



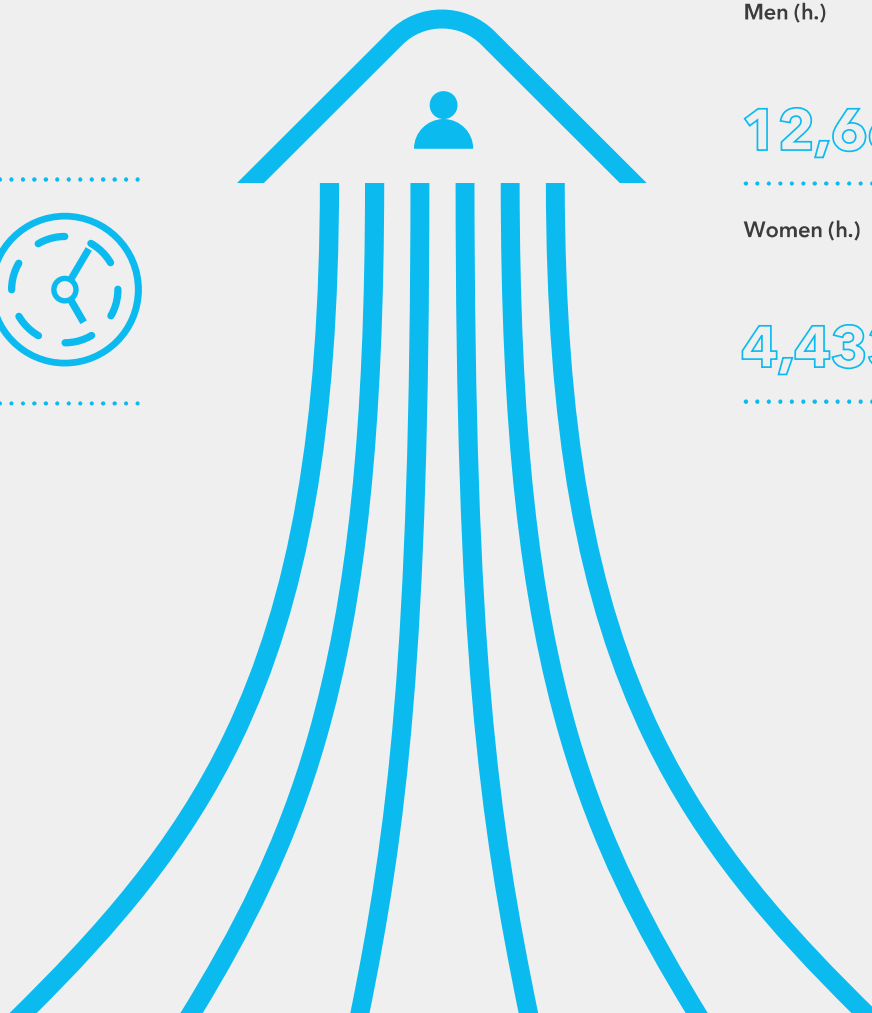
# THE PEOPLE OF SABAF GROUP.

➔ **N°1,035** | 275 more compared with 2018

## Staff training

Total training hours

17,100



Men (h.)

12,667

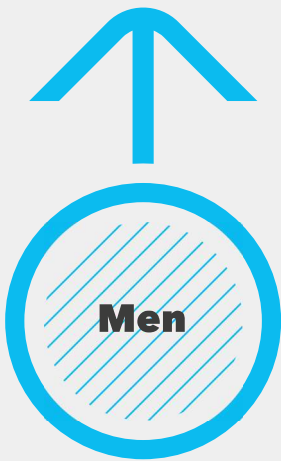


Women (h.)

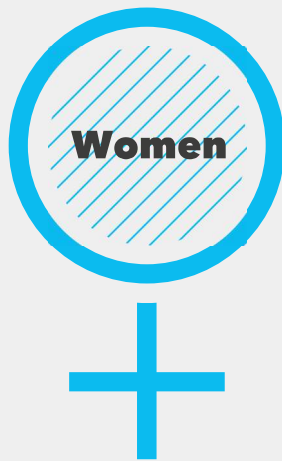
4,433



- |   |   |   |  |   |  |
|---|---|---|--|---|--|
| 1 | Training to new employees, apprentices and training contracts | 2 | Technical training and information systems | 3 | Quality, safety, environment, energy and social responsibility |
| 4 | Administration and organisation                               | 5 | Foreign languages                          | 6 | Other  |



N°657



N°378



37%  
+

Staff growth  
over past  
20 years



130%

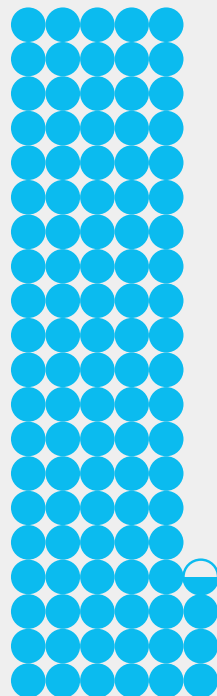
N°450

N°1,035

Year 2000



Year 2020



Positive ratings expressed in  
the most recent **business  
climate analysis** at Sabaf S.p.A.

Health  
and Safety

90.4%



Team  
spirit

78.6%



Satisfaction  
at work

67.3%



Graduates

N°154



# Report on remuneration

*pursuant to Article 123-ter of the TUF  
and Article 84-quater  
of the Issuers' Regulations*

- 231** Section I - Remuneration policy
- 237** Section II - Remuneration of the members of the Board of Directors and the Board of Statutory Auditors and other executives with strategic responsibilities in 2019

## SECTION I - REMUNERATION POLICY

Sabaf S.p.A.'s General Remuneration Policy (hereinafter also "remuneration policy"), approved by the Board of Directors on 22 December 2011 and updated on 20 March 2013, 4 August 2015, 26 September 2017 and 24 March 2020, defines the criteria and guidelines for the remuneration of members of the Board of Directors, Executives with strategic responsibilities and members of the Board of Statutory Auditors.

The remuneration policy was prepared:

- complying with the recommendations of the current Corporate Governance Code, approved in March 2010 and subsequently amended and supplemented, subject to adaptation to the new Corporate Governance Code for listed companies, approved in January 2020 and that will be applicable from the first financial year beginning after 31 December 2020;
- in line with Recommendations 2004/913/EC and 2009/385, which were incorporated into law with Article 123-ter of the Consolidated Law on Finance (TUF), as last amended by Legislative Decree no. 49/19.

The remuneration policy lasts three years.

