



**ITALMOBILIARE**  
INVESTMENT HOLDING

# Remuneration Report

2020 REPORT ON THE  
REMUNERATION  
POLICY AND  
COMPENSATION PAID  
IN 2019

2019



# LETTER OF THE CHAIRMAN OF THE REMUNERATION AND NOMINATIONS COMMITTEE

Shareholders,

on behalf of the Remuneration and Nominations Committee, I am pleased to submit for your review the "2020 Report on the Remuneration Policy and the Compensation Paid in 2019", prepared in compliance with current legislation and approved by the Board of Directors on March 4, 2020.

The Company's remuneration policy aims to align the interests of shareholders and management, as well as the ability to attract the best professional skills to fill strategic managerial roles, enhancing people and ensuring their inclusion and equal opportunities.

With a view to increasing transparency towards the stakeholders and the market, in drafting this policy, we have taken into account the suggestions and indications received from all stakeholders and areas of improvement suggested by the main proxy advisors, with whom we have maintained an open and constructive dialogue.

In line with the indications received, during the year, the Remuneration and Nominations Committee proposed to the Board of Directors a new structure and a new articulation of the objectives contained in the short and long term incentive plans for the Chief Executive Officer/Chief Operating Officer and for strategically important managers, who aim to ensure ever greater alignment between the performance of the management, the medium/long-term objectives of the Company and the interest of Shareholders and stakeholders.

These plans are, among other things, characterized by specific attention to sustainability objectives, in response to growing attention on the part of investors to this issue and in line with the sensitivity towards such issues that Italmobiliare has always cultivated. In fact, in its long history as a holding company of diversified interests in the industrial and financial sectors, Italmobiliare was one of the forerunners in Italy in adopting innovative solutions for sustainable development, having already implemented ambitious policies of sustainability since the 1990s, coordinated by dedicated functions and fully integrated into the strategic development priorities. Italmobiliare considers sustainability, in the broadest economic, social and environmental sense, as an essential lever of competitiveness and value creation for all parties involved.

The changes concerning the structure and objectives of the short and long-term incentive plans were also introduced taking into account the results of a comparative market study conducted with the help of a leading consultancy firm.

Lastly, this report introduces some new elements, listed below, to align policy with national and international best practices, also considering the evolution of European and Italian regulations. In particular, I would like to highlight:

- a clear and exhaustive description of the contribution of the remuneration policy proposed by Italmobiliare to the corporate strategy and the pursuit of long-term interests and the sustainability of the Company;
- identification of the procedural conditions applicable if there is a need to derogate from some elements of the remuneration policy;
- constant improvement in the methods of presenting the remuneration policy and the compensation paid to ensure ever greater transparency towards Shareholders and stakeholders.

I hope this approach meets the approval of the shareholders called to express themselves on this matter, in the conviction that transparency is a vital condition for a calm discussion at the Shareholders' Meeting.

**Paolo Sfameni**  
**Chairman of the Remuneration**  
**and Nominations Committee**

# INTRODUCTION

This Remuneration Report was approved by the Board of Directors of Italmobiliare on March 4, 2020, on the proposal of the Remuneration and Nominations Committee, and will be put to a binding vote on Section I and an advisory vote on Section II at the Shareholders' Meeting on April 21, 2020.

The Report is composed of two sections:

- 1. Section I - Report on the Remuneration Policy** - which explains Italmobiliare's Remuneration Policy for 2020, indicating the objectives pursued, guiding principles, any amendments with respect to the previous year, bodies involved and the procedures used to adopt and implement the Policy;
- 2. Section II - Report on Compensation Paid** - which explains the compensation paid during the year ended December 31, 2019 by Italmobiliare S.p.A., its subsidiaries and related companies, to the Directors, Key Management Personnel and members of the Board of Statutory Auditors; it provides an analytical report on the compensation paid to them during the year in implementation of the current Remuneration Policy (as approved by the Shareholders' Meeting on April 17, 2019).

The text of the Report is made available to the public at the registered office, on the authorised storage platform [www.emarketstorage.com](http://www.emarketstorage.com) and on the Company's website, no later than the twenty-first day prior to the date of the Shareholders' Meeting called to approve the 2019 financial statements and requested to vote on a binding resolution on Section I and a non-binding resolution on Section II of this Report, in accordance with governing regulations pursuant to art. 123-ter, paragraph 3-ter and 6 of the Consolidated Law on Finance<sup>1</sup>.

