



**DANIELI & C. OFFICINE MECCANICHE S.p.A.**

Headquarters: Buttrio (UD), via Nazionale 41

Fully-Paid Share Capital of Euro 81,304,566

Tax and Registration Number with the Register of Companies of Pordenone-Udine: 00167460302

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**REPORT ON THE REMUNERATION POLICY AND FEES PAID**

**(Financial year 2019/2020)**

*in accordance with art. 123-ter of Decree Law no. 58 of February 24, 1998*

approved by the Board of Directors on September 24, 2020

This document is available on the Company's website [www.danieli.com](http://www.danieli.com), "Investors" section.

## TABLE OF CONTENTS

### **1. Report on remuneration policy and fees paid (Consob Issuers' Regulation - Annex 3A - Schedule 7-bis)**

#### 1.1) Preamble and Regulatory Framework

#### 1.2) Section I

Remuneration policy and procedures used to adopt and implement the policy.

#### 1.3) Purposes and principles of remuneration policy

#### 1.4) Section II

Part One: Remuneration elements

Part Two: Table 1 - Amounts paid to members of administrative and auditing bodies, general managers and other executives with strategic responsibilities of Danieli & C. Officine Meccaniche S.p.A. and its Subsidiaries as on June 30, 2020.

### **2. Information on shares held by member of administrative and auditing bodies, general managers and other executives with strategic responsibilities (Consob Issuers' Regulation - Annex 3A - Schedule 7-ter).**

Table 1 - Shares held by members of administrative and auditing bodies, general managers and other executives with strategic responsibilities.

## **1. Report on remuneration policy and fees paid (Consob Issuers' Regulation - Annex 3A - Schedule 7-bis)**

### **1.1) Preamble and Regulatory Framework**

The Danieli Group is a world leader in the manufacture and sale of plants for the steelmaking industry (Plant Making) and one of the major producers of special steels in Europe (Steel Making).

On September 24, 2020, the Board of Directors of the parent company Danieli & C. Officine Meccaniche S.p.A. ("Danieli" or "Company") approved this Report on Remuneration drawn up in accordance with art. 123-ter of Legislative Decree n. 58 of February 24, 1998 ("Consolidated Law on Finance" or "TUF"), with art. 84-quater, Annex 3A - Schedule 7-bis and 7-ter currently in force, of the Consob Issuers' Regulation, and with art. 2389 of the Italian Civil Code.

This document sets out the Group's policy on this subject, with the aim of achieving the following main targets:

- Pursuing the Company's long-term sustainable success;
- Aligning the remuneration system with market requirements in a medium-long term, thus fostering the Company's long-term sustainability;
- Ensuring the company's competitiveness through suitable remuneration policies;
- Attracting and keeping highly professional resources to ensure the company's growth.

The report is divided into two sections:

Section I, subject to the binding vote of shareholders pursuant to art. 123-bis, paragraph 3-ter of TUF, explains Danieli policy concerning the remuneration of the members of the Board of Directors, executives with strategic responsibilities and members of the auditing body, without prejudice to the provisions of art. 2402 of the Italian Civil Code, as well as the procedures used to adopt and implement such policy. The Remuneration Policy indicated in the report regards the three-year period 2021-2023, notwithstanding the fact that it can be resubmitted to the shareholders for voting during such period, and it will be resubmitted also in the case of any significant amendment.

Section II, subject to the annual advisory and non-binding vote of Shareholders, pursuant to art. 123-ter, paragraph 6 of TUF, is divided into two parts: the first part describes the single elements making up the fees paid during the year to each member of the administrative and auditing bodies and to executives with strategic responsibilities, verifying their consistency with the policy adopted in this respect by the company and its subsidiaries; the second part analytically shows all the payments made to these individuals for whatever reason or purpose by the company and its subsidiaries and affiliates during the year in question (2019/2020).

Finally, the last table (art. 84-quater, Annex 3A - Schedule 7-ter of the Consob Issuers' Regulation) shows the number of shares held - in the company and in companies it controls - by the members of the

administrative and auditing boards and by executives with strategic responsibilities, as well as by subjects closely related to them, with reference to the fiscal year ended on June 30, 2020.

