

Report on Remuneration Policy and compensation paid for financial year 2020

*Drawn up pursuant to art. 123-ter of the Consolidated Law on Finance,
and Article 9-bis of Directive 2007/36/EC, approved on 15 March 2021
by the Board of Directors, with the assistance
of the Nominations and Remuneration Committee.*



**Servizi
Italia**

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Glossary

Shareholders' Meeting	The shareholders' meeting of Servizi Italia S.p.A.
Corporate Governance Code	The Corporate Governance Code for listed companies approved in January 2020 by the <i>Corporate Governance</i> Committee.
Board, Board of Directors or BoD	Servizi Italia S.p.A. Board of Directors
Board of Auditors	The board of auditors of Servizi Italia S.p.A.
Committee or Remuneration Committee	The Appointments and Remuneration Committee of Servizi Italia S.p.A., and the committee set up within the Board with advisory and proposing functions on remuneration matters.
Executive Committee (EC)	The executive committee of Servizi Italia S.p.A.
Fixed Monetary Component	<ul style="list-style-type: none"> - - Gross Annual Remuneration (G.A.R.) to which the Beneficiary is entitled; - - Gross Annual Compensation / Emolument for a Director and for any other additional offices as resolved by the Board of Directors of Servizi Italia S.p.A. to which the beneficiary is entitled.
Executives with strategic responsibilities	Executives identified by the Board of Directors as having the power or responsibility to plan, manage and control the Company's activities.
Executives	Inclusive of: Chief Executive Officer or a Director belonging to the Executive Committee and/or Executives with strategic responsibilities and/or <i>Senior Managers</i> .
Servizi Italia Group or Group	All the companies included in the consolidation area of Servizi Italia S.p.A.
Management	Inclusive of: <i>Executives</i> and <i>Middle Managers</i> .
Eligibility Matrix	Plan containing the names, belonging to the organisation of Servizi Italia, of potential candidates for the office of Director of the Company to whom any powers of attorney may be entrusted.
Middle Managers	Middle managers and first line managers of departments who have the managerial levers to influence the factors determining the creation of value for the Group and who make a greater contribution to the achievement of the objectives of the industrial plan in the time horizon considered.
ABS Plan or Annual Bonus System Plan	The annual monetary incentive plan governed by the Regulations and related documents. During 2020, the Board of Directors, with the support of the Appointments and Remuneration Committee, initiated the <i>process</i> of defining the new ABS Plan, which was subsequently approved on 15 March 2021.
LTI-Cash plan	The <i>Long Term Incentive Cash Plan</i> is a three-year plan. It should be noted that the Board of Directors' meeting of 23 January 2020, in view of the Group's <i>actual</i> results for 2019 and <i>budget</i> forecasts for 2020 covering the <i>vesting</i> period 2018-2019-2020, assessed and resolved to terminate the LTI Cash Plan 2018-2020 as the <i>threshold</i> value set for the Group's consolidated net result was not achievable. During 2020, the Board of Directors, with the support of the Appointments and Remuneration Committee, initiated the <i>process</i> for the definition of the new LTI Cash Plan 2021-2023, subsequently approved on 15 March 2021.
OPC Regulation / Regulations for Transactions with Related Parties	The Regulation for Transactions with Related Parties approved by the Board of Directors on 24 November 2010 and subsequently amended, in its current version approved on 14 November 2018.
Total remuneration or gross target remuneration	Indicates the sum of: Fixed Monetary Component + Short-term variable annual monetary component that the beneficiary could receive if the <i>target</i> objectives were achieved (ABS Plan) + the annualisation of the medium/long-term variable monetary component (LTI CashPlan) that the beneficiary could receive if the medium/long-term <i>target</i> objectives were achieved.
Servizi Italia or Company	Servizi Italia S.p.A.
Senior Managers	Other senior managers, of first organisational level, meeting specific requirements, defined as " <i>Senior</i> " according to the position held within the organisational structure, autonomy and decision-making power in making decisions in the Company.

Succession Tables	Plan containing: a) potential successors to Directors with Strategic Responsibility, <i>Senior Managers and Middle Managers</i> , special roles and key roles; and b) individual development plans (skills development, <i>performance management</i> system, <i>retention policy</i>). The Human Resources Director is the guarantor of sensitive information concerning the subjects identified as potential successors, which in any case remain confidential both inside and outside the Company, in order to protect the company's balance, unfair competition and all <i>stakeholders</i> . The succession table is updated every three years.
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Foreword

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

The Report was prepared by the Human Resources Director of Servizi Italia S.p.A., and - after examination by the Appointments and Remuneration Committee - was approved by the Board of Directors at its meeting on 15 March 2021. The Report consists of two sections:

- **Section I**, which describes the remuneration policy for members of the Board of Directors and executives with strategic responsibilities for the financial years 2021-2023 (the "**Policy**" or the "**Remuneration Policy**"), as well as the procedures used for its adoption and implementation. Specifically, the Policy:
 - i) sets out how it contributes to the corporate strategy, the pursuit of the Company's long-term interests and sustainability, and is determined taking into account the remuneration and working conditions of the Company's employees;
 - ii) defines the various remuneration components that may be recognized and establishes the criteria for the recognition of variable remuneration based on financial and non-financial *performance* objectives, linked to the corporate strategy for the improvement of economic value *performance* and the management of sustainability issues contained in the Consolidated Non-Financial Statement pursuant to Legislative Decree No 254/2016;
 - iii) specifies the elements of the Remuneration Policy from which an exception may be made under exceptional circumstances, and the procedural conditions under which, without prejudice to the provisions on related party transactions, the exception may be applied.

In compliance with the provisions of Art. 123-ter, paragraph 3-bis of the Consolidated Law on Financial Intermediation, the duration of the Remuneration Policy submitted for approval to the next Shareholders' Meeting called for 20 April 2021 on first call (and, if necessary, for 21 April 2021 on

second call) is three financial years, 2021-2023, in line with the proposed term of office of the Board of Directors to be appointed by the next Shareholders' Meeting, with effect from the date of approval by the Shareholders' Meeting, and will in any case be valid and effective until the Shareholders' Meeting approves amendments to the same and/or a new remuneration policy submitted by the Board of Directors.

The Remuneration and Compensation Policy will remain available on the Company's website for 10 years after its publication and, after this period, the personal data contained in Section II of the report will no longer be accessible;

- **Section II** illustrates the remuneration paid during the Financial Year, for any reason and in any form, by the Company and the Group companies, to the Directors, Executives with Strategic Responsibilities and members of the Board of Statutory Auditors, providing a representation of each of the items that make up their remuneration. Pursuant to Article 84-quater, paragraph 4, of the Issuers' Regulation, Section II also provides, in specific tables, data on the shareholdings held - in the Company and in its subsidiaries - by Directors, Statutory Auditors and Executives with Strategic Responsibilities, as well as by spouses who are not legally separated and minor children, directly or through subsidiaries, trust companies or third parties, as resulting from the shareholders' register, from communications received and from other information acquired from the Directors, Statutory Auditors and Executives with Strategic Responsibilities.

Pursuant to Article 123-ter, subsections 3-bis and 6, of the Consolidated Law on Finance, the Shareholders' Meeting will be called upon to resolve, in favour or against:

- (i) on the Remuneration Policy illustrated in the first section of the Report required by Article 123-ter, paragraph 3, of the Consolidated Law on Finance. This resolution shall be binding pursuant to Article 123-ter, par. 3-ter, of the Consolidated Law on Finance;
- (ii) on the second section of the Report provided for by Article 123-ter, par. 4, of the Consolidated Law on Finance; this resolution shall not be binding pursuant to Article 123-ter, par. 6, of the Consolidated Law on Finance.

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

SECTION I - REMUNERATION POLICY 2021-2023

Executive summary - Remuneration Policy 2021-2023

Remuneration Element	Objectives	Implementing terms	Amounts/Values%
Fixed Monetary Component (R.A.L.)	Rewards skills, role contribution and performance continuity	Annual remuneration level defined on the basis of position resulting from a comparison with the market benchmark, and as regards Executive Directors, within the limits of overall determination by the Shareholders' Meeting	CEO¹ or EC² and ESR³: In order to ensure the competitiveness of the remuneration package, Servizi Italia appoints specialised consultancy firms to carry out annual comparative analyses on remuneration positions
Short-term variable monetary component (ABS Plan)	Promotes the achievement of annual corporate objectives (financial and non-financial)	<p>CEO or EC and ESR:</p> <p>Access gate:</p> <ul style="list-style-type: none"> Consolidated non-negative Group net result at the date of approval of the draft financial statements for the year in question. Exceeding the Target Threshold Value. <p>Objectives:</p> <ul style="list-style-type: none"> Group consolidated EBIT (weight 30%) Individual strategic departmental objectives (weight 60%) Individual ESG sustainability targets (weight 10%) <p>Performance measurement: performance objectives are measured at the end of the period covered by the ABS Plan.</p> <p>Disbursement: within the first half of the financial year following that to which the ABS Plan refers, following the approval by the Board of Directors of the draft consolidated financial statements to which the ABS Plan refers.</p> <p>Claw-back clause</p>	<p>CEO or EC:</p> <ul style="list-style-type: none"> Monetary Bonus: % of Fixed Monetary Component. Depending on the Beneficiary's category, the incentive curve ranges from 2% (minimum level) to 27% (maximum level). <p>DRS:</p> <ul style="list-style-type: none"> Monetary Bonus: % of Fixed Monetary Component. Depending on the Beneficiary's category, the incentive curve ranges from 2% (minimum level) to 27% (maximum level).
Medium/long-term variable monetary component (LTI Cash plan)	Promotes alignment to the interests of the shareholders and contributes to the company's strategy and sustainable success in creating value in the medium to long term.	<p>CEO or EC and ESR: Long Term Incentive</p> <p>Vesting period: three years.</p> <p>Access gate:</p> <ul style="list-style-type: none"> Consolidated non-negative Group net result at the date of approval of the draft financial statements for the year in question. Exceeding the Target Threshold Value. <p>Objectives:</p> <ul style="list-style-type: none"> Group consolidated cumulative EBIT <p>Multiplier / Demultiplier:</p> <p>The TSR target acts as a multiplier/demultiplier of the Monetary Bonus achieved and has a value of + 5% or - 5%.</p> <p>The ESG target acts as a multiplier/demultiplier of the Monetary Bonus achieved and has a value of + 5% or - 5%.</p> <p>Performance measurement: objectives are measured at a cumulative level at the end of the three-year reference period.</p> <p>Disbursement: within the first half of 2024, following the approval by the Board of Directors of the draft consolidated financial statements for 2023.</p> <p>Claw-back clause</p>	<p>CEO or EC:</p> <p>Monetary Bonus: % of Fixed Monetary Component.</p> <p>DRS:</p> <ul style="list-style-type: none"> Monetary Bonus: % of Fixed Monetary Component. <p>With reference to the LTI Cash Plan 2021-2023, the incentive curve ranges from 20% (minimum level) to 60% (maximum level), depending on the Beneficiary's bracket.</p>

