14,000.00 and EUR 20,000.00 for the Chairman, to be understood as gross of withholdings and legal charges and an attendance fee of EUR 600.00 gross for each member of the Board committees, for each meeting held on a date different from the meetings of the Board of Directors at which the member is present;
- to each member of the Remuneration Committee, an annual compensation of EUR 14,000.00 and EUR 20,000.00 for the Chairman, to be understood gross of withholdings and legal charges, and an attendance fee of EUR 600.00 gross for each member of the internal committees, for each meeting held on a date different from the meetings of the Board of Directors at which the member is present.

On 23 July 2018, Alessandro Barberi resigned from the Board of Directors of the Company. On 7 November 2018, the Shareholders' Meeting, pursuant to Article 2386 of the Italian Civil Code, appointed Gian Paolo Coscia as a new member of the Board of Directors.

It should be noted that the remuneration of independent Directors is not linked to the economic results of the Company.

No compensation is set at the end of the mandate or in the event of early termination of office or employment other than benefits provided by Law and the provisions set out below with regard to the Managing Director.

With reference to the indemnities in case of early termination of office or non-renewal of the appointment, please refer to Section 1.1.8 below.

There are no agreements that provide for the assignment or maintenance of non-monetary benefits in favour of persons who have ceased to hold office or for the stipulation of consultancy contracts for a period subsequent to the termination of their employment.

### **1.1.2 Managing Director**

During the 2019 Year, the position of Managing Director was held by Director Pier Andrea Chevallard, appointed by the Board of Directors on 24 April 2018.

Mr. Chevallard has also held the position of General Manager of the Company since January 2015.

Below is a description of each of the items that made up the remuneration of the Managing Director and General Manager during the 2019 Year.

#### Fixed component consisting of:

- a gross annual fee of Euro 32,000.00 for the role of board member, as resolved by the Shareholders' Meeting of 24 April 2018;
- total gross compensation of EUR 130,000.00 for the office of Managing Director as approved by the Board of Directors on 15 May 2018;
- gross annual compensation of EUR 270,000.00 because of his position as an executive (General Manager).

Variable component: a portion of the Managing Director's compensation is linked to the achievement of specific performance objectives set by the company. For the Year 2019, the variable component of the Managing Director's remuneration was determined by the Board of Directors on 15 May 2018, following a favourable opinion of the Board of Statutory Auditors. For completeness of information, it should be noted that in 2019 the Managing Director received variable compensation accrued in relation to the objectives assigned to them for the 2018 year amounting to a total of EUR 185,300.00.

With reference to the indemnities in case of early termination of office or non-renewal of the appointment, please refer to Section 1.1.8 below.

### **1.1.3 Chairman of the Board of Directors**

During 2019 the Chairman of the Board of Directors was Director Enrico Salza, who was appointed by the Ordinary Shareholders' Meeting on 24 April 2018. The Chairman's total compensation for 2019 was EUR 150,000.00, as decided by the Shareholders during the meeting of 24 April 2018, for the office of Chairman of the Board.

The Chairman's remuneration is not linked to the company's operating performance, and therefore consists solely of a fixed component.

### **1.1.4 Deputy Chairman of the Board of Directors**

During the 2019 Year, the position of Deputy Chairman has been held by Director Riccardo Ranalli, following his appointment by the Board of Directors on 14 November 2018, with the attribution of a fixed emolument on an annual basis, *pro rata temporis* for the duration of the office, amounting to EUR 50,000.00, attributed to the same, subject to the favourable opinion of the Remuneration Committee. Members of Committees within the Board of Directors

#### Remuneration Committee

During the 2019 Year, the Remuneration Committee was composed of: the independent Director Giada Grandi (Chairman), the independent Director Paola Generali, the independent Director Lorena Pellissier, the non-executive Director Riccardo Ranalli and the independent Director Eugenio Rossetti.



Directors who are members of the Remuneration Committee receive, in addition to the compensation of EUR 32,000.00 gross per annum, as determined by the Shareholders' Meeting of 24 April 2018, a refund of expenses incurred, to which they are entitled under Article 15 of the Articles of Association, and attendance fees for each Board of Directors meeting, an additional compensation of EUR 20,000.00 gross per year for the Chairman of the Committee and the other members, an annual compensation of EUR 14,000.00 gross for the performance of activities related to the office, and an attendance fee of EUR 600.00 gross for each member of the Board committees, for each meeting held on a date different from the meetings of the Board of Directors at which the member is present.