1. Art. 123-ter of Legislative Decree 58 dated February 24, 1998 no. 58 (the "Consolidated Law on Finance" or CLF, updated on the basis of Legislative Decree 49 of May 10, 2019) provides, in paragraph 3-bis, that "companies submit their remuneration policy to the vote of the shareholders [...] at least once every three years or any time there are changes to the policy". Paragraph 3-ter also says that "the resolution envisaged by paragraph 3-bis is binding" (i.e. on Section I of this document), adding "if the Shareholders' Meeting does not approve the remuneration policy submitted to the vote pursuant to paragraph 3-bis, the company continues to pay remuneration in compliance with the most recent remuneration policy approved by the Shareholders' Meeting or, in the absence thereof, can continue to pay remuneration in accordance with current practices." Lastly, paragraph 6 envisages that "[...] the Meeting [...] resolves for or against the second section of the report provided for by paragraph 4. This resolution is not binding."

# SUMMARY

	Goals	Characteristics	Amounts currently in place
<b>Fixed Remuneration</b>	<p>To value and acknowledge the managerial and professional skills, experience and contribution required from the role assigned.</p> <p>It is sufficient to remunerate beneficiaries' performance in the event of a significant reduction in the variable component.</p>	<p>It is determined based on assigned role and responsibilities. It is defined according to the market remuneration levels of comparable positions.</p>	<p>Chairman: € 236,000 (including fixed annual salary of € 36,000 set by the Shareholders' Meeting for the office of Director)</p> <p>Chief Executive Officer-Chief Operating Officer: € 1,036,000 (including fixed annual salary of € 36,000 set by the Shareholders' Meeting for the office of Director)</p> <p>Key Management Personnel: remuneration consistent with the role held and relevant responsibilities.</p>
<b>Short-term incentives (MBO)</b>	<p>To promote a performance-based culture and encourage management to pursue the expected goals, creating a solid link between remuneration and performance achieved during the year.</p>	<p>Assignment of performance objectives to be achieved during the year of reference and which are directly linked to the Company's strategic plan.</p> <p>The plan considers three types of objectives:</p> <ol style="list-style-type: none"> <li>1. Economic and financial results of the group</li> <li>2. Operating indicators/management's running of the Holding Company</li> <li>3. ESG</li> </ol> <p>The value of the incentive accrued is directly proportional to the result achieved.</p> <p>For each goal assigned, a threshold, target and maximum performance level is envisaged. Failure to reach at least the threshold level will mean that the incentive linked to the goal is not accrued.</p>	<p>Chief Executive Officer-Chief Operating Officer: 100% of the fixed remuneration (target level)</p> <p>Key Management Personnel: on average between 40% and 80% of the fixed remuneration (target level)</p>
<b>Long-term incentives (LTI)</b>	<p>To foster a medium/long-term performance-based culture and its sustainability, strengthening the connection between management's remuneration and the creation of value for the shareholders, also through constant monitoring and control of the risks involved in the investment portfolio.</p>	<p>Assignment of a specific number of rights to receive Phantom Stocks linked to a predefined level of Net Asset Value per share at the end of a three-year vesting period.</p> <p>The plan envisages a threshold, target and maximum performance level in relation to the underlying goal. Failure to reach at least the threshold level will mean that the right to receive the bonus is lost.</p>	<p>Chief Executive Officer-Chief Operating Officer: 100% of the fixed remuneration (target level)</p> <p>Key Management Personnel: on average between 60% and 90% of the fixed remuneration (target level)</p>
<b>Benefits and severance</b>	<p>Benefits consist of forms of welfare, assistance and use of corporate instruments, taking a comprehensive remuneration approach that is consistent with the market.</p>	<p>Benefits are defined in line with reference remuneration market practices and consistent with governing regulations, all managers are assigned benefits and they are essential elements of the remuneration package, taking into consideration roles and/or responsibilities, favouring pension and social security components. The Company can stipulate individual agreements relating to the economic effects connected with the termination of employment ("severance"). The maximum total value of the indemnities subject to any agreement cannot exceed twice the total remuneration, in addition to the amounts due by law and collective agreement.</p>	



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# SECTION I - 2020 REPORT ON THE REMUNERATION POLICY

## CHANGES

The main changes to Italmobiliare's Remuneration Policy in 2020 include:

- the introduction of a new short-term incentive plan which considers three types of indicators (known as "performance drivers") to reward the achievement of **corporate objectives in terms of profitability and sustainability**, through specific KPIs designed to include ESG factors in the variable incentive scheme;
- introduction of a **new long-term "Phantom Stock Grant" incentive plan** which provides for the assignment of a certain number of rights to receive Phantom Stocks linked to the value of the share at the end of the three-year vesting period and which aims to **further align the interests of management and those of the shareholders**, to support the achievement of medium/long-term strategic corporate objectives and to ensure a high level of attraction and retention of key resources by offering remuneration packages in line with market practices.