¹ CEO: Chief Executive Officer

² Director belonging to the Executive Committee (EC)

³ ESR: Executives with strategic responsibilities

Benefits	Integration of remuneration packages and alignment with market standards	Defined in continuity with the Policy of previous years and in compliance with the provisions of collective bargaining and national legislation	In addition to the mandatory benefits: <ul style="list-style-type: none"> ▪ <i>Flexible Benefit Plan</i> ▪ <i>Supplementary Health Care</i> ▪ <i>Company Car</i>
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1.1 Process for defining and approving the Remuneration Policy

The Remuneration Policy, understood as the set of principles and tools aimed at defining the *compensation package* for Directors, Executives with strategic responsibilities and - without prejudice to the provisions of Article 2402 of the Civil Code - Auditors, involves the bodies listed below:

1) Shareholders' Meeting

With regard to remuneration, the Shareholders' Meeting:

- pursuant to articles 2364, paragraph 1, no. 3, and 2389, paragraph 3, of the Italian Civil Code and section 17.10 of the Articles of Association, determines the remuneration of the Board of Directors as a whole;
- pursuant to article 2364, paragraph 1, no. 3 of the Italian Civil Code, determines the annual remuneration due to the Statutory Auditors for the entire period of their office;
- approves the Remuneration Policy defined by the Board of Directors (on the proposal of the Appointments and Remuneration Committee), as illustrated in the first section of the Remuneration Policy and Compensation Report; the resolution is binding pursuant to Article 123-ter, par. 3-Terter of the Consolidated Finance Act;
- expresses a non-binding vote on the second section of the Remuneration Policy and Compensation Report pursuant to Article 123-ter, par. 6, of the Consolidated Finance Act;
- resolves on any remuneration plans based on shares or other financial instruments intended for directors, employees and collaborators, including executives with strategic responsibilities, pursuant to Article 114-bis of the Consolidated Finance Act.

2) Board of Directors

As regards remuneration, the Board:

- sets up an internal Appointments and Remuneration Committee, of which at least one member must have adequate knowledge and experience in financial matters or remuneration policies, to be assessed by the Board at the time of appointment;
- resolves on the allocation of the remuneration determined by the Shareholders' Meeting for the Board of Directors and determines the remuneration of the Directors holding special offices (including the members of the Committees established within the Board and of the Vice-Presidents), on the proposal of the Appointments and Remuneration Committee, subject

to the opinion of the Board of Statutory Auditors, pursuant to Art. 2389, par. 3 of the Italian Civil Code, Section 17.11 of the Articles of Association and in compliance with the principles established by the regulations in force on a case-by-case basis; the proposal regarding the remuneration of Directors who are also members of the Remuneration Committee is formulated by an independent Director (or, failing this, by a non-executive Director) who is not part of internal Board Committees;

- defines, on the proposal of the Remuneration Committee, the Policy on the remuneration of Directors, Managers with strategic responsibilities and - without prejudice to the provisions of Article 2402 of the Italian Civil Code - Statutory Auditors, in compliance with the legislation applicable from time to time, submits it to the Shareholders' Meeting for approval pursuant to Article 123-ter of the Consolidated Law on Finance and oversees its implementation;
- with the support of the Appointments and Remuneration Committee, approves the Remuneration Policy and Compensation Report pursuant to Art. 123-ter of the Consolidated Finance Act and Art. 84-quater of the Issuers' Regulations, drawn up by the Human Resources Director, and submits it to the Shareholders' Meeting;
- prepares any remuneration plans based on shares or other financial instruments for directors, employees and collaborators, including executives with strategic responsibilities, submits them to the Shareholders' Meeting for approval pursuant to A. 114-bis of the Consolidated Finance Act and oversees their implementation.

3) Remuneration Committee

In accordance with Recommendation 25 of the Corporate Governance Code, regarding matters related to remuneration the Remuneration Committee:

- assists the Board of Directors in drawing up the policy for the remuneration of Directors, Auditors (without prejudice to the provisions of Article 2402 of the Civil Code) and Executives with strategic responsibilities;
- submit proposals or express opinions to the Board of Directors on the remuneration of Executive Directors and other Directors holding special offices, as well as on setting *performance* objectives related to the variable component of such remuneration; the proposal concerning the remuneration of Directors who are also members of the Remuneration Committee shall be formulated by an independent Director (or, failing this, by a non-executive Director) who is not a member of any of the Committees;
- monitors the concrete application of the policy for the remuneration of Directors, Statutory Auditors and Executives with strategic responsibilities as well as the decisions adopted by the

Board on remuneration, verifying, in particular, the effective achievement of *performance* objectives, making use in the latter with regards to information provided by the delegated body and Human Resources Director;

- periodically assesses the adequacy and overall consistency of the remuneration policy for Directors, Statutory Auditors and Executives with strategic responsibilities, in this regard using the information provided by the delegated body and Human Resources Director; making proposals to the Board of Directors on this matter;
- examines in advance the Remuneration Policy and Compensation Report to be made available to the public with a view to the annual general meeting for the approval of the financial statements;
- within the scope of its responsibilities, it drafts, submits to the Board of Directors and monitors the application of incentive systems for the *management* (including any remuneration plans based on financial instruments), understood as instruments aiming to attract and motivate resources of an adequate level and experience, developing a sense of belonging and ensuring a constant orientation towards the creation of value over time.
- may also provide support to the delegated body and Director of Human Resources with regard to the enhancement of managerial resources, recruitment of talented resources and the promotion of initiatives with universities in this field;
- evaluates the criteria adopted for the remuneration of Executives with strategic responsibilities and supervises their application on the basis of the information provided by the delegated body and Human Resources Director.

4) Board of Auditors

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

5) Delegated body (Chief Executive Officer or Executive Committee)

With regard to remuneration, the delegated body:

- is responsible for correctly implementing the Remuneration Policy;

- is responsible for identifying the participants in the ABS Plan, in the LTI Cash Plan and, in general, in any short- and medium/long-term incentive plan adopted by the Company, and assists the Remuneration Committee in drawing them up;
- assists the Remuneration Committee in drawing up proposals on the setting of *performance* targets to which to link the payment of variable components for their remuneration;
- provides the Remuneration Committee with all useful information so that the latter can assess the adequacy and monitor the concrete application of the Remuneration Policy, with particular regard to the remuneration of Executives with strategic responsibilities.

6) Human Resources Director

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

1.2 Responsibilities, composition and functioning of the Appointments and Remuneration Committee

Responsibilities

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

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

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

- propose to the Board of Directors candidates for the office of Director in cases of co-optation, where it is necessary to replace independent Directors;
- to support the Board with a specific investigation into the preparation of any succession plans.

In line with the provisions of the Corporate Governance Code, the Board of Directors to be appointed by the Shareholders' Meeting of 20 April 2021, having regard to its composition, may also consider assigning additional functions to the Committee.

Composition

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

On 30 April 2020, Servizi Italia received the resignation with immediate effect of Director Paola Schwizer, who resigned as a Director of the Company, due to a combination of professional commitments. On 13 May 2020, following the resignation of Director Paola Schwizer, the Company's Board of Directors resolved (i) pursuant to Article 2386 of the Italian Civil Code and Section 15.5 of the Company's Articles of Association, with the favourable opinion of the Board of Statutory Auditors, to appoint by co-optation as a new director Simona Campanini, a Company Executive with strategic responsibilities, and (ii) to appoint as a member of the Control and Risk Committee and the Appointments and Remuneration Committee Antonio Mastrangelo, a non-executive and independent Director, who was also appointed Lead Independent Director of the Company.

Operation and management of conflicts of interest

None of the Directors attends meetings of the Committee at which proposals are made regarding their own remuneration and/or conditions, as provided for by the Committee regulations.

The Company's Human Resources Director participates in the works of the Committee. The Chairman of the Board of Statutory Auditors or another auditor designated by him/her may also attend the meetings of the Committee. In any case, the other auditors may also participate if issues are discussed in relation to which the Board of Directors resolves with the mandatory opinion of the Board of Statutory Auditors.

The Committee may invite non-members, including other members of the Board or the structure, to its meetings with reference to individual items on the agenda. In order to carry out the tasks assigned to it, the Committee may use the support of both internal employees and external professionals.

Where the Committee uses the services of a consultant, in order to obtain information on market practices with regard to remuneration policies, it shall first check that the consultant is not in a situation that would compromise his or her independence of judgement.

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

For information on the main activities carried out by the Committee in 2020, the number of meetings of the Committee and their duration, refer to the Report on Corporate Governance and Ownership Structure for the financial year 2020.

It should also be noted that the Remuneration Policy provides that the proposal concerning the remuneration of Directors who are also members of the Remuneration Committee shall be made by an independent Director (or, failing this, by a non-executive Director) who is not a member of any of the Committees.

2. Guiding principles and aims of the Remuneration Policy

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

The main objectives of the Policy are:

- to involve and incentivize the Directors and Management, whose activities are considered of fundamental importance for achieving the Group's objectives and corporate strategy, and align their interests to the pursuit of the priority objective of creating medium/long term value for shareholders, also having regard to the interests of other stakeholders relevant to the Company;
- to certify the Company's willingness to share the increase in value with the Group's highest professional figures;
- to foster the loyalty of the Group's key resources, encouraging them to stay within the Group;
- support the implementation of the multi-year business plan approved by the Board of Directors and the corporate strategies of the Company and Servizi Italia Group, taking into account the working conditions and welfare of employees;
- attracting people with specific skills and professional qualities within the company, thus fostering successful management and the competitiveness and sustainability of the activities carried out by the Company and/or the Group over the long term;

- to motivate remunerative growth according to comparative market parameters (basket of companies comparable to Servizi Italia S.p.A. by sector and size used as a market *benchmark*);
- to structure for Executives a remuneration system consisting of a Fixed Monetary Component and an additional variable monetary component correlated to the achievement of specific short and medium/long term strategic objectives.