On 26.10.2018, the shareholders appointed the following members to the Board of Directors:

- Gianpietro Benedetti (Chairman)
- Camilla Benedetti
- Giacomo Mareschi Danieli
- Alessandro Trivillin
- Alessandro Brussi
- Carla de Colle
- Chiara Mio
- Giulio Capocaccia

and the following members to the Board of Statutory Auditors:

- Davide Barbieri (Chairman)
- Vincenza Bellettini (Standing Auditor)
- Gaetano Terrin (Standing Auditor)
- Giuliano Ravasio (Alternate Auditor)
- Marina Barbieri (Alternate Auditor)
- Emanuela Rollino (Alternate Auditor)

The Board of Directors, met after the shareholders' meeting, appointed Mr. Gianpietro Benedetti as Chairman, Ms. Camilla Benedetti as Deputy Chairman and Mr. Giacomo Mareschi Danieli and Mr. Alessandro Trivillin as Chief Executive Officers. On 12.12.2019, the Board of Directors considered it appropriate to appoint also Mr. Alessandro Brussi as Deputy Chairman.

It should be noted that, on 17.12.2019, Mr. Alessandro Trivillin resigned from the Board of Directors and as Chief Executive Officer, and the Board of Directors has not deemed it necessary to replace him.

No one holds the position of chief operating officer in our organization - and lastly - there are no executives with strategic responsibilities as defined by the Consob Regulation.

The adoption of a Remuneration Policy subject to the approval of the shareholders exonerates the company from applying the provisions of the Consob Regulation and of the Internal Regulations on transactions with related parties as regards the remuneration of directors vested with particular responsibilities and executives with strategic responsibilities, if any.

The outcome of the vote will be made public in the manner specified in current regulations.

## 1.2) SECTION I

### Remuneration policy and procedures used to adopt and implement the policy.

The remuneration policy that the Board of Directors submits to the shareholders at the meeting is the result of collective action involving the manager of Human Resources and the Chairman and Chief Executive Officer, Mr. Gianpietro Benedetti (who represents the majority shareholder), for the purpose of bringing transparency to the various types of remuneration and simplifying their application.

The total remuneration of the directors is determined by the shareholders, and the Board of Directors establishes how this remuneration is to be distributed as well as the remuneration of the Chairman and CEO and of the other members of the board.

The remuneration of the members of Danieli's Board of Directors is a fixed amount and is not linked to the company's financial performance or the achievement of specific targets.

The company's policy concerning the remuneration of board member, which is periodically subject to review, has not undergone any significant changes over the years and is expected to be confirmed for the next three years as well.

As for directors with particular responsibilities:

- the remuneration of the Chairman of the Board, who is also the CEO, is included in the total remuneration established by the shareholders for the board of directors, and is decided by the Board of Directors (after being examined by the independent directors) and in any case with the approval of the Board of Statutory Auditors. The current remuneration of the Chairman and CEO, set at Euro 650,000 per annum by the Board of Directors on October 26, 2018, is based on and consistent with his commitment, availability and competence. The Board of Directors, with the approval of the Board of Statutory Auditors, also has the power to grant the Chairman a one-time bonus in appreciation of his substantial commitment; his remuneration and any bonuses are subject to the approval of the shareholders. For the year that just ended, the Board of Directors did not make any changes to the remuneration of its directors, nor did it decide to pay any bonuses.
- The Board of Directors decided not to pay any specific fees to Alessandro Trivillin and Giacomo Mareschi Danieli for their appointment as Chief Executive Officers, nor to the other members of the Executive Committee (the only committee on the Board of Directors).

As for auditing board, pursuant to art. 2402 of the Italian Civil Code, the remuneration was resolved by the shareholders during the meeting on October 26, 2018.

The Board of Directors - whose Chairman and CEO represents the majority shareholder - did not feel the need to set up a Remuneration Committee nor to avail itself of independent experts to draw up a remuneration policy. It is the Chairman and CEO - with the assistance of the Human Resources Department

- who is authorized to award monetary bonuses to executives, which are based on meritocracy and aimed at rewarding both the commitment and the results obtained by said executives.

The remuneration of personnel holding positions with greater responsibility is generally subject to review every three years, according to shared objectives (Management by Objectives) and a work plan, both of which are verified periodically to ensure that they are in line with the market situation and with the remuneration policy implemented by other companies of comparable size operating in the same field.

The current remuneration policy regarding the company's personnel uses new management development methods that apply the Hoshin method, which tends to bring out the qualities and potential of each person. The variable element of the remuneration of management is therefore linked to the achievement of set targets (total company targets and/or those of a single product line), compared to budget figures; in any event, it does not exceed 30% of the remuneration. Any exception is subject to deliberation by the Board of Directors.

There is no remuneration policy that provides for non-monetary benefits.

There are no incentive plans based on shares or other financial instruments in favor of directors (including executive directors) or executives.

There are no vesting periods or deferred payment mechanisms or ex post correction mechanisms; there are no clauses to keep financial instruments in the portfolio after they are purchased by directors or executives.