With regard to the remuneration policy submitted to shareholders at the Shareholders' Meeting of 7th May 2019, it should be noted the addition based on which the Board of Directors, on the proposal of the Remuneration and Nomination Committee and subject to the opinion of the Board of Statutory Auditors in the cases referred to in Article 2389 of the Italian Civil Code, has the power to approve the payment of a one-off bonus to Directors holding specific positions and/or to Executives with strategic responsibilities under the conditions and within the limits referred to in Article 3 of the remuneration policy.

### 1. Corporate bodies and persons involved in preparing, approving and implementing the remuneration policy

#### SHAREHOLDERS' MEETING

- Determines the remuneration due to the members of the Board of Directors, including a fixed amount and attendance fees
- Resolves remuneration plans based on the allocation of financial instruments with regard to directors and employees
- Gives a binding vote on the Remuneration Policy, described in the first section of the Report on Remuneration
- Gives a non-binding vote on the second section of the Report on Remuneration.

#### BOARD OF DIRECTORS

- At the suggestion of the Remuneration and Nomination Committee and subject to the opinion of the Board of Statutory Auditors, determines the fee for Directors holding specific positions
- Defines the remuneration policy of Executives with strategic responsibilities
- After obtaining the opinion of the Remuneration and Nomination Committee, resolves to sign Non-competition agreements with regard to the Chief Executive Officer and to executives

- At the suggestion of the Remuneration and Nomination Committee, defines incentive plans based on short- and long-term variable remuneration to be assigned to the Chief Executive Officer and to the Executives with strategic responsibilities
- At the suggestion of the Chief Executive Officer, defines the incentive plans based on short-term variable remuneration for company Management and other employees
- At the suggestion of the Remuneration and Nomination Committee, resolves to assign non-monetary benefits to executives
- Makes proposals to the Shareholders' Meeting on remuneration plans based on the allocation of financial instruments with regard to directors and employees
- Prepares the Report on Remuneration pursuant to Article 123-ter of the Consolidated Law on Finance and Article 84-quater of the Issuers' Regulations
- Ensures that the remuneration paid and accrued is consistent with the principles and criteria defined in the remuneration policy, in the light of the results achieved and other circumstances relevant to its implementation
- On termination of office and/or termination of the relationship with the Chief Executive Officer, with Directors holding specific positions or with a General Manager, discloses in a press release to the market at the end of internal processes leading to the allocation or recognition of any indemnity and/or other benefits, detailed information concerning:
  - a) the allocation or recognition of indemnities and/or other benefits, the circumstances justifying their accrual and the deliberative procedures followed for this purpose within the company;
  - b) the total amount of the indemnity and/or other benefits, the related components (including non-monetary benefits, the maintenance of rights related to incentive plans, the fee for non-competition commitments or any other remuneration allocated for any reason and in any form) and the timing of their payment (distinguishing the part paid immediately from the part subject to deferral mechanisms);
  - c) the application of any claw-back or malus clause of part of the sum;
  - d) the compliance of the elements indicated in letters a), b) and c) above with what is indicated in the remuneration policy, with a clear indication of the reasons and the deliberative procedures followed in the event of even partial non-compliance with the policy;
  - e) information on any procedures that have been or will be followed for the replacement of the executive director or general manager no longer in office.

At present, no independent experts or advisors contributed to the preparation of the policy, but the company reserves the right to avail itself of them if necessary; the remuneration of both executive and non-executive directors and of the members of the supervisory body was defined taking into account the remuneration practices widespread in the reference sectors and for companies of similar size.

The Board of Directors is responsible for properly implementing the remuneration policy.

## REMUNERATION AND NOMINATION COMMITTEE

- Makes proposals to the Board of Directors, in the absence of the persons directly concerned, for remuneration of the Chief Executive Officer and Directors holding specific positions
- Examines, with the support of the Human Resources Department, the policy for the remuneration of executives, with a special attention to Executives with strategic responsibilities
- Makes suggestions and proposals to the Board of Directors concerning the setting of targets on which the annual variable component and long-term incentives for the Chief Executive Officer, Directors holding specific positions and Executives with strategic responsibilities should be dependent, in order to ensure alignment with shareholders' long-term interests and the company's strategy
- Monitors the actual application of the remuneration policy and assesses the level of achievement of the short- and long-term variable incentive targets of Directors and executives
- Prepares the proposals to the Board of Directors of remuneration plans based on financial instruments
- Assesses the adequacy, actual application and consistency of the remuneration policy, also with reference to the actual company performance, making suggestions and proposals for change
- Follows the development of the regulatory framework of reference and best market practices on remuneration, getting inspired by them for formulating the remuneration policy and identifying aspects for improving the Report on Remuneration.

## 2. Purpose of the remuneration policy

The Company's intention is that the Remuneration Policy:

- Ensures the competitiveness of the company on the labour market and attracts, motivates and increases the loyalty of persons with appropriate professional expertise;
- Protects the principles of internal equity and diversity;
- Brings the interests of the management into line with those of the shareholders;
- Favours the creation of sustainable value for shareholders in the medium to long term and maintains an appropriate level of competitiveness for the company in the sector in which it operates;
- Pursues the sustainable success of the company and takes into account the need to have, retain and motivate people with the competence and professionalism required by their role in the company.

The remuneration policy envisages the structuring of the remuneration of Executive Directors and Executives with Strategic Responsibilities in such a way that it is significantly made up of variable remuneration, including financial instruments: (i) whose payment is conditional on the achievement of common targets (in particular, Group EBIT) and/or individual targets, not only of an economic-financial nature, but also of a technical-productive

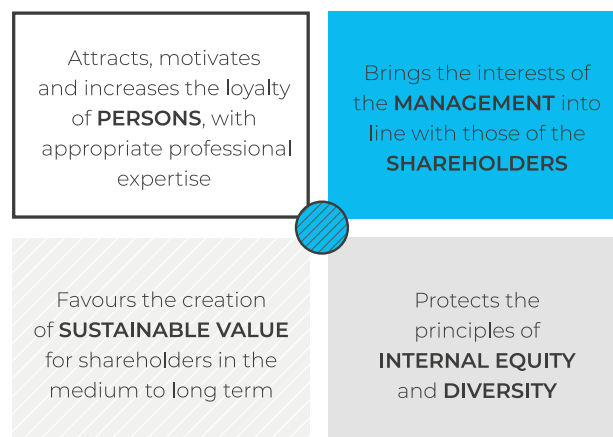
The Remuneration and Nomination Committee currently in office comprises three non-executive members, the majority of them independent (Daniela Toscani, Stefania Triva, e Alessandro Potestà), with the knowledge and experience in accounting, finance and remuneration policies that is deemed adequate by the Board of Directors.