2.1 Relevance of employees' remuneration and working conditions in determining the Remuneration Policy.

The Remuneration Policy is made up of tools and logic, applied to the entire company population, aimed at attracting, motivating and retaining people with the professional qualities necessary to contribute to defining the Company's growth strategy and the strengthening of the long-term interests and sustainability of Servizi Italia.

Aware that the sustainable success of the Company and the Group is closely linked to the satisfaction and growth of the people who work there, the Company recognizes that one of the priority objectives to be pursued in order to generate long-term value is the wellbeing of employees, understood not only as a guarantee of adequate health and safety conditions in the workplace, but also as professional fulfilment (also thanks to training and development policies spread at various company levels) and the possibility of reconciling professional and personal life in a balanced manner.

The Remuneration Policy is based on the principles of fairness, equal opportunities, meritocracy and competitiveness in relation to the market. The definition of the remuneration of the corporate population takes into consideration specific criteria, including comparisons with the external market and the company's internal equity, the characteristics of assigned roles and the responsibilities, as well as the distinctive skills of people, with a view to maximum objectivity, in order to avoid any form of discrimination or unjustified unbalanced situations.

The growth and exploitation of people, protection of health and safety in the workplace, creation of a collaborative, loyal and synergistic corporate climate and a positive and organized work environment that offers everyone equal opportunities on the basis of merit for organisational roles, the development of professional and managerial skills are the essential components of the Company's work in pursuing the sustainable success of the Company and the Group.

Servizi Italia, with its ongoing commitment to maintaining SA8000 certification, respects the dignity of each individual and offers equal opportunities at all stages and in all aspects of the employment relationship, avoiding any form of discrimination which may arise from differences in sex, age, state of health, nationality, political or religious opinion.

Attention to people also includes careful management of *welfare*, committing to guaranteeing employees fair wages that allow their families to enjoy well-being and social serenity, while also encouraging initiatives or non-monetary benefits aimed at improving the general well-being of all employees.

Depending on the classification of resources, the Human Resources Department formulates remuneration proposals as follows:

1. for **blue collar workers**, it takes into account the minimum rates laid down in the relevant CCNL. Increases in the remuneration component may occur, in addition to the application of the relevant CCNL, for *salary reviews* as well as for payments of Result Bonuses (variable component) upon achievement of targets set in the existing second-level union agreements. The Company maintains a '*FlexBenefit*' corporate welfare platform, which allows employees to voluntarily convert the variable remuneration rate linked to the result benefits into *flexible benefits*.
2. for **white collars, middle managers and executives (including those with strategic responsibilities)**, it takes into account the minimum pay scales provided for by the relevant CCNL; it also assesses the positioning of the remuneration package with internal *benchmark* analyses (average remuneration by professional profile, by Department/Area of employment, by contractual classification, etc.) and external benchmark analyses (sector averages, market remuneration analyses provided by companies specializing in this area, etc.). The analysis uses the market as a reference by considering a basket of comparable companies by business sector, size data (in terms of turnover and number of employees), type/characteristics and role weight (defined by an analysis of job description, purpose and responsibility of roles within the Group), in order to render the comparison uniform between different companies.

The Remuneration Policy is based on the following principles:

- a) the **Fixed Monetary Component, variable monetary component** for remuneration and any **benefits** are adequately balanced according to the Company's strategic objectives and risk management policy, taking into account the sector in which it operates and the characteristics of the business activity actually carried out, in line with the objective of promoting long-term value creation for all Shareholders and sustainable growth;
- b) the **Fixed Monetary Component** for remuneration (generally determined taking into account professional specialization, the complexity of organisational roles covered and related responsibilities, the market remuneration level) is set to a sufficient extent to remunerate the performance of Executive Directors and Managers with Strategic Responsibilities in the event that the variable component is not paid due to the failure to achieve the *performance* objectives set by the Board of Directors;

- c) the **variable monetary component**, achievable against the achievement of predefined economic/financial and non-financial (quantitative and/or qualitative) corporate objectives, is designed to significantly remunerate results that exceed *targets*, decreasing in value when the latter are not achieved. It is paid within maximum limits. The variable component of remuneration is divided into a short-term component (MBO or ABS Plan) and a long-term component (LTI Cash Plan). The latter, in terms of relevance, is much higher than the former and provides for an appropriate *vesting* period, as it is linked to the achievement of long-term objectives. The duration of the *vesting* period is consistent with the nature of the business operations and related risk profiles. Among the non-financial objectives to which the payment of a portion of variable remuneration is to be linked, the Remuneration Policy also includes objectives tied to sustainable working conditions and *standards* (with particular regard, among other things, to initiatives aimed at implementing the protection of the health and safety of workers and improving the well-being of employees and the corporate climate, as well as training programs aimed at developing the technical and professional skills of employees and promoting stability and *retention*);
- d) allowances, if applicable, relating to the assumption of non-competition undertakings;
- e) remuneration, if applicable, for the office of director in another company in which Servizi Italia holds an interest;
- f) non-monetary benefits, depending on the role, most of which are provided for by the National Collective Labour Agreements, as applied and recognized by corporate practices identified in specific regulations approved by the Board of Directors, in compliance with the principles of sobriety, cost containment and proportionality with respect to the aims pursued.

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

As explained, the Policy defines the principles and guidelines that the Board of Directors and delegated body must follow when defining the remuneration of:

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

At the proposal of the Remuneration Committee, the Board of Directors adopts the criteria for the implementation of the Policy and any amendments where applicable.

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

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

2.1 Description of the Remuneration Policy

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

The Remuneration Committee and the Board of Directors, where required with the assistance of independent firms specialising in *executive compensation*, analyse the positioning, composition and, more generally, the competitiveness of the remuneration of directors holding special offices, executives with strategic responsibilities and *senior managers*, on the basis of methodological approaches that allow for an assessment of the complexity of such roles from an organisational standpoint, specific delegated powers, and the impact on each individual's final *business* results.

The Board of Directors

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

The Directors in office at the date of approval of this Report are indicated in the table below:

Name	Position	List (M/m)
Roberto Olivi (*)	Chairperson	M
Ilaria Eugeniani (*)	Deputy Chairperson	M
Michele Magagna (*)	Director	M
Umberto Zuliani	Director	M
Antonio Paglialonga	Director	M
Lino Zanichelli	Director	M
Giovanni Manti (4)	Director	M
Simona Campanini (5)	Director	M
Antonio Aristide Mastrangelo (1)(2)(3)	Independent Director	m
Romina Guglielmetti (1)(2)	Independent Director	M
Chiara Mio (1)(2)	Independent Director	M

(*) Members of the Executive Committee

(1) Member of the Appointments and Remuneration Committee

- (2) Member of the Control and Risks Committee
- (3) Lead Independent Director
- (4) Director appointed by the Shareholders' Meeting on 20 April 2020
- (5) Director co-opted on 13 May 2020 following the resignation of Director Paola Schwizer on 30 April 2020

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

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

The Shareholders' Meeting held on 20 April 2018 resolved to grant the Board of Directors, in overall terms for each year of office (2018-2019-2020), a gross annual emolument of a maximum of Euro 1,315,000, comprising a fixed annual part of Euro 915,000 and a maximum annual variable part of Euro 400,000, the latter to be paid to the delegated body and measured upon achievement of certain objectives set out in the Annual ABS Plan and the LTI Cash Plan, also resolving on an indemnity for termination of office as CEO.

Please note that:

- on 7 January 2020, the Chief Executive Officer Enea Righi resigned and an Executive Committee was established, which was assigned all the tasks and functions previously attributed exclusively to the Chief Executive Officer by the internal procedures and regulations adopted by the Company, meaning that the references made to the Chief Executive Officer by the internal procedures and regulations refer to the Executive Committee (and to its Chairman);
- on 28 April 2020, the Shareholders' Meeting resolved to integrate the Board of Directors by appointing the candidate proposed by the majority shareholder Aurum S.p.A., Mr. Giovanni Manti - the Company's Manager with strategic responsibilities - who will remain in office until the expiry of the current Board of Directors and, therefore, until the Shareholders' Meeting called for 20 April 2021 to approve the financial statements as at 31 December 2020;
- on 30 April 2020 Servizi Italia received the resignation with immediate effect of Director Paola Schwizer; subsequently on 13 May 2020 the Board of Directors of the Company resolved, pursuant to Article 2386 of the Italian Civil Code and Section 15.5 of the Company's Articles of Association, with the favourable opinion of the Board of Statutory Auditors, to appoint by

co-optation as a new Director Simona Campanini, a Manager with strategic responsibilities in the Company, who will remain in office until the next Shareholders' Meeting called to approve the financial statements as at 31 December 2020 and to renew the Board of Directors.

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

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

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

The remuneration shall commence on the date of appointment and shall be paid on a *pro rata* basis until the date of termination of office.

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

In compliance with recommendation 31 of the Code of Conduct, the Company, upon termination of office and/or the termination of the relationship with an executive Director or possibly the General Director, shall, following the internal processes that lead to the allocation or recognition of indemnities and/or other benefits, disclose detailed information on the matter, through a press release issued to the market.

The remuneration of non-executive Directors is commensurate with the commitment required of each of them, taking into account their possible participation in the Committees, and is not linked to the

economic results achieved by Servizi Italia S.p.A. (they do not participate in the ABS Plan or the LTI Cash Plan). This provision does not apply in the case of non-executive Directors who are also Executives of the Company who could be identified as participants in the ABS Plan and/or LTI Cash Plan.

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

As a general rule, the Board of Statutory Auditors is involved whenever there are cases concerning the remuneration of Directors and their severance pay, taking into account the provisions of Article 2389 of the Italian Civil Code, Section 17.11 of the Articles of Association and for the purpose of supervising the actual implementation of the corporate governance rules provided for in Article 149, paragraph 1, letter *c-bis* of the Consolidated Law on Finance.

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

Remuneration of Directors holding special offices

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

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

1. a fixed annual component, as member of the Board of Directors;
2. an additional annual fixed component from the distinct office assigned by the Board of Directors;
3. a Fixed Monetary component for employment, if the director is also an employee of the Company;
4. short-term variable component, which can be achieved on the basis of the achievement of pre-established company objectives (ABS plan);
5. medium/long-term variable component (LTI), provided for in the LTI Cash Plan;
6. any social security fund and/or reimbursement of expenses arising from the exercise of the office of Director;
7. allowances, if applicable, relating to the assumption of non-competition undertakings;

8. any remuneration for the office of Director in another company in which Servizi Italia holds an interest;
9. non-monetary benefits, depending on the role, most of which are provided for by the National Collective Labour Agreements applied and recognized by corporate practices provided for in specific regulations approved by the Board of Directors, in compliance with the principles of sobriety, cost containment and proportionality with respect to the aims pursued.