#### Internal Control and Risk Management Committee

During the 2019 Year, the Internal Control and Risk Management Committee was composed of: the independent Director Eugenio Rossetti (Chairman), the independent Director Elisa Corghi, the independent Director Gian Paolo Coscia, the non-executive Director Alessandro Potestà and the non-executive Director Riccardo Ranalli.

The Directors who make up the Internal Control and Risk Management Committee receive, in addition to the gross annual compensation set by the Shareholders' Meeting of 24 April 2018 of EUR 32,000.00, a refund of expenses incurred, to which they are entitled under Article 15 of the Articles of Association, and attendance fees for each Board of Directors meeting, an additional compensation of EUR 20,000.00 gross per year for the Chairman of the Committee and the other members, an annual compensation of EUR 14,000.00 gross for the performance of activities related to the office, and an attendance fee of EUR 600.00 gross for each member of the Board committees, for each meeting held on a date different from the meetings of the Board of Directors at which the member is present.

The Internal Control and Risk Management Committee also acts as the Related Parties Committee.

#### **1.1.5 Board of Statutory Auditors**

By resolution of 24 April 2018, the Shareholders' Meeting appointed the following members of the Board of Statutory Auditors: Luca Laurini (Chairman), Monica Mannino (Statutory Auditor), Alberto Sodini (Statutory Auditor), Maria Cristina Ramenzoni (Alternate Auditor) and Domenica Serra (Alternate Auditor).

During the same meeting, the Shareholders determined a gross annual compensation of EUR 45,000.00 for the Chairman and EUR 34,000.00 for each Statutory Auditor, in addition to a refund of documented out-of-pocket expenses incurred.

#### **1.1.6 Key Managers**

The incentive mechanisms for the Key Managers are consistent with the tasks assigned to them and their remuneration is divided into a fixed and a variable component. In general, Key Managers' remuneration packages consist of (i) an annual gross fixed component and (ii) a short-term variable component (on an annual basis) in cash, payment of which is subject to the achievement of predetermined corporate and individual performance objectives.

It should be noted that the vesting of the short-term variable component is subject to eligibility requirements ("on/off") and is commensurate to the exceeding of 95% of the Company's EBITDA as set out in the 2019 Budget and approved by the Board of Directors on 29 January 2019.

Payment of variable components of the remuneration system may be carried out on the basis of the achievement of pre-established company objectives (the so-called MBO), linked to the expected results on the basis of the Strategic Plan approved by the Company. The variable component is equal to a pre-established percentage of fixed gross annual remuneration of a weight generally no less than 30% of said remuneration and no more than 50%.

The total compensation allocated to the Key Managers was determined on the basis of the existing employment relationship with the Company and amounts to EUR 253,357 for 2019. It includes the fixed component of remuneration represented by gross annual compensation from employment (so-called “RAL”) and the variable component by way of incentive, as well as compensation from subsidiaries and associates for positions held as Director.

Key Managers will be assigned company cars for mixed use, as fringe benefits, and will adhere to pension and insurance plans that are supplementary to those that are mandatory and reflect ordinary retirement and welfare protection, as provided for in the applicable National Collective Labour Agreement.

#### ***1.1.7 Agreements providing for indemnities in the event of early termination***

There are no agreements providing for indemnities in the event of early termination.

For the Managing Director who also holds the office of General Manager, in the event of early termination by the Company without just cause and/or revocation and/or non-renewal and/or if the Managing Director or General Manager has to resign from both relationships at the request of the Company, the Managing Director or General Manager will be paid an amount, as an incentive to leave, equal to three years’ worth of overall emoluments received as General Manager.

#### ***1.1.8 Incentive plans based on financial instruments***

The payment policy adopted by the Company entails the use of incentive plans based on financial instruments.