The changes to this Report implement the new legislation (*Legislative Decree 49/2019 transposing EU Directive 2017/828*) also include:

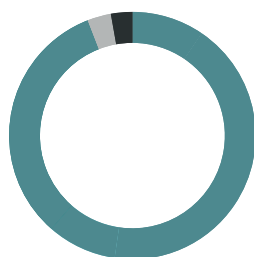
- the provision of a binding vote on Section I ("Report on the Remuneration Policy") and a non-binding vote, on Section II ("Report on the Compensation Paid") by the Shareholders' Meeting;
- the expansion and strengthening of information regarding the contribution offered by the remuneration policy to the corporate strategy, the pursuit of long-term interests, with attention to sustainability issues;
- greater transparency in Section II on the levels of achievement of the individual objectives for the variable incentive schemes and the related level of payout for each goal.

## SHAREHOLDERS' ENGAGEMENT

Italmobiliare recognizes the great importance of constant dialogue and continuous interaction with the main recipients of the Remuneration Policy, aimed at guaranteeing continuous improvement and adoption of market best practices and the implementation of the main areas of improvement indicated by the Shareholders and the Proxy Advisors.

For this reason Italmobiliare devoted its attention during the year to the indications received at the last Shareholders' Meeting and took them into account in adopting the improvements included in this report. In particular, the aim has been for **better presentation of the information and greater transparency** with regard to the incentive schemes and the performances achieved.

RESULT OF THE VOTE 2019  
- REMUNERATION REPORT



92.90%	FOR
3.70%	ABSTAINED
3.40%	AGAINST



## GOVERNANCE AND PARTIES INVOLVED

The definition of the Remuneration Policy involves multiple parties and corporate bodies, as envisaged by the By-laws, current regulations and the governance model adopted by the Company. In particular, this involves the Remuneration and Nominations Committee, the Board of Directors and the Shareholders' Meeting. The Company's Human Resources Department actively supports the parties involved in the Policy definition.

The Remuneration and Nominations Committee, the CEO and Chief Operating Officer and the Board of Directors are in charge of implementing the Policy.

The Board of Statutory Auditors monitors application of the Remuneration Policy over time.

### 1. Shareholders' Meeting

In relation to remuneration, the Shareholders' Meeting:

- at the time of appointment and for the term of office, determines the compensation of the members of the Board of Directors and the Board of Statutory Auditors;
- resolves on financial instrument-based remuneration plans, at the proposal of the Board of Directors;
- on approval of the separate financial statements, will vote for or against Section I of the Remuneration Report in a binding vote and on Section II in a non-binding vote, pursuant to article 123-ter of the Consolidated Law on Finance, as amended by Legislative Decree 49 dated May 10, 2019.

### 2. Board of Directors

Italmobiliare's Board of Directors currently in office (2017-2019 mandate) is made up of 14 Directors. The mandate will expire with the Shareholders' Meeting called on April 21, 2020 for the approval of the financial statements at December 31, 2019.

The composition of the Board currently in office for the 2017-2019 mandate is as follows:

(1) Independent director (pursuant to Legislative Decree no. 58, February 24, 1998)

(2) Independent director (pursuant to the Code of Conduct and Legislative Decree no. 58, February 24, 1998)

Laura Zanetti <sup>(1)</sup>	<b>Chairman Independent director</b>
Livio Strazzera <sup>(1)</sup>	<b>Deputy Chairman Independent director</b>
Carlo Pesenti	<b>Chief Executive Officer Chief Operating Officer</b>
Vittorio Bertazzoni <sup>(2)</sup>	<b>Independent director</b>
Giorgio Bonomi	
Mirja Cartia d'Asero <sup>(2)</sup>	<b>Independent director</b>
Valentina Casella <sup>(2)</sup>	<b>Independent director</b>
Elsa Fornero <sup>(2)</sup>	<b>Independent director</b>
Sebastiano Mazzoleni	
Luca Minoli	
Chiara Palmieri <sup>(2)</sup>	<b>Independent director</b>
Clemente Rebecchini <sup>(1)</sup>	<b>Independent director</b>
Antonio Salerno <sup>(2)</sup>	<b>Independent director</b>
Paolo Sfameni <sup>(2)</sup>	<b>Independent director</b>

With regard to remuneration the Board of Directors:

- defines and approves the Policy, based on the proposal made by the Remuneration and Nominations Committee;
- on the recommendation of the Remuneration and Nominations Committee, and after consulting with the Board of Statutory Auditors, determines the remuneration of Directors holding particular offices;
- on the recommendation of the director in charge of the internal control and risk management system, subject to the approval of the Risks and Sustainability Committee, and after consulting with the Board of Statutory Auditors, defines the remuneration of the Internal Audit Director, in line with company policy;
- on the recommendation of the Remuneration and Nominations Committee, establishes the performance objectives linked to the variable component of the remuneration of Directors holding particular offices and Key Management Personnel;
- checks, also making use of information received from the Remuneration and Nominations Committee and the relevant company departments, achievement of the performance objectives to which the incentive plans and short-term variable remuneration are linked;
- in accordance with the Policy, decides on any incentive plans, including those based on financial instruments, to submit to the Shareholders' Meeting for approval.