There are no collective agreements or *erga omnes* practices requiring that executives who have ceased to hold office automatically receive compensation in exchange for non-competition or other commitments.

The remuneration policy does not provide for additional pay for directors or executives in case of cessation of office, resignation, dismissal or early termination of employment; only the provisions of the National Employment Agreement for Industry Executives are applicable.

Other than the mandatory coverage or the coverage specified in the National Employment Agreement for Industry Executives, there is no additional insurance, social security or pension coverage for directors and executives, with the exception of insurance to cover accidents resulting in death and/or permanent disability, the "D&O" (Directors & Officer) professional liability insurance and insurance against business travel risks.

No reference whatsoever is made to the policies of others in determining the company's remuneration policy.

### **1.3) Purposes and principles of remuneration policy**

#### Purposes of remuneration policy

The Remuneration Policy aims at attracting and motivating qualified professional resources to pursue the goals of the Company and the Danieli Group, as well as incentivizing these resources to remain with the Company and, therefore, ensuring a stable professional relationship with the Company.

In order to enhance the Company's value in a sustainable manner, the Remuneration Policy also aims at aligning as much as possible Management's interests with the medium-long term interests of Shareholders and Stakeholders, through a performance assessment carried out not only on an annual basis, but also over a longer time period.

Danieli considers the remuneration policies as an important tool to achieve the corporate strategy, to pursue long-term interests and ensure its own sustainability over time.

The Remuneration Policy, as approved by Shareholders, represents the exclusive perimeter which encompasses the related compensation in favor of the involved Management, if the conditions occur.

This Policy has to be considered in the current corporate, company, regulatory and legislative context, as well as from the point of view of economy and business and, thus, pursuant to art. 123-ter, paragraph 3 of TUF, in the event of exceptional circumstances, the Company may temporarily derogate from such policy, provided that this is necessary in order to pursue the Company's long-term interests or to ensure that it has the ability to remain on the market.

The aforementioned derogation can be deliberated by the Board of Directors, after receiving the approval of the Board of Statutory Auditors.

#### Principles of remuneration policy

Danieli's remuneration policy is based on the following principles:

- a) fairness: valorization of knowledge and professionalism of human resources, as well as recognition of the roles and responsibilities assigned to them, the results achieved and the quality of their professional contribution;
- b) sustainability: consistency of overall remuneration with the primary requirements of maintaining the Company's economic-financial stability over time.
- c) proportionality: consistency and adequacy of remunerations and fees with the position held, complexity of the assigned duties and related responsibilities, as well as with the proven skills and capabilities, without prejudice to the national and company employment agreements, if applicable;
- d) competitiveness: balance and consistency of remuneration levels in relation to the reference market for similar offices and roles with similar levels of responsibility and complexity;
- e) meritocracy: consistent valorization of the results obtained based on the behaviors applied to achieve them;
- f) transparency: incentive pay related to variable remuneration as a result of an accurate process to verify the results actually achieved, carried out also through structures which analyze the correctness and consistency of the data and methods used to calculate the above-mentioned incentive pay.

## **1.4) SECTION II**

### **Part One: Remuneration elements**

#### **Board of Directors**

##### Fees

The fees to be paid to members of administrative bodies were determined by the shareholders during the meeting of October 26, 2018, and set a total amount of Euro 800,000 to be distributed among the members of the board, including the fees for particular responsibilities to be determined independently by the Board of Directors.

### Remuneration

The remuneration for the CEO, Mr. Gianpietro Benedetti, is included in the total amount of 800,000 Euro established by the shareholders; on October 26, 2018, the Board of Directors decided on the following distribution:

- for the CEO (who is also Chairman of the Board of Directors) a gross yearly remuneration of 650,000 euro;
- for each of the two independent directors an annual fee of 45,000 euro;
- for each of the other directors an annual fee of 10,000 euro.

The remuneration of the two Deputy Chairmen - Ms. Camilla Benedetti and Mr. Alessandro Brussi - and of the CEO - Mr. Giacomo Mareschi Danieli - is the same as that of the other Directors; their remuneration is based on the activities they perform as executives for Danieli & C. S.p.A.; their remuneration, like that of the other executives, is based on the National Employment Agreement for Industry Executives.

The total amount of fees paid to the other executive directors includes, in addition to a fixed amount, remuneration for being employed as executives with the company.

No additional remuneration is paid to the directors on the Executive Committee.

To Dr. Alessandro Trivillin, following his resignation, no severance pay was recognized

### Extra Bonuses

The Board of Directors did not pay out any additional bonuses to the CEOs.

### Non-monetary Benefits

An insurance policy has been taken out to cover accidents resulting in death and/or permanent disability for members of the Board of Directors, as well as a "D&O" (Director & Officer) professional liability insurance policy.