## BOARD OF STATUTORY AUDITORS

- The Board of Statutory Auditors expresses the opinions required by the regulations in force on proposals for remuneration of Directors holding specific positions.
- The Board of Statutory Auditors, i.e. the Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by him/her can attend the meetings of the Remuneration and Nomination Committee.

## HUMAN RESOURCES DEPARTMENT

Actually enacts what is decided upon by the Board.



and/or socio-environmental nature; (ii) subject, in part, to adequate retention and deferral mechanisms. In this context, the policy aims to encourage the achievement of the strategic objectives set out in the pro tempore business plans in force and to create long-term value for stakeholders, also in line with the principles of corporate social responsibility.

### 3. Remuneration policy guidelines and instruments

The definition of a fair and sustainable remuneration package takes into account three main tools:

- Fixed remuneration
- Variable remuneration (short- and medium- to long-term)
- Benefits

Each remuneration component is analysed below.

#### FIXED ANNUAL COMPONENT

The fixed component of the Directors' remuneration is such that it is able to attract and motivate individuals with appropriate expertise for the roles entrusted to them within the Board, and is set with reference to the remuneration awarded for the same positions by other listed Italian industrial groups of a similar size.

The Shareholders' Meeting decides on the remuneration of the members of the Board of Directors, including a fixed amount and attendance fees.

With regard to the remuneration for Directors holding specific positions, the Board of Directors, at the proposal of the Remuneration and Nomination Committee and subject to the opinion of the Board of Statutory Auditors, determines the additional fixed remuneration.

Directors who sit on committees formed within the Board (Internal Control and Risk Committee, Remuneration and Nomination Committee) are granted remuneration that includes a fixed salary and attendance fees intended to reward the commitment required of them.

Executives with strategic responsibilities are paid a fixed annual remuner-

ation, determined so that it is sufficient in itself to guarantee an appropriate basic salary level, even in the event that the variable components are not paid owing to a failure to reach the targets.

The members of the Board of Statutory Auditors are paid a fixed remuneration, the amount of which is determined by the Shareholders' Meeting, at the time of their appointment.

#### INDEMNITY AGAINST THE EARLY TERMINATION OF EMPLOYMENT

There is an agreement for the Chief Executive Officer regulating *ex ante* the economic part concerning the early termination of the employment relationship, in which the amount of the indemnity payable is predetermined.

There are no agreements for other Directors or other Executives with strategic responsibilities regulating *ex ante* the economic part concerning the early termination of the employment relationship. For the end of the relationship for reasons other than just cause or justified reasons provided by the employer, it is the Company's policy to pursue consensual agreements to end the employment relationship, in accordance with legal and contractual obligations.

The Company does not provide directors with benefits subsequent to the end of their mandate.

The Company has entered into non-competition agreements with the Chief Executive Officer and with certain executives who report to him, the terms of which were approved by the Board of Directors, after obtaining the opinion of the Remuneration and Nomination Committee.

COMPONENTS OF THE REMUNERATION	CORPORATE OFFICES				
	Executive Directors	Non-Executive Directors	Members of committees within the BoD	Executives with strategic responsibilities	Statutory Auditors
FIXED COMPONENTS	Fixed remuneration for the office of Director	Fixed remuneration for the office of Director	Fixed remuneration for Directors members of committees within the BoD	Collective National Contract for Industrial Managers	Fixed remuneration
	Fixed remuneration for Directors holding specific positions	Attendance fee	Attendance fee		
INDEMNITY AGAINST THE EARLY TERMINATION OF EMPLOYMENT	Remuneration for non-competition agreement (only for Chief Executive Officer)	N/A	N/A	Remuneration for non-competition agreement	N/A

#### SHORT-TERM VARIABLE COMPONENT (ANNUAL)

The Board of Directors, at the suggestion of the Remuneration and Nomination Committee and in accordance with the budget, defines an MBO plan, for the benefit of:

- Executives with strategic responsibilities
- other persons, identified by the Chief Executive Officer, among the managers who report directly to him or who report to the aforementioned managers.

This plan sets a common target (Group EBIT, which is considered to be the Group's main indicator of financial performance) and quantifiable and measurable individual targets economic-financial, technical-productive and/or socio-environmental in nature.

The targets of the Chief Executive Officer and of the Executives with strategic responsibilities are decided by the Board of Directors, at the suggestion of the Remuneration and Nomination Committee, in accordance with the budget.

The targets of the other beneficiaries of the incentive plans are defined by the Chief Executive Officer, in accordance with the budget.

The Board of Directors, at the proposal of the Remuneration and Nomination Committee and subject to the opinion of the Board of Statutory Auditors in the cases referred to in Article 2389 of the Italian Civil Code, may decide to pay a one-off bonus to Directors holding specific positions and/or to Executives with strategic responsibilities. The resolution must be motivated and justified by exceptional circumstances, consistent with the objectives of the remuneration policy and, in particular, with that of pursuing the sustainable success of the company. In no case may the one-off bonus exceed 50% of the fixed annual component of the remuneration of the Director holding specific positions or the Executive with strategic responsibilities concerned. Non-executive directors are not granted any variable remuneration.

### LONG-TERM VARIABLE COMPONENT

In compliance with the Shareholders' Meeting resolution, at the suggestion of the Remuneration and Nomination Committee, and after obtaining the opinion of the Board of Statutory Auditors, the Board of Directors approves a long-term incentive plan based on financial instruments (stock grants).

The Beneficiaries, if not already identified in the Plan, are identified by the Board of Directors among the members of the Board of Directors and/or among the managers of the Company or its Subsidiary companies who hold or will hold key positions in the implementation of the Business Plan. In the case of the Chief Executive Officer and/or Executives with strategic responsibilities of the Company, the identification is made on the suggestion of the Remuneration and Nomination Committee.