The virtual stock option plan for Tinexta's key management personnel, including its executive Directors approved on 31 May 2016, was completed in 2019. In particular, all of the 500,000 options covered by the plan were awarded, of which the Managing Director, Pier Andrea Chevallard has 300,000 options, of which 90,000 options can be exercisable between 31 January 2018 and 31 July 2020 and 210,000 options can be exercisable between 31 July 2019 and 31 July 2020. The other 200,000 options were allocated to the Company’s other Key Managers, of which 60,000 options can be exercised between 31 January 2018 and 31 July 2020 and 140,000.00 options can be exercised between 31 July 2019 and 31 July 2020. On 8 February 2019, 24,000 options assigned to Key Managers in the Company, exercisable between 31 January 2018 and 31 July 2020, were exercised. For further information on the Incentive Plan, please refer to the documents and regulations published on the Company's website ([www.tinexta.com](http://www.tinexta.com)).

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#### TABLES

- TABLE 1: Compensation paid to members of the management and control bodies, General Managers and other Key Managers.
- TABLE 2: Stock options granted to members of the Board of Directors,

- General Managers and other Key Managers.
- TABLE 3: Monetary incentive plans in favour of the members of the Board of Directors, General Managers and Key Managers.
  - TABLE 4: Shares held by members of the administration and control bodies.
  - TABLE 5: Shares held by Key Managers.

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## **Part II - Tables**

The tables below analytically present the compensation for members of the Board of Directors and the Board of Statutory Auditors and, in aggregate form, for Key Managers paid or to be paid by the company and by its subsidiaries and associated companies for the year 2019.



(III) Total				32,000	--	--	--	--	4,800	36,800	--	--
<b>Elisa Corghi</b>	Director	Jan- Dec 2019	Appr. of 2020 Fin Stat.									
(I) Compensation in the company preparing the Financial Statements				32,000	15,800	--	--	--	4,200	52,000	--	--
(II) Compensation from subsidiaries and associated companies				15,000	--	--	--	--	1,310	16,310	--	--
(III) Total				47,000	15,800	--	--	--	5,510	68,310	--	--

1 Amounts of the fringe benefits are indicated here (according to a taxability criterion).

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Office	Period of office	Office expiration date	Fixed compensation	Compensation for participation in committees	Non-equity variable compensation		Non-monetary benefits <sup>1</sup>	Other compensation	Total	Fair value of equity compensation	Total end-of-office indemnity
						Bonuses and other incentives	Profit sharing					
<b>Gian Paolo Coscia</b>	Director	Jan-Dec 2019	Appr. of 2020 Fin Stat.									
(I) Compensation in the company preparing the Financial Statements				32,000	15,200	--	--	--	5,400	52,600	--	--
(II) Compensation from subsidiaries and associated companies				--	--	--	--	--	--	--	--	--
(III) Total				32,000	15,200	--	--	--	5,400	52,600	--	--
<b>Paola Generali</b>	Director	Jan-Dec 2019	Appr. of 2020 Fin Stat.									
(I) Compensation in the company preparing the Financial Statements				32,000	17,000	--	--	--	5,400	54,400	--	--
(II) Compensation from subsidiaries and associated companies				--	--	--	--	--	--	--	--	--
(III) Total				32,000	17,000	--	--	--	5,400	54,400	--	--
<b>Giada Grandi</b>	Director	Jan-Dec 2019	Appr. of 2020 Fin Stat.									
(I) Compensation in the company preparing the Financial Statements				32,000	23,000	--	--	--	3,000	58,000	--	--
(II) Compensation from subsidiaries and associated companies				--	--	--	--	--	--	--	--	--
(III) Total				32,000	23,000	--	--	--	3,000	58,000	--	--
<b>Eugenio Rossetti</b>	Director	Jan-Dec 2019	Appr. of 2020 Fin Stat.									
(I) Compensation in the company preparing the Financial Statements				32,000	39,400	--	--	--	5,400	76,800	--	--
(II) Compensation from subsidiaries and associated companies				49,166	--	--	--	--	1,716	50,882	--	--

(III) Total				81,166	39,400	--	--	--	7,116	127,682	--	--
<b>Lorena Pellissier</b>	Director	Jan-Dec 2019	Appr. of 2020 Fin Stat.									
(I) Compensation in the company preparing the Financial Statements				32,000	17,000	--	--	--	5,400	54,400	--	--
(II) Compensation from subsidiaries and associated companies				--	--	--	--	--	--	--	--	--
(III) Total				32,000	17,000	--	--	--	5,400	54,400	--	--
<b>Alessandro Potestà</b>	Director	Jan-Dec 2019	Appr. of 2020 Fin Stat.									
(I) Compensation in the company preparing the Financial Statements				32,000	15,800	--	--	--	4,800	52,600	--	--