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

- the setting of ABS Plan targets for the relevant financial year;
- verification of the achievement of the previous year's ABS Plan objectives;
- the progress of the Director's *performance* with regard to the LTI Cash Plan.

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

The Remuneration Policy provides that the proposal concerning the remuneration of non-executive Directors holding distinct offices who are also members of the Remuneration Committee shall be formulated by an independent Director (or, failing this, by a non-executive Director) who is not a member of any of the Committees.

General Director and Executives with Strategic Responsibilities

On 30 July 2020, the Company's Board of Directors, on the proposal of the Executive Committee and with the favourable opinions of the Control and Risk Committee and the Appointments and Remuneration Committee, appointed Andrea Gozzi, formerly Operations Director and an Executive with strategic responsibilities, as General Manager, in consideration of the opportunity of achieving an even more adequate and efficient management of the Company's operations, from an operational, organisational and planning standpoint, thus enhancing and strengthening his constant and profitable collaboration with the Executive Committee on the one hand, and senior management functions on the other.

Executives with strategic responsibilities are directors identified by the Board of Directors as having the power or responsibility for planning, managing and controlling the Company's and the Group's operations.

As at the date of approval of this Report, the Board of Directors has identified the following Executives with strategic responsibilities: Andrea Gozzi (General Manager), Ilaria Eugeniani (Director of Administration, Finance and Controls), Angelo Minotta (Manager responsible for preparing the company's financial reports), Danilo Canovi (Purchasing Director), Simona Campanini (Director of Human Resources) and Giovanni Manti (Organisation and Systems Director).

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

1. a fixed monetary component;
2. an annual variable monetary component, which can be achieved on the basis of the achievement of pre-established corporate and individual objectives provided for in the short-term incentive scheme (ABS plan for the year in question);
3. a medium/long-term variable monetary component (LTI Cash Plan);
4. allowances, if applicable, relating to the assumption of non-competition undertakings;
5. any remuneration for the office of Director in the Company and/or in another company in which Servizi Italia holds an interest;
6. non-monetary benefits, depending on the role, most of which are provided for by the National Collective Labour Agreements applied and recognized by corporate practices provided for in specific regulations approved by the Board of Directors, in compliance with the principles of sobriety, cost containment and proportionality with respect to the aims pursued.

Senior Managers, Middle Managers and special/key figures

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

1. a fixed monetary component;
2. any annual variable component that can be achieved on the basis of the achievement of pre-established corporate objectives envisaged in the short-term incentive scheme (ABS plan for the year in question), if the resource is identified as the beneficiary of the plan;
3. a possible medium/long-term variable component (LTI Cash Plan), if the resource is identified as a beneficiary of the plan;
4. any remuneration, for the office of director in another company in which Servizi Italia holds an interest;
5. allowances, if applicable, relating to the assumption of non-competition undertakings;
6. non-monetary benefits, depending on the role, most of which are provided for by the National Collective Labour Agreements applied and recognized by corporate practices

provided for in specific regulations approved by the Board of Directors, in compliance with the principles of sobriety, cost containment and proportionality with respect to the aims pursued.

Remuneration of the Board of Auditors

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

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

Without prejudice to the provisions of Article 2402 of the Italian Civil Code, if the outgoing control body, in view of the formulation by the Shareholders of proposals to the Shareholders' Meeting regarding the remuneration of the auditing body, has provided the Company in due time with detailed information on the quantification of the commitment required to carry out the appointment, the Board of Directors shall provide a summary of such information in the Explanatory Report pursuant to Article 125-ter of the Consolidated Law on Finance concerning the renewal of the auditing body and in the Report on the remuneration and compensation policy.

Note that at the Shareholders' Meeting of 20 April 2020, with the renewal of the Board of Statutory Auditors for the three-year period 2020-2021-2022, the fixed annual gross remuneration of its Chairperson was set at Euro 25,000 per year, and that of the board's members at Euro 20,000 per year.

The remuneration of Statutory Auditors should be appropriate to the competence, professionalism and commitment required by the importance of the role covered and the Company's size and sector specifications. The remuneration shall commence on the date of appointment and shall be paid on a *pro rata* basis until the date of termination of office.

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

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

Collaboration agreements and/or Directorship contracts

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

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

As of 7 January 2020, the Company has a *Directorship* contract with Enea Righi (Deputy Chairperson and CEO), approved on 20 April 2018 by the Board of Directors, with the favourable opinion of the Appointments and Remuneration Committee and the Board of Statutory Auditors. As promptly reported to the market on 7 January 2020, it should be noted that Mr. Righi resigned for personal reasons, expressing the desire to devote himself to new initiatives in areas other than those in which the Company operates, all the while considering that the conditions had matured to facilitate a change in the Company's *governance*.

3. Balancing elements of the management remuneration package

In determining the remuneration and its individual components, the Board of Directors, delegated body and the Human Resources Manager take into account a balance of the Overall Remuneration consisting of a fixed monetary component and both short and medium/long-term variable monetary components, whose weight shall take into account the specific content of the powers delegated to individual beneficiaries and/or the functions and role they actually perform within the company.

Specifically, with regard to executive directors holding special offices, managers with strategic responsibilities, *Senior Managers* and special/key roles, the Board of Directors - with the support of the Remuneration Committee - evaluates the specific office assigned and any specific powers delegated. In particular, the remuneration shall be determined on the basis of the following indicative criteria:

- the fixed monetary component tends to have an average weight of 75% of the Total Remuneration;

- the *target* monetary remuneration of the ABS Plan is equal to a pre-established percentage of the Fixed Monetary Component and tends to have an average weight of approximately 10% of such compensation; in general, the *target* monetary remuneration of the ABS Plan ranges from a minimum of 4% to a maximum of 18% of the beneficiary's Fixed Monetary Component;
- the *target* monetary remuneration of the LTI Cash Plan (annualised) is equal to a pre-established percentage of the Fixed Monetary Component which, with reference to the LTI Cash Plan 2021-2023, tends to have an average weight of about 15% of the said remuneration; in general, the *target* monetary compensation of the medium/long term incentive plan ranges from a minimum of 20% to a maximum of 60% of the beneficiary's Fixed Monetary Component.

In addition, with regard to the beneficiaries (Executive Directors and/or Executives with strategic responsibilities and special/key functions), the Company, as anticipated, has promoted the introduction of clauses in the letters of appointment or in the ABS and LTI Cash Plans, known as “*claw-back*” clauses, which allow the Company to request the return, in whole or in part, of the variable remuneration components paid (or to withhold sums subject to deferral), if within a three year term from the payment of the variable remuneration component, the Company has ascertained that its allocation was made on the basis of data that subsequently turned out to be clearly erroneous or subject to malicious alteration or obtained through committing fraudulent or excessively risky conduct, serious violations of the law and/or regulations, of the Code of Ethics, of Model 231, of the Anti-Corruption Guidelines, of the Antitrust Code of Conduct or of the company's rules that are relevant or have an impact within the context of the employment relationship, affecting the related fiduciary basis, without prejudice, however, to any action permitted by the law to protect the interests of the Company.

For the purposes of the above, the assessment of the relevant prerequisites is delegated to the Remuneration Committee and the Board of Statutory Auditors, which shall meet and deliberate collectively under the chairmanship of the most senior independent Director.

The Company has the right to offset sums that are the subject of the request for restitution against any sums that may be due for any reason to the beneficiary of the variable remuneration; in this case the set-off shall be effective, after ascertaining the relevant conditions, from the time of notification of the exercise of compensatory power by the Company to the other party; this shall be without prejudice to any other action provided for by law to protect the Company's assets and interests, including in terms of its reputation and image.

4. Criteria for variable remuneration

ABS Plan

The Company adopts as a practice an ABS Plan described in the criteria, terms and conditions in a specific regulation examined in advance by the Appointments and Remuneration Committee and approved by the Board of Directors. The regulations of the current ABS Plan were approved by the Board of Directors on 15 March 2021, with the support of the Appointments and Remuneration Committee. The purpose of the ABS Plan, which has not been substantially modified with respect to the previous one, remains to continue to support the corporate strategy, the management of sustainability issues and the improvement of short-term economic *performance*, promoting and spreading a culture of value creation in all strategic and operational decisions, as well as to encourage the *retention* of strategic management figures. In relation to the 2020 financial year, the Board of Directors, with the support of the Appointments and Remuneration Committee, assessed and resolved not to pay a monetary bonus to the Beneficiaries, as the *threshold* value set for the economic-financial objective was not reached.

A summary description of the ABS Plan is provided below.

The beneficiaries of the incentive provided for in the ABS Plan are: Executive Directors holding special offices identified by the Board of Directors, Executives with strategic responsibilities, *Senior Managers*, *Middle Managers* and special/key positions, who, at the sole discretion of the CEO, delegated body and General Manager, assisted by the Human Resources Director, hold the managerial levers required to influence the determining factors in the Company's value creation, for the annual reference period.

The system is based on a structured process of defining the objectives and the incentives linked to them, with a financial access condition (the so-called on/off condition for activating the Annual Bonus System plan) established in the Group's consolidated net result at the date of approval of the draft financial statements for the reference year, which must not be negative.

Performance Gates

The system provides for a mechanism linking it to the Group's results and in particular with the consolidated EBIT of the Group, for which an Objective Target Value and a Threshold Target Value is foreseen, whose exceedance enables the Beneficiaries to access any bonus accrued by virtue of assigned objectives.

The Executive Directors shall abstain from voting on the definition of the Threshold Target Value and the definition of all other threshold/target/over-performance levels of the performance indicators for

the incentive system in the short term, as well as in the long term where there is an impact on their own remuneration.

The objective for the ABS plan is identified in the consolidated EBIT of the Group, which differs from the budget value and to which a target value ("Objective Target Value") is added. The Delegated Body annually proposes the target value, in accordance with the budget defined for the year of reference and approved by the Board of Directors. In particular, the performance gate curve of the bonus system envisages a Target Threshold Value equal to 90.0% of the Target Objective Value ("Target Threshold Value") and a maximum value equal to 110.0% of the Target Objective Value. In particular, if the ABS Threshold Target Value is reached, the Monetary Bonus payable corresponds to 50% of the bonus accrued, while if it is not reached, no monetary bonus is paid. Exceeding the ABS Target Value allows the bonus to be paid up to a maximum of 150% of the accrued monetary bonus (over performance).