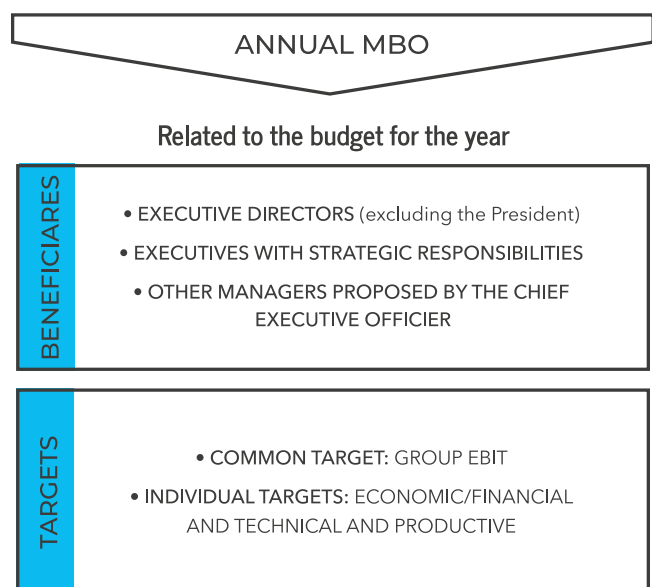
The Board of Directors identifies the total number of rights to be assigned to each beneficiary (within the limits set by the Shareholders' Meeting). All or part of the shares are allocated by the Board of Directors at the end of the vesting period; for the Chief Executive Officer and Executives with strategic responsibilities, the allocation is made on the suggestion of the Remuneration and Nomination Committee.

The allocation of shares is related to predetermined (business and individual) performance targets measurable and linked to the creation of value for shareholders over the long term.

The allocation of actions related to the achievement of business targets is not envisaged, not even in part, in the event of failure to achieve at least 80% of these targets.

The allocation of the shares is conditional on the continuation of the employment and/or collaboration and/or administration relationship between the beneficiary and the company at the date of approval of the financial statements for the year in which the allocation is envisaged, according to the criteria established by the incentive plan.

Share-based incentive plans, if approved starting from 2021, will require a prevalent part of the plan to have a total period of vesting and maintenance of the shares assigned of at least five years.



COMPONENTS OF THE REMUNERATION		CORPORATE OFFICES	
		Executive directors and Executives with strategic responsibilities	Other persons identified by the CEO/BoD
VARIABLE COMPONENTS	SHORT-TERM VARIABLE COMPONENT	Annual MBO plan based on achieving a common target and individual targets  Possible one-off bonus	Annual MBO plan based on achieving a common target and individual targets  Possible one-off bonus
	LONG-TERM VARIABLE COMPONENT	Stock Grant Plan based on achieving business targets and individual performance targets	Stock Grant Plan based on achieving business targets and individual performance targets

**NON-MONETARY BENEFITS**

**Third-party civil liability insurance policy:** the Company has taken out a third-party civil liability insurance policy in favour of directors, statutory auditors and executives for unlawful acts committed in the carrying-out of their respective duties, in violation of obligations established by law and the Articles of Association, with the sole exclusion of deliberate intent. The taking-out of this policy is approved by the Shareholders' Meeting.

**Life insurance policy and cover for medical expenses:** the Company also provides a life insurance policy and cover for medical expenses (FASI) for executives, as established by the Collective National Contract for Industrial Managers; moreover, it has taken out an additional policy to cover medical expenses not covered by FASI reimbursements.

**Company cars:** At the suggestion of the Remuneration and Nomination Committee, the Board of Directors also assigns company cars to executives.

**Accommodation costs:** At the suggestion of the Remuneration and Nomination Committee, the Board of Directors can provide for housing to be made available to executives, for the possibility to reimburse the rent of the house or for the temporary reimbursement of the costs of accommodation in a hotel.

**ENTRY BONUS**

With the aim of attracting highly professional individuals, the Board may decide to give entry bonuses to newly hired executives.

**CLAW BACK AND MALUS CLAUSES**

As from 2018, the Company established mechanisms for the ex-post adjustment of the variable remuneration component or claw back clauses to demand the return of all or part of the variable components of remuneration paid out (or to withhold deferred sums), which were determined on the basis of data subsequently found to be clearly incorrect.

**REMUNERATION FOR OFFICES IN SUBSIDIARIES**

Directors and other executives with strategic responsibilities may be paid remuneration – exclusively as a fixed amount – for offices held in subsidiaries. In addition to the approval of the subsidiaries' corporate bodies, this remuneration is subject to the favourable opinion of the Remuneration and Nomination Committee.

COMPONENTS OF THE REMUNERATION		CORPORATE OFFICES			
		Executive Directors	Non-Executive Directors	Executives with strategic responsibilities	Statutory Auditors
BENEFITS AND OTHER COMPONENTS	NON-MONETARY BENEFITS	Third-party liability insurance policy	Third-party liability insurance policy	Third-party liability insurance policy Life insurance policy to cover medical expenses (FASI), supplementary medical expenses Company cars	Third-party liability insurance policy
	OFFICES IN SUBSIDIARIES	Fixed remuneration for offices in subsidiaries	N/A	Fixed remuneration for offices in subsidiaries	N/A

#### 4. Remuneration of the Board of Directors, Chairman and Vice Chairmen of the Board of Directors, Chief Executive Officer, Executives with strategic responsibilities and Board of Statutory Auditors

**REMUNERATION OF THE BOARD OF DIRECTORS**

The Shareholders' Meeting is responsible for determining the annual gross remuneration (maximum amount) due to the Directors, including a fixed amount and attendance fees.

The members of the Board are covered by a third-party civil liability insurance policy for unlawful acts committed in the exercise of their respective duties, in violation of obligations established by law and the Articles of Association, with the sole exclusion of deliberate intent. The taking-out of this policy is approved by the Shareholders' Meeting.

**REMUNERATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND VICE CHAIRMAN**

No variable remuneration is paid to the Chairman and Vice Chairman of the Board of Directors, but only remuneration in addition to those of directors for specific positions held.

**REMUNERATION OF THE CHIEF EXECUTIVE OFFICER**

The remuneration of the Chief Executive Officer includes the following components:

**Fixed remuneration for the office of Director:** the Chief Executive Officer is the recipient of the fixed remuneration for the office of Director (pursuant to Article 2389 paragraph 1 Italian Civil Code).

**Third-party civil liability insurance policy:** the Company has taken out a third-party civil liability insurance policy for unlawful acts committed in the carrying-out of their respective duties, in violation of obligations established by law and the Articles of Association, with the sole exclusion of deliberate intent. The taking-out of this policy is approved by the Shareholders' Meeting.

**Long-term variable component:** the long-term incentive is dependent on the achievement of performance targets, proposed by the Remuneration and Nomination Committee to the Board of Directors, and extends over three years, coinciding with the mandate of the Board of Directors.