(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Office	Period of office	Office expiration date	Fixed compensation	Compensation for participation in committees	Non-equity variable compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Total end-of-office indemnity
						Bonuses and other incentives	Profit sharing					
(II) Compensation from subsidiaries and associated companies				--	--	--	--	--	--	--	--	--
(III) Total				32,000	15,800	--	--	--	4,800	52,600	--	--
<b>DIRECTORS WHO LEFT THEIR OFFICE</b>												
--				--	--	--	--	--	--	--	--	--
(I) Compensation in the company preparing the Financial Statements				--	--	--	--	--	--	--	--	--
(II) Compensation from subsidiaries and associated companies				--	--	--	--	--	--	--	--	--
(III) Total				--	--	--	--	--	--	--	--	--
<b>BOARD OF STATUTORY AUDITORS</b>												
<b>Luca Laurini</b>	Chairman of the Board of Statutory Auditors	Jan-Dec 2019	Appr. of 2020 Fin Stat.									
(I) Compensation in the company preparing the Financial Statements				45,000	--	--	--	--	--	45,000	--	--
(II) Compensation from subsidiaries and associated companies				--	--	--	--	--	--	--	--	--
(III) Total				45,000	--	--	--	--	--	45,000	--	--
<b>Monica Mannino</b>	Standing Auditor	Jan-Dec 2019	Appr. of 2020 Fin Stat.									
(I) Compensation in the company preparing the Financial Statements				34,000	--	--	--	--	--	34,000	--	--
(II) Compensation from subsidiaries and associated companies				--	--	--	--	--	--	--	--	--
(III) Total				34,000	--	--	--	--	--	34,000	--	--

<b>Alberto Sodini</b>	Standin g Auditor	Jan- Dec 2019	Appr. of 2020 Fin Stat.									
(I) Compensation in the company preparing the Financial Statements				34,000	--	--	--	--	--	34,000	--	--
(II) Compensation from subsidiaries and associated companies				13,166.66	--	--	--	--	2,400	15,566.66	--	--
(III) Total				47,166.66	--	--	--	--	2,400	49,566.66	--	--
<b>Maria Cristina Ramenzoni</b>	Alternate Auditor	Jan-Dec 2019	Appr. of 2020 Fin Stat.									
(I) Compensation in the company preparing the Financial Statements				--	--	--	--	--	--	--	--	--

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)	
Name and Surname	Office	Period of office	Office expiration date	Fixed compensation	Compensation for participation in committees	Non-equity variable compensation	Bonuses and other incentives	Profit sharing	Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Total end-of-office indemnity
(II) Compensation from subsidiaries and associated companies				--	--	--	--	--	--	--	--	--	--
(III) Total				--	--	--	--	--	--	--	--	--	--
<b>Domenica Serra</b>	Alternate Auditor	Jan-Dec 2019	Appr. of Financial Statements 2020										
(I) Compensation in the company preparing the Financial Statements				--	--	--	--	--	--	--	--	--	--
(II) Compensation from subsidiaries and associated companies				24,000	--	--	--	--	--	1,200	25,200	--	--
(III) Total				24,000	--	--	--	--	--	1,200	25,200	--	--
<b>AUDITORS WHO LEFT THEIR OFFICE</b>													
--	--	--	--										
(I) Compensation in the company preparing the Financial Statements				--	--	--	--	--	--	--	--	--	--
(II) Compensation from subsidiaries and associated companies				--	--	--	--	--	--	--	--	--	--
(III) Total				--	--	--	--	--	--	--	--	--	--
<b>GENERAL MANAGER</b>													
	General Manager		-										
(I) Compensation in the company preparing the Financial Statements				274,899.94	--	--	--	--	--	--	274,899.94	--	--
(II) Compensation from subsidiaries and associated companies				--	--	--	--	--	--	--	--	--	--