In case the total performance achieved is between the Threshold *Target Value* and the Target Value, or between the Target Value and the *maximum Target Value (over performance)* respectively, the Monetary Bonus will be calculated on a pro rata basis (using a pure linearity mechanism).

The *performance gate* is structured in such a way as to ensure the economic sustainability of the ABS Plan, so that the costs of the entire incentive relating to the Plan are included in the objectives of the Business Plan, where the cost of the plan is "self-financed" by the achievement of the objectives; to this end, the financial statements of the year in question will indicate the aforesaid costs for which provision is made.

The Target Threshold Value may be modified by the Board of Directors, subject to the opinion of the Remuneration Committee, in the event of profound changes in the macroeconomic and/or business scenario and in consideration of potential *one-off* events, both negative and positive, which may occur during the reference financial year and which are independent from the actions of the Beneficiaries. In addition, extraordinary effects, both negative and positive, will be assessed in the final balance at the sole discretion of the Board of Directors.

The Board of Directors, with the assistance of the Remuneration Committee, verifies the level of achievement of the objectives at the end of the year and on the basis of *performances* achieved.

The system is the sum of the results of 2 sets of *Performance Targets*:

1. Collective performance target, which is the Threshold Target Value and has a weight of 30%;
2. Individual performance objectives assigned according to the role held, with a weight of 70%.

There will be a maximum of 4 objectives for each Beneficiary. These are challenging objectives, linked to the creation of value for the time period in question and in view of the role held.

More specifically, consider the following:

- The collective performance target will be the same for all Beneficiaries;
- The other objectives will be attributed according to the organisational function and role, to be defined through a *cascading* type logic starting from the objectives assigned to *Management*, consistent with those set in the annual *budget* and therefore with the industrial plan. Therefore, the objectives will not only be of an economic and financial nature, but also non-financial in scope and linked to the operational action of the organisational function to which the Beneficiary belongs (commercial, production, service, *staff* and organisational *lines*). Individual performance targets may, therefore, be both quantitative, i.e. objectives of a numerical nature (absolute values, percentages and/or indicators), and qualitative (measurable through observable behaviour, for example, in the form of the following):
 - i. turnover on orders;
 - ii. improved order margins;
 - iii. improvements in average cost per kg of linen produced or sterilisation units produced;
 - iv. adherence to project deadlines and *output* quality;
 - v. *customer satisfaction*, with a reduction of possible contract penalties and complaints;
 - vi. sustainable working conditions and *standards*;
 - vii. specific *compliance* targets;
 - viii. projects/activities/commitments identified in the Group's Sustainability Plan (described within the Consolidated Non-Financial Statement as per Legislative Decree No 254/2016) concerning relevant environmental, social and *governance* issues.

Each Beneficiary is entitled to receive their awarded Monetary Bonus on condition that the specific *Performance* Targets assigned on the basis of the role held have been achieved.

The scheme of objectives is as follows:

Role of Beneficiaries	Condition On/Off activation Plan / Bonus payment	Collective Performance	Individual Performance
Executive Directors	-Consolidated net result of the Group that was not negative at the date of approval of the draft financial statements for the year in question. - Exceeding the Target Threshold Value	Weight 30%: • Target Threshold Value	Weight 70%: • strategic function (60%); • ESG sustainability target (10%)
Executives with Strategic Responsibilities, Senior Managers and	-Consolidated net result of the Group that was not negative at the date of approval of the draft	Weight 30%: • Target Threshold Value	Weight 70%: • strategic function (60%); • ESG sustainability target (10%)

key/specialised figures within the organisation	financial statements for the year in question. -Exceeding the Target Threshold Value		
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Every year, the company’s management promotes plenary and individual meetings with the people identified as beneficiaries, in order to illustrate the incentive system for the year in question and assign economic and qualitative targets the Company sets out to achieve.

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

As common practice, the Company adopts an *ABS Plan* described in the criteria, terms and conditions in a specific regulation examined in advance by the Appointments and Remuneration Committee and approved by the Board of Directors. The regulations of the current LTI-Cash Plan were approved by the Board of Directors on 15 March 2021, with the support of the Appointments and Remuneration Committee. The purpose of the LTI-Cash Plan, which has not been substantially modified with respect to the previous one, remains to continue to support the corporate strategy, the management of sustainability issues and the improvement of mid/long-term economic *performance*, promoting and spreading a culture of value creation in all strategic and operational decisions, as well as to encourage the *retention* of strategic management figures.

A summary description of the LTI-Cash Plan is provided below.

The beneficiaries of the incentive provided for in the LTI-Cash Plan are: Executive Directors holding special offices identified by the Board of Directors, the General Manager Executives with strategic responsibilities, *Senior Managers*, *Middle Managers* and special/key positions, who, at the sole discretion of the CEO, delegated body and General Manager, assisted by the Human Resources Director, hold the managerial levers required to influence the determining factors in the Company’s value creation, for the annual reference period.

The system is based on a structured process of defining the objectives and related incentives with a financial access condition (so-called on/off condition for the activation of the LTI-Cash plan) established in the Group's consolidated net result for the financial years 2021-2022-2023, which, at the date of approval of the consolidated financial statements for the relevant financial years, is not negative (on-off pre-requisite for the activation of the Plan).

Performance Gates

The system provides for a mechanism linking it to the Group's results and in particular with the consolidated EBIT of the Group, for which an Objective Target Value and a Threshold Target Value is

foreseen, whose exceedance enables the Beneficiaries to access any bonus accrued by virtue of assigned objectives.

The Executive Directors shall abstain from voting on the definition of the Threshold Target Value and the definition of all other threshold/target/over-performance levels of the performance indicators for the incentive system in the short term, as well as in the long term where there is an impact on their own remuneration.

The objective for the LTI Cash plan is identified in the consolidated EBIT of the Group, which differs from the industrial plan and to which a target value ("Objective Target Value") is added. The Delegated Body proposes the target value, in accordance with the industrial plan defined for the period of reference and approved by the Board of Directors. In particular, the performance gate curve of the bonus system envisages a Target Threshold Value equal to 95.0% of the Target Objective Value ("Target Threshold Value") and a maximum value equal to 110.0% of the Target Objective Value. In particular, if the LTI Threshold Target Value is reached, the Monetary Bonus payable corresponds to 50% of the bonus accrued, while if it is not reached, no monetary bonus is paid. Exceeding the ABS Target Value allows the bonus to be paid up to a maximum of 150% of the accrued monetary bonus (over performance).

In addition, the accrued Monetary Bonus is influenced by:

- A. a target linked to the share value, the **Total Shareholder Return (TSR)**, linked to the value of the Company's share price and the distributed dividends, which acts as a multiplier/demultiplier of the accrued monetary bonus;
- B. an **ESG target** of a non-financial nature assigned to the Beneficiary, which acts as a multiplier/demultiplier of the accrued monetary bonus. This target works as reference for non-financial targets assigned to the Beneficiaries, identified to promote the sustainable success of the Group's Sustainability Plan (described within the Consolidated Non-Financial Statement pursuant to Legislative Decree No 254/2016) and for which policies, strategies and actions/commitments are implemented.

In the event that the total performance achieved is between the *Target Threshold Value* and the *Target Value*, or between the *Target Value* and the *maximum Target Value (over performance)* respectively, the Monetary Bonus will be calculated on a pro rata basis (using a pure linearity mechanism).

The *performance gate* is structured in such a way as to ensure the economic sustainability of the LTI-Cash Plan, whereby the costs of the entire incentive relating to the Plan are included in the objectives of the Business Plan, so that the cost of the plan is "self-financed" by the achievement of the objectives;

to this end, the financial statements of the relevant financial year will indicate the aforesaid costs for which provision is made.

The Target Threshold Value may be modified by the Board of Directors, subject to the opinion of the Remuneration Committee, in the event of significant changes in the macroeconomic and/or business scenario and in consideration of potential negative or positive *one-off* events that may occur during the *vesting period*, which are independent from the actions of the Beneficiaries. In addition, extraordinary effects, both negative and positive, will be assessed in the final balance at the sole discretion of the Board of Directors.

The company management promotes plenary and individual meetings with the people identified as beneficiaries, in order to illustrate the incentive system for the *vesting period* in question, and assign the economic and qualitative objectives that the Company sets out to achieve.

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

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

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

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

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

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

In the event that the Board of Directors of Servizi Italia S.p.A. decides to adopt, in the interest of the Company, specific indemnities or determines to stipulate specific consulting contracts with a Director or Manager with strategic responsibilities who has ceased to hold office, such decisions shall be adopted in coherence with the strategy, the values and the medium-long term interests of the Servizi Italia Group and, in any case, shall take into account the following guiding principles:

- i) the indemnity (except, where applicable, that relating to non-competition agreements and severance pay provided for under the applicable CCNL) shall not be paid if the termination of the relationship is due to the achievement of objectively inadequate results;
- ii) any consultancy contracts shall be limited to predefined periods of time, and limited to what is strictly necessary in the interest of Servizi Italia S.p.A. in order to guarantee continuity of action within the context of the Group's efficient and effective management;
- iii) as a general rule, and save in exceptional cases, the amounts to be paid to an Executive Director or to a Manager with Strategic Responsibility (not including those relating to non-competition agreements and severance pay provided for in the applicable CCNL) may not exceed the total remuneration paid to them during the 24-month period;
- iv) In addition, contractual agreements are in place that allow the Company to request the return, in whole or in part, of variable components of remuneration paid (or to withhold sums subject to deferment), determined on the basis of data that subsequently proved to be manifestly incorrect.

The General Manager and Directors with strategic responsibilities are bound to the Company by virtue of employment contracts of indefinite duration, with the following notice periods: (i) 6 months, for seniority up to 6 years; (ii) 8 months, for seniority up to 10 years; (iii) 10 months, for seniority up to 15 years; (iv) 12 months, for seniority over 15 years. The total time limit must not exceed 12 months. A resigning manager must give notice, the terms of which will be 1/3 of those indicated above, as provided for in the CCNL Industry Managers agreement.

6. Non-competition agreements

The Company may enter into confidentiality and non-competition agreements with its Executive Directors, Executives with strategic responsibilities, *Senior Managers* or with collaborators with particularly strategic professional skills. These provide for: (i) the recognition of an additional consideration in relation to the RAL/fixed remuneration component set in accordance with market practice, which, as a general rule and save in exceptional cases, does not exceed for each year of the duration of the non-competition agreement the annual RAL/fixed remuneration component recognized under the agreement; (ii) the duration and extent of the obligation arising from the

agreement. The constraint refers to the reference sector in which the Group operates at the time of defining the agreement, and to the territorial/geographical extension.