If the Chief Executive Officer is also assigned an executive management role within the Sabaf Group, the Board decides on the assignment of the following additional remuneration instruments:

- **Fixed annual gross salary:** the fixed remuneration is determined so that it is sufficient in itself to guarantee an appropriate basic salary level, even in the event that the variable components are not paid owing to a failure to reach the targets.
- **Non-competition agreement:** assignment of a fixed annual remuneration against the signing of a Non-competition Agreement with the Company.
- **Short-term variable component:** annual incentive, dependent on the achievement of the targets envisaged by the MBO plan, approved by the Board of Directors at the suggestion of the Remuneration and Nomination Committee. On the occasion of the annual approval, the Board of Directors decides on the maximum amount of the annual variable component, the methods and timing for its payment. The Chief Executive Officer may be paid a one-off bonus under the conditions and within the limits set out in the remuneration policy.
- **Benefits:** the benefits envisaged for the management of the Company can be assigned: Life insurance policy and cover for medical expenses, assignment of company car; reimbursement of the rent for the house.

#### REMUNERATION OF EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

- **Fixed annual gross remuneration:** Employment relationships with Executives with strategic responsibilities are regulated by the Collective National Contract for Industrial Managers. In this regard, fixed remuneration

is determined so that it is sufficient in itself to guarantee an appropriate basic salary level, even in the event that the variable components are not paid owing to a failure to reach the targets.

- **Short- and long-term variable components:** Executives with strategic responsibilities are the recipients of short- and long-term incentive plans (ref. paragraph 3). At the time of approval of short- and long-term incentive plans, the Board of Directors is responsible for setting the maximum amounts of variable remuneration, the methods and timing for the payment of this remuneration. Executives with strategic responsibilities can be paid a one-off bonus under the conditions and within the limits set out in the remuneration policy.
- **Benefits:** Executives with strategic responsibilities receive the benefits envisaged for the executives of the Company (Life insurance policy and cover for medical expenses); assignment of company car) and are covered by an occupational risk policy.

#### REMUNERATION OF THE BOARD OF STATUTORY AUDITORS

The amount of remuneration for Statutory Auditors is set by the Shareholders' Meeting, which establishes a fixed amount for the Chairman and the other Statutory Auditors.

The members of the Board are covered by a third-party civil liability insurance policy for unlawful acts committed in the exercise of their respective duties, in violation of obligations established by law and the Articles of Association, with the sole exclusion of deliberate intent. The taking-out of this policy is approved by the Shareholders' Meeting.

---

## 5. Departures from the remuneration policy

Pursuant to Article 123-ter (3)-bis of the TUF, in the presence of exceptional circumstances (as defined below), the company may temporarily depart from the remuneration policy, with regard to the provisions concerning long-term variable remuneration and indemnity against the early termination of employment, referred to in paragraph 3 of the remuneration policy.

The departure may only be made in compliance with the procedures of Consob Regulation no. 17221 of 12 March 2010 (Related-party Transactions).

Exceptional circumstances are only situations where the departure from the remuneration policy is required to pursue the long-term interests and sustainability of the company as a whole or to ensure its ability to stay in the market.

## SECTION II - REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE BOARD OF STATUTORY AUDITORS AND OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES IN 2019

This section, by name of Directors and Statutory Auditors:

- describes each of the items that make up the remuneration, showing their consistency with the remuneration policy of Sabaf;
- analytically illustrates the remuneration paid in the financial year under review (2019), for any reason and in any form, by the Company or by subsidiaries or affiliates, identifying any components of this remuneration that relate to activities undertaken in previous years to the year under review.

### The components of the remuneration paid to directors for 2019

The remuneration paid to directors for 2019 consisted of the following components:

- An annual fixed remuneration, approved by the Shareholders' meeting of 8 May 2018 that the Board of Directors decided to divide, in compliance with the maximum limit of € 400,000.00 established by the Shareholders' Meeting, as follows:
  - € 20,000 assigned to each director without distinction;
  - € 10,000 assigned to each member of the committees set up within the Board itself (Internal Control and Risk Committee and Remuneration and Nomination Committee);
  - additional remuneration of € 160,000 divided among the Chairman of the Board of Directors, Vice Chairman and Chief Executive Officer as detailed in the table below;
- An attendance fee of € 1,000, due to non-executive directors only, for every occasion on which they attend Board of Directors' meetings and the meetings of committees formed within the Board.

A fixed remuneration component for employment and a fixed remuneration for offices in subsidiaries are paid to executive directors appointed as executives.

With reference to variable components, which are intended only for executive directors (excluding the Chairman), the following is pointed out:

- In relation to the annual variable incentive plan established for 2018, remuneration of € 99,374 accrued in the previous financial year (and disbursed in 2019).
- With reference to the annual incentive plan for 2019, the Chief Executive Officer Pietro Iotti accrued variable remuneration of € 45,000, whereas the Director Gianluca Beschi accrued variable remuneration of € 15,892, for the partial achievement of the targets of the 2019 MBO plan.

In implementation of the Policy in 2018, Sabaf introduced a stock grant plan aimed at the Group's executive directors and executives who hold or will hold key positions in the implementation of the Business Plan. Beneficiaries already identified in the Plan include the Chief Executive Officer and Director Gianluca Beschi. The assignment of shares is subject to the achievement of company targets (based on ROI, TSR and EBITDA) and individual targets over the three-year period 2018 to 2020, consistent with the objectives of the Business Plan. For further details, please refer to the information contained in the Information Document prepared pursuant to Article 114-bis of Italian Legislative Decree no. 58 of 24 February 1998, of Article 84-bis of Consob resolution no. 11971/99, submitted to the Shareholders' Meeting on 8 May 2018.

### Remuneration of Statutory Auditors for 2019

The remuneration paid to the Statutory Auditors for 2019 consists of a fixed remuneration determined by the Shareholders' Meeting of 8 May 2018, amounting to a total of € 70,000.

### The remuneration of other executives with strategic responsibilities for 2019

The remuneration of other executives with strategic responsibilities (Technical Director and two Sales Managers) consists of a fixed remuneration for employment totalling € 420,743, and following variable remuneration:

- With reference to the variable incentive plan (MBO) of 2018, during 2019, remuneration totalling € 51,635 was paid.
- With reference to the variable incentive plan (MBO) for 2019, remuneration totalling € 50,890 accrued. Its payment is deferred and dependent upon the continuation of the employment relationship.

Remuneration totalling € 94,500 was also disbursed by subsidiaries.

The three executives with strategic responsibilities are among the Beneficiaries of the stock grant plan, approved in 2018, in implementation of the Remuneration Policy. For further details, please refer to the information contained in the Information Document prepared pursuant to Article 114-bis of Italian Legislative Decree no. 58 of 24 February 1998, of Article 84-bis of Consob resolution no. 11971/99, submitted to the Shareholders' Meeting on 8 May 2018.