### Cessation of Office or Termination of Employment

Notwithstanding the provisions of the national collective bargaining system (National Collective Employment Agreement for the Metalworking and Mechanical Engineering Industry, and National Collective Employment



Agreement for Industry Executives), Danieli has not entered into any collective agreements or company practices that provide for additional compensation in case of cessation of office, termination of employment or dismissal without just cause.

The amount of compensation is proportional to the person's seniority within the company and the position he/she holds.

### **Executives with Strategic Responsibilities**

Apart from the executive directors, the company does not employ executives with strategic responsibilities, as defined in the Consob Regulation.

However, the salary of the company's executives is in line with market figures; the variable element, if any, of the above-mentioned remuneration (only for short periods) is linked to the achievement of results (total company results or the results of a single product line, compared to budget figures) and does not exceed 30% of the remuneration. The decision to award bonuses for particular commitments or results achieved is made by the Chairman and CEO.

### **How the Shareholders voted last year**

Pursuant to art. 123-ter, paragraph 4, lett. b-bis of TUF, the Shareholders attending the Meeting held on October 28, 2019, approved by majority (76.25% of Shareholders with voting rights out of 78.76% of Shareholders present; only 2.51% of Shareholders voted against) the Report concerning remuneration and fees (former Report on remuneration).

Therefore, the Company, thanks to the largely favorable opinion of the Shareholders about Section II of the Report and the choices made in this regard, decided to maintain the same fees and criteria.

**Below are two tables: the first one, drawn up in accordance with the provisions of the Consob Issuers' Regulation - Annex 3A - Schedule 7-bis), shows the items making up the fees paid to directors and auditors during the year in question, for whatever reason or purpose, by the company or its subsidiaries or affiliates; the amount of the fees confirms the continuity and consistency of the company's remuneration policy (which is also applied by its subsidiaries and affiliates), according to the indications approved by the shareholders on October 28, 2018; the second one, drawn up in accordance with the provisions of the Consob Issuers' Regulation - Annex 3A - Schedule 7-ter, shows the shares held by these individuals in our company.**

**Second part**

**TABLE 1:  
FEES PAID TO THE MEMBERS OF THE ADMINISTRATIVE AND CONTROL BODIES, TO THE GENERAL MANAGERS AND TO THE OTHER EXECUTIVES  
WITH STRATEGIC RESPONSIBILITIES BY THE COMPANY DANIELI & C. OFFICINE MECCANICHE SPA AND ITS SUBSIDIARIES AS ON 30.6.2020**

(Values in thousand of Euro)