The Company has entered into a confidentiality and non-competition agreement with Mr. Andrea Gozzi (General Manager) for a period of 12 months following the termination of the employment relationship (resignation of the executive or for just cause or justified subjective reason), for which the consideration corresponds to a gross annual sum of €50,000 for the entire duration of the employment relationship with the Company.

7. Waivers of the Remuneration Policy: exceptional circumstances and procedural conditions

In exceptional circumstances, a temporary derogation from the Remuneration Policy is allowed, subject to the conditions laid down in this section.

The competent bodies of Servizi Italia S.p.A. may, in particular to:

- (i) award MBO and/or LTI bonuses to *Executives* in excess of the thresholds provided for each type of beneficiary by the Remuneration Policy, whenever they opt for the adoption of a reasonably low Fixed Monetary Component compared to the market *benchmark*, as well as whenever particularly challenging *performance* targets are identified;
- (ii) not assign MBO and/or LTI remuneration components to individual *Executives*;
- (iii) assign, including *ex post*, to individual *Executives*, bonuses and *one-off* payments of a discretionary nature, in relation to the achievement or the manner of achieving particular objectives (other than those assigned for the payment of variable remuneration components), achieved through exceptional individual contributions, as well as to favour the acquisition and *retention of* resources possessing specific skills and high-level professionalism deemed necessary for the achievement of the objectives of the Servizi Italia Group;
- (iv) grant to an individual Executive Director and/or Executive with strategic responsibilities an indemnity/compensation for the termination of the directorship and/or employment relationship with the Company (not taking into account the amounts relating to non-competition agreements and the severance pay provided for in application of the applicable CCNL agreement) higher than the global remuneration paid on termination of the relationship over a period of 24 months, as well as to recognize for non-competition agreements *post* termination of the relationship with the Company amounts higher, for each year of duration of the non-competition agreement, than the RAL/fixed annual remuneration component paid on termination of the relationship;
- (v) recognize to an individual Executive Director and/or Executive with strategic responsibilities the maintaining of rights related to incentive plans (both MBO and LTI,

whether monetary or based on financial instruments) after the termination of the relationship with the Company occurring prior to the expiry of the incentive plan's *vesting* period;

- (vi) waive, within the context of a settlement agreement with the person concerned, the application of *claw-back* mechanisms.

The exceptional circumstances in which the above exceptions are permitted are those in which an exception is necessary in order to pursue the long-term interests and sustainability of business operations of the Company and Group, or to ensure the Company's and the Group's ability to stay in the market, and include but are not limited to the following situations:

- (i) the need to acquire and/or retain individuals possessing skills and professionalism deemed strategic for the interests and/or sustainability of the operations by the Company and/or the Servizi Italia Group;
- (ii) the need to motivate resources deemed strategic where the failure to achieve the *performance targets* is linked to exogenous circumstances and/or extraordinary and/or unforeseeable factors and/or in any case independent of the actions of the individual recipient of the incentive bonus;
- (iii) the need to manage a turnover of persons in strategic roles and/or positions for the interests and/or sustainability of the operations of the Company and/or the Servizi Italia Group, where the constraints contained in the approved Policy could limit the Company's ability to attract *managers* with the most appropriate professional skills to manage the business;
- (iv) the need to protect corporate *know-how*;
- (v) interest of the Company in settling a dispute that has already arisen and/or may arise;
- (vi) significant changes in the scope of the company's operations during the validity of the Policy.

In the cases of exemption from the Remuneration Policy provided for in this section, the Company will apply the *procedure* and obligations provided for in the Regulation on Operations with Related Parties adopted by the Company in compliance with Consob Regulation No 17221/2010 (as amended and supplemented), including in the case of an exemption provided for in the ORP Regulation (by way of example, where the transaction qualifies as a small amount). In any case, it remains necessary to obtain the prior opinion of the Board of Statutory Auditors pursuant to Article 2389, paragraph 3 of the Italian Civil Code where the waiver concerns the remuneration of Directors holding special offices.

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

The remuneration policy adopted for the three-year period 2021- 2023 does not present substantial changes compared to that adopted for the previous financial year, described in the Remuneration Report published in 2020, except that: (i) the ABS Plan and LTI-Cash Plan 2021-2023 were defined, with changes compared to the previous plans in the criteria for defining objectives; (ii) in line with the regulatory changes introduced by Consob with Resolution no. 21623 of 10 December 2020 implementing SHRD 2 (EU Directive 2017/828), it was *inter alia* clarified how the Company takes into account the remuneration and working conditions of its employees in determining the Remuneration Policy; (iii) in compliance with the provisions of Article 123-ter, paragraph 3-bis of the Consolidated Finance Act, the Company made use of the option to provide for a three-year duration of the Remuneration Policy.

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

9. Other Information

in preparing the 2021 Policy, the Company did not use the assistance of consulting firms and/or external experts;

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

10. Proposed resolution

Dear Shareholders,

We remind you that the Shareholders' Meeting is required to vote on the "first section" of the Remuneration Report, which refers to the remuneration policy adopted by the Company with regard to the remuneration of members of the administrative and control bodies and Executives with strategic responsibilities for the financial years 2021-2022-2023.

In preparing the Report, Servizi Italia S.p.A. has taken into account the provisions of current laws and regulations and the Code of Corporate Governance.

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

“The Shareholders' Meeting:

- *- having regard to Articles 123-ter of Legislative Decree No 58 of 24 February 1998 and 84-quater of the Regulation adopted by CONSOB Resolution No 11971/99;*
- *- having acknowledged the Remuneration Policy illustrated in the first section of the Remuneration and Compensation Policy Report drawn up by the Board of Directors pursuant to Article 123-ter of Legislative Decree No 58 of 24 February 1998;*
- *- considering that, pursuant to Article 123-ter, paragraph 3-ter of Legislative Decree No 58 of 24 February 1998, this resolution shall not be binding on the Board of Directors;*

RESOLVED

to approve the Remuneration Policy of Servizi Italia S.p.A. illustrated in the first section of the Remuneration and Compensation Policy Report drawn up by the Board of Directors pursuant to Article 123-ter of Legislative Decree No 58 of 24 February 1998”.

SECTION II

This section, by name, for the members of the administrative and control bodies and for the General Manager, and in aggregate form for the other Executives holding strategic responsibilities:

- a) provides an adequate representation of each of the items that make up their remuneration, highlighting their consistency with the Remuneration Policy for the year 2020 described in the first section of the Remuneration Report drawn up for the Shareholders' Meeting of 28 April 2020;
- b) analytically illustrates the remuneration paid during the 2020 financial year for any reason and in any form by the Company and by subsidiary or associated companies.

There are no additional Executives holding strategic responsibilities in the Company who during the year received higher total remuneration than the highest remuneration received by the Directors and General Manager. It should also be noted that the company qualifies as a smaller company pursuant to art. 3, paragraph 1, letter f) of Consob Regulation no. 17221/10. Therefore, for additional Executives holding strategic responsibilities, information is provided in aggregate form.

It should be noted that for the 2020 financial year, the Board of Directors has identified as Executives with Strategic Responsibilities: Andrea Gozzi (General Manager), Ilaria Eugeniani (Director of Administration, Finance and Controls), Angelo Minotta (Manager responsible for preparing the company's financial reports), Danilo Canovi (Purchasing Director), Simona Campanini (Director of Human Resources) and Giovanni Manti (Organisation and Systems Director).

First part

Remuneration components for financial year 2020

Details of the remuneration paid in the financial year 2020 to the members of the administrative and control bodies, to the General Manager as well as to the other Executives with strategic responsibilities are illustrated in the tables below.

Note that the Shareholders' Meeting held on 20 April 2018 resolved to grant the Board of Directors, in overall terms for each year of office (2018-2019-2020), a gross annual emolument of a maximum of Euro 1,315,000, comprising a fixed annual part of Euro 915,000 and a maximum annual variable part of Euro 400,000, the latter to be paid to the CEO and measured upon achievement of certain objectives set out in the Annual ABS Plan and the LTI Cash Plan, also resolving on an indemnity for termination of office as CEO.

This compensation, formulated in aggregate terms, was allocated by the Board of Directors on 20 April 2018 and, not exceeding the maximum amounts approved, subsequently following the change in *governance* and the turnover of certain Directors, allocated on 7 January 2020, 29 April 2020 and 13

May 2020, among the Directors, Directors holding special offices and participants in internal Committees, subject to the favourable opinion of the Board of Statutory Auditors and the Appointments and Remuneration Committee, in accordance with the provisions of the Civil Code and current Articles of Association.

With regard to the 2020 financial year, the distribution criterion adopted is as follows:

1. an annual gross fixed basic component which is the same for all members of the Board of Directors, amounting to Euro 20,000.00;
2. an additional annual gross fixed component for the following Directors holding special offices: Chairperson Euro 70,000.00, Vice-Chairperson Euro 25,000.00, Executive Director member of the Executive Committee Euro 40,000.00 fixed component and maximum Euro 10,000.00 variable component; Committee Chairperson Euro 5,000.00, *Lead Independent Director* Euro 5,000.00; members of the Internal Committees Euro 20,000.00.
3. a gross variable component for each Executive Director member of the Executive Committee linked to the objectives defined in the 2020 ABS Plan.

In line with the Remuneration Policy adopted by the Company for the year 2020, the remuneration of the General Manager and of the other Executives with strategic responsibilities for the year 2020 was composed of the following elements:

1. a fixed monetary component;
2. an annual variable monetary component, achievable on the basis of the achievement of pre-established corporate and individual targets provided for in the short-term incentive scheme (ABS plan for the year 2020);
3. *benefits* (non-monetary benefits) recognized by company practices and identified in a specific regulation approved by the Board of Directors, in accordance with the principles of sobriety, cost containment and proportionality in relation to pursued objectives.

In compliance with the Remuneration Policy approved by the Shareholders' Meeting of 28 April 2020, it is noted that the Board of Directors on 15 March 2021, with the assistance of the Appointments and Remuneration Committee, assessed and resolved not to pay the monetary bonus to the beneficiaries participating in the ABS 2020 Plan, against the failure to achieve the *threshold* value of the ABS 2020 Plan, represented by the minimum level of consolidated EBITDA. It should also be noted that the Board of Directors' meeting held on 23 January 2020, in view of the Group's *actual* results for 2019 and *budget* forecasts for 2020 concerning the *vesting* period 2018-2019-2020, evaluated and resolved to terminate the LTI Cash Plan 2018-2020, as the *threshold* value set for the Group's consolidated net result could not be achieved.