For a breakdown of the remuneration paid in 2019, please refer to the tables below (**Table 1**, **Table 2** and **Table 3**), which contain remuneration paid to Directors and Statutory Auditors, and, at the aggregate level, to other executives with strategic responsibilities, taking into account any office held for a fraction of a year. Remuneration received from subsidiaries and/or affiliates, with the exception of that waived or paid back to the Company, is also indicated separately.

With particular reference to **Table 1**, the column:

- "Fixed remuneration" shows, for the portion attributable to 2019, the fixed remuneration approved by the Shareholders' meeting (and distributed with resolution of the Board of Directors), including the remuneration received for the carrying-out of special offices (pursuant to Article 2389, paragraph 3, Italian Civil Code; attendance fees as approved by the Shareholders' meeting; employee salaries due for the year gross of social security contributions and income taxes owed by the employee.
  - "Remuneration for attendance at Committee meetings", shows, for the portion relating to 2019, the remuneration due to directors who attended the meetings of the Committees set up within the Board and the related attendance fees.
  - "Bonus and other incentives" includes the variable remuneration accrued during the year, for monetary incentive plans. This value corresponds to the sum of the amounts provided in Table 3 in the "Bonus for the year - payable/paid", "Bonus of previous years - payable/paid" and "Other bonuses" columns.
  - "Non-monetary benefits" shows, according to accrual and tax liability criteria, the value of outstanding insurance policies and the company cars assigned.
  - "Other remuneration" shows, for the portion attributable to 2019, any other remuneration resulting from other services provided.
  - "Total" shows the sum of the amounts provided under the previous items.
- For a breakdown of other items, see attachment 3A, statement 7-bis and 7-ter of Consob Regulation 11971 of 14 May 1999.

**Table 2** shows the information relating to the stock grant plan approved by the Shareholders' Meeting and aimed at the Group's executive directors and executives who hold or will hold key positions in the implementation of the Business Plan. Specifically, the column:

- "Financial instruments assigned in previous financial years not vested during the financial year" shows the financial instruments assigned in previous years and not vested during the year, indicating the vesting period;
- "Financial instruments assigned during the financial year" shows the financial instruments assigned during the year, indicating the fair value at the assignment date, the vesting period, the assignment date and the market price at the assignment;
- "Financial instruments vested during the year and not assigned" shows the number and type of instruments vested during the financial year and not assigned;
- "Financial instruments vested during the year and attributable" contains information on instruments vested during the financial year of reference and attributable, indicating the value at the vesting date.

"Vesting period" means the period between the time when the right to participate in the incentive scheme is assigned and the time when the right accrues. Financial instruments vested during the financial year and not assigned are financial instruments for which the vesting period ended during the financial year and which were not assigned to the recipient for failure to meet the conditions under which the assignment of the instrument was conditional (for example, failure to meet performance targets). The value at the vesting date is the value of the financial instruments accrued, even if not yet paid (for example, due to the presence of lock up clauses), at the end of the vesting period.

For a breakdown of other items, see attachment 3A, statement 7-bis and 7-ter of Consob Regulation 11971 of 14 May 1999.

**Table 3** contains information on monetary incentive plans for members of the administration body and other executives with strategic responsibilities; in particular, it shows:

For the section "Bonus for the year"

- In the column "payable/paid", the bonus accrued for the year for the targets reached during the year and paid or payable because not subject to further conditions (known as upfront fee).
- The column "Deferred" shows the bonus dependent on the targets to be reached during the year but not payable because subject to further conditions (known as deferred bonus).

For the section "Bonus of previous years"

- The column "No longer payable" shows the sum of bonuses deferred in previous years still to be paid at the beginning of the financial year and no longer payable for failure to meet the conditions to which they are subject.
- The column "Payable/Paid" shows the sum of bonuses deferred in previous years still to be paid at the beginning of the financial year and paid during the year or payable.
- The column "Still deferred" shows the sum of bonuses deferred in previous years still to be paid at the beginning of the financial year and still deferred.

Lastly, the column "Other bonuses" shows the bonuses for the year not explicitly included in specific ex ante defined plans.

Finally, pursuant to Article 84-quater, paragraph four of the Consob Issuers' Regulations, **Table 4** shows shareholdings in Sabaf S.p.A. held by directors and executives with strategic responsibilities, as well as their non-separated spouses and dependent children, directly or through subsidiaries, trust companies or third parties, as shown in the shareholder register, communications received and other information acquired from the same parties. This includes all persons who held office during the year, even for only part of the year. The number of shares held is shown by individual director and in aggregate form for executives with strategic responsibilities.

**TAB. 1** - Remuneration paid to members of the Board of Directors and Board of Statutory Auditors and other executives with strategic responsibilities in 2019

(figures in euro)