Name and surname	Position	Period for which the office was held	Term of office	Fixed Remuneration	Remuneration for the participation committees	Variable remuneration non equity		Non-monetary benefits	Other fees	Total	Fair value of the equity fees	Indemnity for termination of office	
						Bonuses and other incentives	Profit sharing						
<b>Directors</b>													
<b>GIANPIETRO BENEDETTI</b>	Chairman	01.07.2019 - 30.06.2020	30.6.2021										
	Chief Executive Officer												
	Fees in the Company which draws up the Financial Statements												
	- Remuneration approved by the Shareholders					10						10	
	- Remuneration for the office of Chief Executive Officer			650						650			
	<b>Total</b>			<b>660</b>						<b>660</b>			
<b>CAMILLA BENEDETTI</b>	Deputy-Chairman	01.07.2019 - 30.06.2020	30.6.2021										
	Fees in the Company which draws up the Financial Statements												
	- Remuneration approved by the Shareholders					10						10	
	- Salary as an employee					110		10		2		122	
	<b>Total</b>			<b>120</b>		<b>10</b>		<b>2</b>		<b>132</b>			
<b>ALESSANDRO TRIVILLIN</b>	Chief Executive Officer	01.07.2019 - 17.12.2019											
	Fees in the Company which draws up the Financial Statements												
	- Remuneration approved by the Shareholders					10						10	
	Remuneration from Subsidiaries and Associates					221		80		2		303	
	<b>Total</b>			<b>231</b>		<b>80</b>		<b>2</b>		<b>313</b>			
<b>GIACOMO MARESCHI DANIELI</b>	Chief Executive Officer	01.07.2019 - 30.06.2020	30.6.2021										
	- Remuneration approved by the Shareholders					10					10		
	- Salary as an employee					193		0		2		194	
	Remuneration from Subsidiaries and Associates					6						6	
	<b>Total</b>			<b>209</b>		<b>0</b>		<b>2</b>		<b>210</b>			
<b>CARLA DE COLLE</b>	Director	01.07.2019 - 30.06.2020	30.6.2021										
	Fees in the Company which draws up the Financial Statements												
	- Remuneration approved by the Shareholders					10						10	
	Remuneration from Subsidiaries and Associates					307		70				377	
	<b>Total</b>			<b>317</b>		<b>70</b>				<b>387</b>			
<b>ALESSANDRO BRUSSI</b>	Deputy-Chairman	01.07.2019 - 30.06.2020	30.6.2021										
	Fees in the Company which draws up the Financial Statements												
	- Remuneration approved by the Shareholders					10						10	
	- Salary as an employee					189		145		6		341	
	Remuneration from Subsidiaries and Associates			46						46			
	<b>Total</b>			<b>245</b>		<b>145</b>		<b>6</b>		<b>397</b>			
<b>GIULIO CAPOCACCIA</b>	Director	01.07.2019 - 30.06.2020	30.6.2021										
	Fees in the Company which draws up the Financial Statements												
	- Remuneration approved by the Shareholders					45						45	
	<b>Total</b>			<b>45</b>						<b>45</b>			
<b>MIO CHIARA</b>	Director	01.07.2019 - 30.06.2020	30.6.2021										
	- Remuneration approved by the Shareholders					45					45		
	<b>Total</b>					<b>45</b>					<b>45</b>		
				<b>Total of remuneration</b>	<b>1.872</b>	<b>305</b>		<b>12</b>		<b>2.189</b>			
<b>Board of Statutory Auditors</b>													
<b>DAVIDE BARBIERI</b>	Chairman	01.07.2019 - 30.06.2020	30.06.2021										
	Fees in the Company which draws up the Financial Statements					55					55		
	<b>Total</b>					<b>55</b>					<b>55</b>		
<b>GAETANO TERRIN</b>	Effective auditor	01.07.2019 - 30.06.2020	30.06.2021	36						36			
<b>VINCENZA BELLETTINI</b>	Effective auditor	01.07.2019 - 30.06.2020	30.06.2021	36						36			
				<b>Total of remuneration</b>	<b>127</b>					<b>127</b>			

No other executives with strategic responsibilities have been identified

The office of the directors Gianpietro Benedetti, Camilla Benedetti, Alessandro Trivillin, Giacomo Mareschi Danieli, Alessandro Brussi and Carla de Colle was renewed with the shareholders' meeting of 26.10.2018

The director Giulio Capocaccia was appointed by the shareholders' meeting of 26.10.2018

Mr Alessandro Trivillin resigned from the office of Director and from the Function of Chief Executive Officer on 17.12.2019.

The office of the Statutory Auditors Vincenza Bellettini and Gaetano Terrin was renewed with the shareholders' meeting of 26.10.2018

The Chairman of the Board of Statutory Auditors Davide Barbieri was appointed by the shareholders' meeting of 26.10.2018

**2. Information on shares held by member of administrative and auditing bodies, general managers and other executives with strategic responsibilities for the year ended 30.06.2020 (Consob Issuers' Regulation - Annex 3A - Schedule 7-ter)**

**TABLE 1: Shares held by member of administrative and auditing bodies.**

Surname and Name	Position held	Company in which shares are held	Number of shares held at the end of the previous tax year (30.6.2018)	Number of shares purchased	Number of shares sold	Number of shares held at the end of the tax year (1.7.2019-30.6.2020)
Sind International SpA (*)	Controlling company	DANIELI & C. S.p.A.				
		Ordinary shares	27,461,013			27,461,013
		Savings shares				
Benedetti Gianpietro	Chairman and CEO	DANIELI & C. S.p.A.				
		Ordinary shares	68,537			68,537
		Savings shares	17,000			17,000
Mareschi Danieli Giacomo	CEO	DANIELI & C. S.p.A.				
		Ordinary shares		6,600		6,600
		Savings shares				
de Colle Carla	Director	DANIELI & C. SpA				
		Ordinary shares				
		Savings shares	7,000			7,000

(\*) Company controlled jointly by Gianpietro Benedetti, on one side, and by Giacomo Mareschi Danieli, Anna Mareschi Danieli and Michele Mareschi Danieli on the other.

The people indicated above are owners of their shares.

This is an English courtesy translation of the original documentation prepared in Italian language.



Danieli & C. Officine Meccaniche S.p.A.  
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Fully-paid share capital of 81,304,566 euro

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Financial Statements and publications are available  
at the company's headquarters  
on the authorized storage mechanism "eMarket STORAGE" [www.emarketstorage.com](http://www.emarketstorage.com)  
on the company's website [www.danieli.com](http://www.danieli.com), "Investors" section.