It should be noted that the Company avails itself of the option provided for in Annex 3A, Schedule 7-bis to the Issuers' Regulations to omit detailed information on the *targets* to which the payment of the variable remuneration component for Executive Directors and the General Manager is linked, since this is sensitive information and unpublished forecast data, whose disclosure could be prejudicial to the Company.

For details on the variable remuneration components of Executive Directors, the General Manager and Executives with strategic responsibilities accrued in the financial year 2020, refer to the tables in the second part of the second section of this Report.

The members of the Board of Statutory Auditors also receive an emolument, whose amount is determined by the Shareholders' Meeting at the time of their appointment. In particular, the Shareholders' Meeting of 28 April 2020, with the renewal of the Board of Statutory Auditors for the three-year period 2020-2021-2022, resolved to set the fixed annual gross remuneration of its Chairperson at Euro 25,000 per year, and that of the members at Euro 20,000 per year. In execution of the Remuneration Policy, the members of the Board of Statutory Auditors are precluded from any form of variable remuneration, while recognizing a social security fund and/or reimbursement of expenses for the exercise of the office of Statutory Auditor.

Allocation of indemnities and/or benefits for termination of office or termination of employment during the financial year 2020

It should be recalled that, during the 2018 financial year, the Company entered into a directorship agreement with the Chief Executive Officer, which provided for a non-competition covenant for a duration of 24 months following the termination (for any reason) of the office and delegated assigned powers; this covenant provides for the recognition of a gross sum equal to Euro 500,000, without interest of any kind (corresponding to approximately 1.04 annual instalments of the Fixed Monetary Component for the office), to be paid (i) as to the gross amount of Euro 250,000 within 30 days from the effective termination of all offices, and (ii) as to the gross amount of Euro 250,000 within 12 months from the expiry of the payment term referred to in the previous point. It should be noted that, as a result of the resignation of the Chief Executive Officer Mr. Enea Righi on 7 January 2020, an agreement was signed by the parties that provides for the payment of the compensation for the non-competition agreement in the terms specified above. The payment was made on 31 January 2020 as regards the first tranche and on 31 January 2021 as regards the second tranche.

As promptly disclosed to the market with the press release of 7 January 2020, an agreement was signed by the parties providing for the payment:

- of fixed emoluments accrued *pro-rata temporis*;

- of compensation for the non-competition covenant in the terms specified above;
- of the monetary bonus relating to the ABS Plan on the achievement of 58% of the performance *target* under the regulations for the 2019 financial year. Pursuant to the Regulation approved by CONSOB resolution No 17221/2010 and the ORP Regulation adopted by Servizi Italia, the value of the monetary bonus represented a transaction with a related party of a minor amount. The transaction was, however, submitted to the Appointments and Remuneration Committee and to the Control and Risk Committee acting as the Company's Related Parties Committee, which acknowledged the existence of the Company's interest in carrying out the transaction. It should also be noted that the agreement does not provide for: (i) the maintenance of rights based on financial instruments (Mr. Righi has declared that he does not hold shares of the Company); (ii) monetary benefits or additional indemnities or compensation of any kind following the termination of the office; (iii) *claw back* mechanisms. For further details, refer to the Remuneration and Compensation Policy Report - FY 2019.

It should be noted that, for financial year 2020, with regard to the Directors and General Manager:

- there are no further specific agreements providing for the payment of severance indemnities, the maintenance or assignment of non-monetary benefits in the event of termination of office, compensation for non-competition undertakings, agreements for the conclusion of consultancy contracts for the period after termination of the relationship;
- the Shareholders' Meeting did not approve share-based incentive plans (*stock options*).

Waivers applied to the Remuneration Policy for the year 2020

No exceptions to the Remuneration Policy for the year 2020 approved by the Shareholders' Meeting of 28 April 2020 were applied during the 2020 financial year.

Application of ex-post correction mechanisms (claw-back and/or malus)

During the 2020 financial year, no *ex-post* correction mechanisms were applied to the variable remuneration components recognized for previous years.

Change in salary and comparative information

The following is a comparison for the last two financial years (in compliance with Article 2 of Consob Resolution No 21623 of 10 December 2020) between the annual change:

i) of the total remuneration of persons who, during the 2020 financial year, held the position of Director, Statutory Auditor and General Manager, for which information is provided by name:

	2020	2019
Roberto Olivi	+58%	+8,4%

Enea Righi ⁽¹⁾ (1) Ceased on 7 January 2020	-98%	-11%
Ilaria Eugeniani	-1,5%	+4,6%
Michele Magagna	+195%	-
Antonio Paglialonga	-	-
Lino Zanichelli	-	-
Umberto Zuliani	-	-
Chiara Mio	-	-
Paola Schwizer ⁽²⁾ (2) Ceased on 30 April 2020	-67%	-
Romina Guglielmetti	-	-
Antonio Aristide Mastrangelo	+80%	-
Giovanni Manti ⁽³⁾ (3) Appointed Director by the Shareholders' Meeting on 28 April 2020	-0,8%	-
Simona Campanini ⁽⁴⁾ (4) Co-opted by the Board of Directors on 13 May 2020	+4,9%	-
Andrea Gozzi ⁽⁵⁾ (5) Appointed General Manager by the Board of Directors on 30 July 2020	+4,6%	-
Roberto Cassader ⁽⁶⁾ (6) Appointed Chairman of the Board of Statutory Auditors by the Shareholders' Meeting on 28 April 2020	-28%	-
Gianfranco Milanese ⁽⁷⁾ (7) Appointed Standing Auditor by the Shareholders' Meeting on 28 April 2020 and ceased to be Chairman of the Board of Statutory Auditors at the said Shareholders' Meeting	-12%	-
Benedetta Pinna ⁽⁸⁾ (8) Appointed Statutory Auditor by the Shareholders' Meeting on 28 April 2020	-30%	-
Anna Maria Fellegara ⁽⁹⁾ (9) Ceased to be a Statutory Auditor at the Shareholders' Meeting of 28 April 2020	-70%	-
Simone Caprari ⁽¹⁰⁾ (10) Ceased to be a Statutory Auditor at the Shareholders' Meeting of 28 April 2020	-70%	-

ii) the Company's results:

	2020	2019
Consolidated revenues	-8,5%	+4,6%
Consolidated EBITDA	-15,3%	+6,2%
Consolidated EBIT	-72%	-3,5%
Net consolidated result	-69%	-21,5%
Group equity	-14,2%	+0,01%

(iii) of the average gross annual remuneration, measured on full-time employees, of employees other than those whose remuneration is disclosed by name in this section of the Report:

	2020	2019
Average gross annual remuneration	+0,49%	-0,95%

Vote cast by the Shareholders' Meeting of 28 April 2020 on the second section of the Remuneration Report

The Shareholders' Meeting held on 28 April 2020 expressed a favourable opinion on the second section of the Remuneration and Compensation Policy Report for the 2019 financial year, with the relevant resolution passing with 18,944,814 votes in favour (representing approximately 91.95% of those present and 59.56% of the share capital). The Board of Directors has consequently taken positive note of this favourable opinion and has complied for the 2020 financial year with the Remuneration Policy approved by the Shareholders' Meeting of 28 April 2020.

Second part

The tabular report presented below for the information of the Shareholders' Meeting provides an overview of remuneration for the 2020 financial year.

The section below shows Tables 1 and 3B of Schedule 7-*bis* and Table 1 of Schedule 7-*ter* of Annex 3A of the Issuers' Regulations.

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

Table 1 of Schedule 7-*ter* of Annex 3A of the Issuers' Regulations required by Article 84-*quater* of the Issuers' Regulations contains information on the shareholdings in Servizi Italia S.p.A. and in its subsidiaries, directly or through subsidiaries, trust companies or intermediaries, by members of the administrative and control bodies and their respective spouses who are not legally separated and minor children.

Proposed resolution

Dear Shareholders,

We wish to remind you that the Shareholders' Meeting is required to vote on the "Second Section" of the Remuneration Report, which provides a representation of each of the items that make up the remuneration, by name, of the members of the administrative and control bodies and of the General Manager and in aggregate form of other executives with strategic responsibilities.

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

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

"The Shareholders' Meeting:

- *having regard to Articles 123-ter of Legislative Decree No 58 of 24 February 1998 and 84-quater of the Regulation adopted by CONSOB Resolution No 11971/99;*
- *having acknowledged the second section of the Remuneration and Compensation Policy Report, drawn up by the Board of Directors pursuant to Article 123-ter of Legislative Decree No 58 of 24 February 1998;*
- *that, pursuant to Article 123-ter, paragraph 6, of Legislative Decree No 58 of 24 February 1998, this resolution shall not be binding on the Board of Directors;*

RESOLVED

to express a favourable opinion on the first section of the Remuneration Report drawn up by the Board of Directors pursuant to Article 123-ter of Legislative Decree No 58 of 24 February 1998."