BOARD OF DIRECTORS												
Name and surname	Office	Period of office	Expiry of office	Fixed remuneration	Remuneration for attendance at Committee meetings	Variable remuneration (non equity)		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Indemnity for end of office or termination of employment relationship
						Bonus and other incentives	Profit sharing					
<b>Giuseppe Saleri</b>	<b>Chairman</b>	<b>1 Jan - 31 Dec 2019</b>	<b>Approval of 2020 financial statements</b>									
(I) Remuneration at Sabaf S.p.A.				160,000 <sup>(a)</sup>	0	0	0	0	0	160,000	0	0
(II) Remuneration from subsidiaries and affiliates				8,000	0	0	0	0	0	8,000	0	0
<b>(III) Total</b>				<b>168,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>168,000</b>	<b>0</b>	<b>0</b>
<sup>(a)</sup> of which € 20,000 as Director and € 140,000 as Chairman.												
<b>Nicla Picchi</b>	<b>Vice Chairman</b>	<b>1 Jan - 31 Dec 2019</b>	<b>Approval of 2020 financial statements</b>									
(I) Remuneration at Sabaf S.p.A.				38,000 <sup>(a)</sup>	14,000 <sup>(b)</sup>	0	0	0	15,000	67,000	0	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	5,000	5,000	0	0
<b>(III) Total</b>				<b>38,000</b>	<b>14,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,000<sup>(c)</sup></b>	<b>72,000</b>	<b>0</b>	<b>0</b>
<sup>(a)</sup> of which € 20,000 as director, € 10,000 as Vice Chairman and € 8,000 as BoD meeting attendance fees.												
<sup>(b)</sup> of which € 10,000 as a member of the Internal Control and Risk Committee and € 4,000 as Committee meeting attendance fees.												
<sup>(c)</sup> of which € 15,000 as member of the Sabaf S.p.A. Supervisory Body and € 5,000 as member of the Supervisory Body of the subsidiary Faringosi Hinges S.r.l.												
<b>Pietro Iotti</b>	<b>Chief Executive Officer</b>	<b>1 Jan - 31 Dec 2019</b>	<b>Approval of 2020 financial statements</b>									
(I) Remuneration at Sabaf S.p.A.				330,000 <sup>(a)</sup>	0	73,000	0	10,197	0	413,197	0	0
(II) Remuneration from subsidiaries and affiliates				44,083	0	0	0	0	0	44,083	0	0
<b>(III) Total</b>				<b>374,083</b>	<b>0</b>	<b>73,000</b>	<b>0</b>	<b>10,197</b>	<b>0</b>	<b>457,280</b>	<b>0</b>	<b>0</b>
<sup>(a)</sup> of which € 20,000 as director, € 10,000 as Chief Executive Officer, and € 300,000 as General Manager (including € 30,000 relating to Remuneration for non-competition agreement).												
<b>Gianluca Beschi</b>	<b>Director</b>	<b>1 Jan - 31 Dec 2019</b>	<b>Approval of 2020 financial statements</b>									
(I) Remuneration at Sabaf S.p.A.				161,265 <sup>(a)</sup>	0	26,374	0	5,395	0	193,034	0	0
(II) Remuneration from subsidiaries and affiliates				70,000	0	0	0	0	0	70,000	0	0
<b>(III) Total</b>				<b>231,265</b>	<b>0</b>	<b>26,374</b>	<b>0</b>	<b>5,395</b>	<b>0</b>	<b>263,034</b>	<b>0</b>	<b>0</b>
<sup>(a)</sup> of which € 20,000 as director and € 141,265 as Administration, Finance and Control Director.												
<b>Carlo Scarpa</b>	<b>Director</b>	<b>1 Jan - 31 Dec 2019</b>	<b>Approval of 2020 financial statements</b>									
(I) Remuneration at Sabaf S.p.A.				27,000 <sup>(a)</sup>	13,000 <sup>(b)</sup>	0	0	0	0	40,000	0	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	0	0	0	0
<b>(III) Total</b>				<b>27,000</b>	<b>13,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40,000</b>	<b>0</b>	<b>0</b>
<sup>(a)</sup> of which € 20,000 as director and € 7,000 as BoD meeting attendance fees.												
<sup>(b)</sup> of which € 10,000 as a member of the Internal Control and Risk Committee and € 3,000 as Committee meeting attendance fees.												

(figures in euro)

## BOARD OF DIRECTORS

Name and surname	Office	Period of office	Expiry of office	Fixed remuneration	Remuneration for attendance at Committee meetings	Variable remuneration (non equity)		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Indemnity for end of office or termination of employment relationship
						Bonus and other incentives	Profit sharing					

<b>Alessandro Potestà</b>	Director	1 Jan - 31 Dec 2019	Approval of 2020 financial statements									
(I) Remuneration at Sabaf S.p.A.				27,000 <sup>(a)</sup>	14,000 <sup>(b)</sup>	0	0	0	0	41,000	0	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	0	0	0	0
<b>(III) Total</b>				<b>27,000</b>	<b>14,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>41,000</b>	<b>0</b>	<b>0</b>

<sup>(a)</sup> of which € 20,000 as director and € 7,000 as BoD meeting attendance fees.<sup>(b)</sup> of which € 10,000 as a member of the Remuneration and Nomination Committee and € 4,000 as Committee meeting attendance fees.

<b>Claudio Bulgarelli</b>	Director	1 Jan - 31 Dec 2019	Approval of 2020 financial statements									
(I) Remuneration at Sabaf S.p.A.				25,000 <sup>(a)</sup>	0	0	0	0	0	25,000	0	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	0	0	0	0
<b>(III) Total</b>				<b>25,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25,000</b>	<b>0</b>	<b>0</b>

<sup>(a)</sup> of which € 20,000 as director and € 5,000 as BoD meeting attendance fees.

<b>Daniela Toscani</b>	Director	1 Jan - 31 Dec 2019	Approval of 2020 financial statements									
(I) Remuneration at Sabaf S.p.A.				27,000 <sup>(a)</sup>	27,000 <sup>(b)</sup>	0	0	0	0	54,000	0	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	0	0	0	0
<b>(III) Total</b>				<b>27,000</b>	<b>27,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>54,000</b>	<b>0</b>	<b>0</b>

<sup>(a)</sup> of which € 20,000 as director and € 7,000 as BoD meeting attendance fees.<sup>(b)</sup> of which € 10,000 as a member of the Internal Control and Risk Committee, € 10,000 as a member of the Remuneration and Nomination Committee and € 7,000 as Committee meeting attendance fees.

<b>Stefania Triva</b>	Director	1 Jan - 31 Dec 2019	Approval of 2020 financial statements									
(I) Remuneration at Sabaf S.p.A.				26,000 <sup>(a)</sup>	14,000 <sup>(b)</sup>	0	0	0	0	40,000	0	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	0	0	0	0
<b>(III) Total</b>				<b>26,000</b>	<b>14,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40,000</b>	<b>0</b>	<b>0</b>

<sup>(a)</sup> of which € 20,000 as director and € 6,000 as BoD meeting attendance fees.<sup>(b)</sup> of which € 10,000 as a member of the Remuneration and Nomination Committee and € 4,000 as Committee meeting attendance fees.

(figures in euro)

**DIRECTORS NO LONGER IN OFFICE DURING THE YEAR UNDER REVIEW**

Name and surname	Office	Period of office	Expiry of office	Fixed remuneration	Remuneration for attendance at Committee meetings	Variable remuneration (non equity)		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Indemnity for end of office or termination of employment relationship
						Bonus and other incentives	Profit sharing					
<b>Renato Camodeca</b>	<b>Director</b>	<b>1 Jan - 31 Dec 2019</b>	<b>Approval of 2020 financial statements</b>									
(I) Remuneration at Sabaf S.p.A.				0	0	0	0	0	0	0	0	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	0	0	0	0
<b>(III) Total</b>				<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**BOARD OF STATUTORY AUDITORS**

Name and surname	Office	Period of office	Expiry of office	Fixed remuneration	Remuneration for attendance at Committee meetings	Variable remuneration (non equity)		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Indemnity for end of office or termination of employment relationship
						Bonus and other incentives	Profit sharing					
<b>Alessandra Tronconi</b>	<b>Chairman</b>	<b>1 Jan - 31 Dec 2019</b>	<b>Approval of 2020 financial statements</b>									
(I) Remuneration at Sabaf S.p.A.				30,000	0	0	0	0	0	30,000	0	0
(II) Remuneration from subsidiaries and affiliates				3,750	0	0	0	0	0	3,750	0	0
<b>(III) Total</b>				<b>33,750</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>33,750</b>	<b>0</b>	<b>0</b>