(III) Total		274,899.94	--	--	--	--	--	274,899.94	--	--
<b>KEY MANAGERS</b>										
	Key Managers									
(I) Compensation in the company preparing the Financial Statements		253,357	--	110,150	--	--	--	363,507	--	--
(II) Compensation from subsidiaries and associated companies		88,100.12	--	--	--	--	450	88,550.12	--	--
(III) Total		341,457.12	--	110,150	--	--	450	452,057.12	--	--

**Table 2: Stock options granted to members of the Board of Directors and Key Managers (KMs).**

A	B	Options held at beginning of year				Options granted during the year						Options exercised during the year			Options expired during the year	Options held at year end	Options pertaining to the year
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Name and Surname	Office	Plan	No. of options	Exercise price	Possible exercise period (from – to)	No. of options	Exercise price	Possible exercise period (from – to)	Fair value at grant date	Grant date	Market price of the underlying shares at the grant date	No. of options	Exercise price	Market price of the underlying shares at exercise date	No. of options	No. of options	Fair value
<b>Pier Andrea Chevallard</b>	<b>Managing Director</b>																
(I) Compensation in the company preparing the Financial Statements		Virtual Stock Options	300,000	3.40	90,000 exercisable between 31.01.2018 and 31.07.2020 210,000 exercisable between 31.07.2019 and 31.07.2020.		--				--	300,000	3.40	13.49 for the exercise of the 1st tranche equal to 90,000 options and 12.78 for the exercise of the 2nd tranche equal to 210,000 options		--	--

(I) Compensation from subsidiaries and associated companies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
(III) Total	--	300,000	--	--	--	--	--	--	--	--	--	300,000	--	--	--	--	--	--
<b>Marco Sanfilippo</b>	<b>Key Manager</b>																	

(I) Compensation in the company preparing the Financial Statements	Virtual Stock Options	120,000	--	36,000 exercisable between 31.01.2018 and 31.07.2020		--					120,000	3.40	13.49 for the exercise of the 1st tranche equal to 36,000 options and 12.78 for the exercise of the 2nd tranche equal to 84,000 options	--	--	--
(I) Compensation from subsidiaries and associated companies		--	--	--		--	--	--	--	--	--	--	--	--	--	--
(III) Total		120,000	--	--		--	--	--	--	--	120,000	--	--	--	--	--
<b>Nicola Di Liello</b>	<b>Key Manager</b>															
(I) Compensation in the company preparing the Financial Statements	Virtual Stock Options	80,000	--	24,000 exercisable between 31.01.2018 and 31.07.2020		--					80,000	3.40	6.87 for the exercise of the 1st tranche equal to 24,000 options and 12.78 for the exercise of the 2nd tranche equal to	--	--	--

				and 31.07.202 0								56,000 options			
(I) Compensation from subsidiaries and associated companies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
(III) Total	--	80,000	--	--	--	--	--	--	--	80,000	--	--	--	--	--

**NOTES**

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**TABLE 3: Monetary incentive plans in favour of the members of the Board of Directors, General Managers and other Key Managers.**

	Office	Plan	Bonus for the year		Bonus from previous years				Other bonuses
			Payable/ Paid <sup>2</sup>	Deferred	Deferral period	No longer payable	Payable/ Paid <sup>3</sup>	Still deferred	
1	Managing Director	--	170,000	--	--	--	185,300		
2	Key Managers	--	110,150				120,070		
<b>Total</b>			<b>280,150</b>				<b>305,370</b>		

<sup>2</sup> Amounts referred to MBO 2019 with approval of the Financial Statements at 31 December 2019.

<sup>3</sup> Amounts referred to MBO 2018.

**TABLE 4: Shares held by members of the administration and control bodies**

<b>Surname and Name</b>	<b>Office</b>	<b>Investee Company</b>	<b>Number of shares owned at the end of the year as at 31.12.2018</b>	<b>No. of shares purchased</b>	<b>No. of shares sold</b>	<b>Number of shares owned at the end of the year as at 31.12.2019</b>
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--

**TABLE 5: Shares held by Key Managers**

Number of Key Managers	Investee Company	Number of shares owned at the end of the year as at 31.12.2018	No. of shares purchased	No. of shares sold	Number of shares owned at the end of the year as at 31.12.2019
1	Tinexta S.p.A.	2,920	--	--	2,920
--	--	--	--	--	--

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