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

Name	Position	Period for which the office was held	Expiration of the office	Fixed remuneration	Remuneration for participation in committees	Variable non-equity fees			Non-monetary benefits	Other fees	Total	Fair value of equity remuneration	Indemnities upon termination of office or employment relationship
						Bonuses and other incentives	Participation in shares						
Roberto Olivi	Chairman Member of the CE	01/01/2020-31/12/2020	Approval of Financial Statements at 31/12/2020										
(I) Remuneration in the company preparing the financial statements				142	-	-	-	-	-	142	-	-	
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-	
(III) Total				142	-	-	-	-	-	142	-	-	
Ilaria Eugeniani	Deputy Chairwoman Member of the CE Executive with strategic responsibilities	01/01/2020-31/12/2020	Approval of Financial Statements at 31/12/2020										
(I) Remuneration in the company preparing the financial statements				266	-	-	-	6	20 ⁴	292	-	-	
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-	
(III) Total				266	-	-	-	6	20	292	-	-	
Michele Magagna	Member of the CE	01/01/2020-31/12/2020	Approval of Financial Statements at 31/12/2020										
(I) Remuneration in the company preparing the financial statements				59	-	-	-	-	-	59	-	-	
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-	
(III) Total				59	-	-	-	-	-	59	-	-	
Umberto Zuliani	Director	01/01/2020-31/12/2020	Approval of Financial Statements at 31/12/2020										
(I) Remuneration in the company preparing the financial statements				20	-	-	-	-	-	20	-	-	
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-	
(III) Total				20	-	-	-	-	-	20	-	-	

⁴ Member of Steritek S.p.A. and Wash Service S.r.l. BoD

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

Name	Position	Period for which the office was held	Expiration of the office	Fixed remuneration	Variable non-equity fees					Fair value of equity remuneration	Indemnities upon termination of office or employment relationship		
					Remuneration for participation in committees	Bonuses and other incentives	Participation in shares	Non-monetary benefits	Other fees			Total	
Antonio Paglialonga	Director	01/01/2020-31/12/2020	Approval of Financial Statements at 31/12/2020										
				(I) Remuneration in the company preparing the financial statements	20	-	-	-	-	-	20	-	-
				(II) Remuneration from subsidiaries and associates	-	-	-	-	-	-	-	-	-
				(III) Total	20	-	-	-	-	-	20	-	-
Giovanni Manti	Director Executive with strategic responsibilities	01/01/2020-31/12/2020	Approval of Financial Statements at 31/12/2020										
				(I) Remuneration in the company preparing the financial statements	140	-	-	-	5	20 ⁵	165	-	-
				(II) Remuneration from subsidiaries and associates	-	-	-	-	-	-	-	-	-
				(III) Total	140	-	-	-	5	20	165	-	-
Simona Campanini	Director Executive with strategic responsibilities	01/01/2020-31/12/2020	Approval of Financial Statements at 31/12/2020										
				(I) Remuneration in the company preparing the financial statements	147	-	-	-	6	-	153	-	-
				(II) Remuneration from subsidiaries and associates	-	-	-	-	-	-	-	-	-
				(III) Total	147	-	-	-	6	-	153	-	-
Lino Zanichelli	Director	01/01/2020-31/12/2020	Approval of Financial Statements at 31/12/2020										
				(I) Remuneration in the company preparing the financial statements	20	-	-	-	-	-	20	-	-
				(II) Remuneration from subsidiaries and associates	-	-	-	-	-	-	-	-	-
				(III) Total	20	-	-	-	-	-	20	-	-

⁵ Member of BoD and Chairman of Wash Service S.r.l.

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

Name	Position	Period for which the office was held	Expiration of the office	Fixed remuneration	Remuneration for participation in committees	Variable non-equity fees				Fair value of equity remuneration	Indemnities upon termination of office or employment relationship	
						Bonuses and other incentives	Participation in shares	Non-monetary benefits	Other fees			Total
Romina Guglielmetti	Independent Director Chairman of the CRC Committee Member of CNR	01/01/2020- 31/12/2020	Approval of Financial Statements at 31/12/2020									
(I) Remuneration in the company preparing the financial statements				20	25	-	-	-	-	45	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				20	25	-	-	-	-	45	-	-
Chiara Mio	Independent Director Member of the CRC Chairman of CNR	01/01/2020- 31/12/2020	Approval of Financial Statements at 31/12/2020									
(I) Remuneration in the company preparing the financial statements				20	25	-	-	-	-	45	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				20	25	-	-	-	-	45	-	-
Antonio Mastrangelo	Independent Director CRC Member CNR Member Lead Independent Director	01/01/2020- 31/12/2020	Approval of Financial Statements at 31/12/2020									
(I) Remuneration in the company preparing the financial statements				20	16	-	-	-	-	36	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				20	16	-	-	-	-	36	-	-
Andrea Gozzi	General Director Executive with strategic responsibilities	01/01/2020- 31/12/2020	Approval of Financial Statements at 31/12/2020									
(I) Remuneration in the company preparing the financial statements				312	-	-	-	8	-	320	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				312	-	-	-	8	-	320	-	-

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

Name	Position	Period for which the office was held	Expiration of the office	Variable non-equity fees						Fair value of equity remuneration	Indemnities upon termination of office or employment relationship	
				Fixed remuneration	Remuneration for participation in committees	Bonuses and other incentives	Participation in shares	Non-monetary benefits	Other fees			Total
Enea Righi (resigned on 7 January 2020)	Chief Executive Officer	01/01/2020-07/01/2020	07/01/2020									
(I) Remuneration in the company preparing the financial statements				-	-	-	-	-	-	-	-	500 ⁶
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				-	-	-	-	-	-	-	-	500
Paola Schwizer (resigned on 30 April 2020)	Independent Director CRC Member CNR Member Lead Independent Director	01/01/2020-30/04/2020	30/04/2020									
(I) Remuneration in the company preparing the financial statements				7	8	-	-	-	-	-	15	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				7	8	-	-	-	-	-	15	-

⁶ Non-competition agreement (cipher section II of this report) which was paid on January 31, 2020 as regards the first tranche and on January 31, 2021 as regards the second tranche respectively

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

Name	Position	Period for which the office was held	Expiration of the office	Variable non-equity fees							Indemnities upon termination of office or employment relationship	
				Fixed remuneration	Remuneration for participation in committees	Bonuses and other incentives	Participation in shares	Non-monetary benefits	Other fees	Total		Fair value of equity remuneration
Roberto Cassader	Chairman of the Board of Auditors	28/04/2020-31/12/2020	Approval of Financial Statements at 31/12/2020									
(I) Remuneration in the company preparing the financial statements				18	-	-	-	-	-	18	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				18	-	-	-	-	-	18	-	-
Gianfranco Milanesi	Standing Auditor	01/01/2020-31/12/2020	Approval of Financial Statements at 31/12/2020									
(I) Remuneration in the company preparing the financial statements				22	-	-	-	-	-	22	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				22	-	-	-	-	-	22	-	-
Benedetta Pinna	Standing Auditor	28/04/2020-31/12/2020	Approval of Financial Statements at 31/12/2020									
(I) Remuneration in the company preparing the financial statements				14	-	-	-	-	-	14	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				14	-	-	-	-	-	14	-	-
Elena Lotti	Alternate Auditor	28/04/2020-31/12/2020	Approval of Financial Statements at 31/12/2020									
(I) Remuneration in the company preparing the financial statements				-	-	-	-	-	-	-	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				-	-	-	-	-	-	-	-	-
Davide Barbieri	Alternate Auditor	28/04/2020-31/12/2020	Approval of Financial Statements at 31/12/2020									
(I) Remuneration in the company preparing the financial statements				-	-	-	-	-	-	-	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				-	-	-	-	-	-	-	-	-

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

Name	Position	Period for which the office was held	Expiration of the office	Variable non-equity fees							Indemnities upon termination of office or employment relationship	
				Fixed remuneration	Remuneration for participation in committees	Bonuses and other incentives	Participation in shares	Non-monetary benefits	Other fees	Total		Fair value of equity remuneration
Simone Caprari	Standing Auditor (resigned on 28 April 2020)	01/01/2020-28/04/2020	Approval of Financial Statements at 31/12/2019									
(I) Remuneration in the company preparing the financial statements				6	-	-	-	-	-	6	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				6	-	-	-	-	-	6	-	-
Anna Maria Fellegara	Standing Auditor (resigned on 28 April 2020)	01/01/2020-28/04/2020	Approval of Financial Statements at 31/12/2019									
(I) Remuneration in the company preparing the financial statements				6	-	-	-	-	-	6	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				6	-	-	-	-	-	6	-	-
Chiara Ferretti	Alternate Auditor (resigned on 28 April 2020)	01/01/2020-28/04/2020	Approval of Financial Statements at 31/12/2019									
(I) Remuneration in the company preparing the financial statements				-	-	-	-	-	-	-	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				-	-	-	-	-	-	-	-	-
Paolo Alberini	Alternate Auditor (resigned on 28 April 2020)	01/01/2020-28/04/2020	Approval of Financial Statements at 31/12/2019									
(I) Remuneration in the company preparing the financial statements				-	-	-	-	-	-	-	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				-	-	-	-	-	-	-	-	-

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

Name	Position	Period for which the office was held	Expiration of the office	Fixed remuneration	Remuneration for participation in committees	Variable non-equity fees				Total	Fair value of equity remuneration	Indemnities upon termination of office or employment relationship
						Bonuses and other incentives	Participation in shares	Non-monetary benefits	Other fees			
No. 2 Executive Strategic Directors		01/01/2020-31/12/2020	Indefinitely									
(I) Remuneration in the company preparing the financial statements				227	-	-	-	12	-	239	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	24	24	-	-
(III) Total				227	-	-	-	12	24	263	-	-

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

A Name	B Position	(1) Plan	(2) Year's Bonus			(3) Previous years' bonus			(4) Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferral period	No longer payable	Payable/Paid	Still deferred	
Roberto Olivi	Chairman Member of the EC	-	-	-	-	-	-	-	-
Ilaria Eugeniani	Deputy Chairwoman Member of the EC Executives with strategic responsibilities	-	-	-	-	-	-	-	-
Michele Magagna	Member of the EC	-	-	-	-	-	-	-	-
Giovanni Manti	Director Executive with strategic responsibilities	-	-	-	-	-	-	-	-
Simona Campanini	Director Executive with strategic responsibilities	-	-	-	-	-	-	-	-
Andrea Gozzi	General Director Executive with strategic responsibilities	-	-	-	-	-	-	-	-
No. 2 Executives Strategic Directors		-	-	-	-	-	-	-	-
(I) Remuneration in the company preparing the financial statements		ABS plan - Financial year 2020 (15/03/2021)	(-) ⁷	-	-	-	-	-	-
		LTI Cash Plan - financial years 2018-2019-2020		(-) ⁸	-	-	-	-	-
(II) Remuneration in subsidiaries and associates		-	-	-	-	-	-	-	-
(III) Total		-	-	-	-	-	-	-	-

⁷ It should be noted that the threshold value set for the ABS plan was not reached for FY 2020, so no monetary awards were made to beneficiaries.

⁸ It should be noted that the Board of Directors' meeting held on 23 January 2020, in view of the Group's actual results for 2019 and budget results for 2020 for the 2018-2019-2020 vesting period, assessed and approved the termination of the LTI Cash Plan as the threshold value set for the Group's consolidated net profit cannot be reached.

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

Number of executives with strategic responsibilities	Subsidiary	No. of shares held at the end of the previous year	No. of shares purchased	No. of shares sold	No. of shares held at the end of the current year
6 (six)	Servizi Italia S.p.a. Title of ownership: <i>direct</i> Method of ownership: <i>direct</i>	3,600	None	None	3,600