<b>Luisa Anselmi</b>	<b>Standing Statutory Auditor</b>	<b>1 Jan - 31 Dec 2019</b>	<b>Approval of 2020 financial statements</b>									
(I) Remuneration at Sabaf S.p.A.				20,000	0	0	0	0	0	20,000	0	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	0	0	0	0
<b>(III) Total</b>				<b>20,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,000</b>	<b>0</b>	<b>0</b>

<b>Mauro Vivenzi</b>	<b>Standing Statutory Auditor</b>	<b>1 Jan - 31 Dec 2019</b>	<b>Approval of 2020 financial statements</b>									
(I) Remuneration at Sabaf S.p.A.				20,000	0	0	0	0	0	20,000	0	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	0	0	0	0
<b>(III) Total</b>				<b>20,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,000</b>	<b>0</b>	<b>0</b>

**OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES**

Other executives with strategic responsibilities (no. 3)	1 Jan - 31 Dec 2019	n/a									
(I) Remuneration at Sabaf S.p.A.			420,743 <sup>(a)</sup>	0	51,635	0	15,606	0	487,984	0	0
(II) Remuneration from subsidiaries and affiliates			94,500	0	0	0	0	0	94,500	0	0
<b>(III) Total</b>			<b>515,243</b>	<b>0</b>	<b>51,635</b>	<b>0</b>	<b>15,606</b>	<b>0</b>	<b>582,484</b>	<b>0</b>	<b>0</b>

<sup>(a)</sup> remuneration including € 44,613 related to Remuneration for non-competition agreement.

**TAB. 2 - Incentive plans based on financial instruments, other than stock options, for members of the board of directors, general managers and other executives with strategic responsibilities**

(FIGURES IN EURO)

Name and surname	Office	Plan	MARKET PRICE ON ASSIGNMENT													
			Financial instruments assigned in previous financial years not vested during the financial year		Financial instruments assigned during financial year						Financial instruments vested during financial year and not assigned	Financial instruments vested during financial year and assigned		Financial instruments pertaining to the financial year		
			Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair Value at the assignment date	Vesting period	Assignment date	Market price on assignment	Number and type of financial instruments	Number and type of financial instruments	Value at vesting date	Fair value			
<b>Pietro Iotti</b>	<b>Chief Executive Officer</b>															
Remuneration at Sabaf S.p.A.		2018 Stock Grant Plan (May 2018)	56,000 rights corresponding to 56,000 shares	3 years	54,023 rights corresponding to 54,023 shares	234,617	2 years	14 May 2019	€ 15,348 / share	-	-	-	-	-	-	203,076
<b>Gianluca Beschi</b>	<b>Director</b>															
Remuneration at Sabaf S.p.A.		2018 Stock Grant Plan (May 2018)	33,600 rights corresponding to 33,600 shares	3 years	32,414 rights corresponding to 32,414 shares	140,771	2 years	14 May 2019	€ 15,348 / share	-	-	-	-	-	-	121,846
<b>Other executives with strategic responsibilities (no. 3)</b>																
Remuneration at Sabaf S.p.A.		2018 Stock Grant Plan (May 2018)	46,000 rights corresponding to 46,000 shares	3 years	52,092 rights corresponding to 52,092 shares	226,231	2 years	14 May 2019	€ 15,348 / share	-	-	-	-	-	-	177,983
<b>TOTAL</b>						<b>601,619</b>									<b>-</b>	<b>502,905</b>

**TAB. 3 - Monetary incentive plans for members of the board of directors and other executives with strategic responsibilities**

(FIGURES IN EURO)

Name and surname	Office	Plan	Bonus for the year			Bonus of previous years			Other bonuses
			Payable / paid	Deferred	Deferment period	No longer payable	Payable / Paid	Still deferred	
<b>Pietro Iotti</b>	<b>Chief Executive Officer</b>								
Remuneration at Sabaf S.p.A.		2018 MBO Plan (March 2018)	0	0		0	73,000	0	0
Remuneration at Sabaf S.p.A.		2019 MBO Plan (March 2019)	0	45,000	March 2020	0	0	0	0
<b>Gianluca Beschi</b>	<b>Executive Director</b>								
Remuneration at Sabaf S.p.A.		2018 MBO Plan (March 2018)	0	0		0	26,374	0	0
Remuneration at Sabaf S.p.A.		2019 MBO Plan (March 2019)	0	15,892	March 2020	0	0	0	0
<b>Other executives with strategic responsibilities (no. 3)</b>									
Remuneration at Sabaf S.p.A.		2018 MBO Plan (March 2018)	0	0		0	51,635	0	0
Remuneration at Sabaf S.p.A.		2019 MBO Plan (March 2019)	0	50,890	March 2020	0	0	0	0
<b>Total</b>			<b>0</b>	<b>111,782</b>		<b>0</b>	<b>151,009</b>	<b>0</b>	<b>0</b>

**TAB. 4 - Shareholdings of members of the administration and control bodies and other executives with strategic responsibilities**

(FIGURES IN EURO)

Surname and Name	Office	Type of Ownership	Investee Company	No. shares held at 31 Dec 2018	No. shares acquired	No. shares sold	No. shares held at 31 Dec 2019
<b>Saleri Giuseppe</b>	<b>Chairman</b>	Indirect through the subsidiary Giuseppe Saleri S.p.A.	Sabaf S.p.A.	2,766,313	-	230,669	2,535,644
<b>Iotti Pietro</b>	<b>Chief Executive Officer</b>	Direct	Sabaf S.p.A.	11,000	6,700	-	17,700
<b>Toscani Daniela</b>	<b>Director</b>	Indirect through spouse	Sabaf S.p.A.	2,419	-	-	2,419
		Direct	Sabaf S.p.A.	498	-	-	498
<b>Bulgarelli Claudio</b>	<b>Director</b>	Indirect through the company Fintel Srl	Sabaf S.p.A.	850,000	-	-	850,000
		Direct	Sabaf S.p.A.	1,567	-	-	1,567
<b>Vivenzi Mauro Giorgio</b>	<b>Auditor</b>	Indirect through spouse	Sabaf S.p.A.	600	-	-	600







---

CONCEPT AND GRAPHIC DESIGN:  
ALL CREATIVE - ALLCREATIVE.AGENCY

PRINT:  
K.L.Z. 2000 SRL

---

Printed on paper *Fedrigoni Sirio* and *Favini Biancoflash Master*

---

COPYRIGHT 2020 - SABAF S.P.A. - ALL RIGHTS RESERVED



[sabaf.it](http://sabaf.it)