On the proposal of the Remuneration Committee and in compliance with the Related Party Transactions Procedure, limited to what is reported in the Chapters "Remuneration of the Chief Executive Officer and Chief Operating Officer" and "Remuneration of Key Management Personnel", the Board of Directors may, in exceptional circumstances, temporarily waive the remuneration policy, if the requested waiver is consistent with the pursuit of the long-term interests and sustainability of the Company as a whole or to ensure its ability to remain on the market.

### 3. Remuneration and Nominations Committee

The Remuneration and Nominations Committee comprises only Directors classed as independent according to the requirements laid down by the Corporate Governance Code<sup>2</sup> and the Consolidated Law on Finance, with suitable knowledge and experience in matters of finance or remuneration policies.

The Remuneration and Nominations Committee, with the powers delegated by the Board of Directors during 2018, has the following composition at the date of this Report:

#### Members of Remuneration & Nominations Committee

Chairman	Paolo Sfameni
Member	Chiara Palmieri
Member	Vittorio Bertazzoni

(2) Note that the new Corporate Governance Code published in January 2020 will apply from the first year starting after December 31, 2020.

The Board of Statutory Auditors and Human Resources Director are also regularly invited to attend the Committee meetings. No director is present at the part of meetings when their remuneration is discussed. Minutes are taken of the meetings and the Chairman informs the Board of the meetings held at the first opportunity.

(3) Note that the new Corporate Governance Code published in January 2020 will apply from the first year starting after December 31, 2020.

The Remuneration and Nominations Committee has the aim of **guaranteeing that the remuneration policies** established for Directors, including those who have been delegated powers or appointed to particular positions, and for Key Management Personnel, **are formulated by a body that does not have any interest in them**, in compliance with art. 6.P.3. of the Corporate Governance Code<sup>3</sup>. The Committee only plays an advisory role; the power to determine the remuneration of Executive Directors and Directors holding particular offices lies with the Board of Directors, which consults with the Board of Statutory Auditors in accordance with art. 2389, third subsection of the Italian Civil Code.

#### Tasks of the Remuneration and Nominations Committee



Formulates proposals for the Board in relation to a remuneration policy for the Executive Directors, Directors holding particular offices and Key Management Personnel



Assesses proposals to introduce short- and long-term incentive schemes, cash- and share-based, to be submitted for the approval of the Board of Directors



Proposes performance objectives to the Board related to the variable component of the remuneration of Executive Directors and Key Management Personnel



Checks, also making use of information received from the relevant company departments, achievement of the performance objectives to which the incentive plans and variable remuneration are linked



Prepares the Report on the Remuneration Policy and Compensation Paid that listed companies are required to submit for approval by the Shareholders' Meeting

In going about its duties, the Committee can use corporate departments and resources as necessary each time to ensure the best possible fulfilment of its tasks, or independent third party experts. Works of the Committee are governed by a regulation approved by the Board of Directors, on the recommendation of the Committee, on September 25, 2018. The Committee met **4 times** during 2019, with the Board of Statutory Auditors in attendance.

#### Main activities carried out during 2019 and up to the review of this report



Verification of the achievement of the performance objectives of the 2018 MBO plan for the Chief Executive Officer/Chief Operating Officer and Key Management Personnel; definition of a fixed remuneration proposal for the Chief Executive Officer, up to the end of the three-year term



Review of the Remuneration Policy for Executive Directors and Key Management Personnel



Assessment of the structure of the 2020 MBO for the Chief Executive Officer/Chief Operating Officer and Key Management Personnel



Examination and review of future 2020-2022 long-term incentive schemes for the Chief Executive Officer/Chief Operating Officer and top managers

In 2020, the Committee met **twice** up to the date of approval of this Report.

At its meeting held on February 27, 2020 and in line with the recommendations of the Corporate Governance Code, the Committee defined the structure and contents of the Remuneration Policy for the purpose of preparing this Report.

Italmobiliare's 2020 Remuneration Policy was approved by the Board of Directors upon proposal by the Remuneration and Nominations Committee, in the meeting held on March 4, 2020, concurrently with its approval of this Report.

## 4. Board of Statutory Auditors

With regard to remuneration, the Board of Statutory Auditors expresses opinions required by governing regulations in reference to, in particular, the remuneration of Directors holding particular offices, pursuant to Art. 2389 of the Italian Civil Code, verifying their consistency with the Company's Remuneration Policy. The Board of Statutory Auditors regularly attends the meetings of the Remuneration and Nominations Committee.

## PURPOSE AND PRINCIPLES OF THE REMUNERATION POLICY AND HOW IT IS LINKED TO ITALMOBILIARE'S STRATEGY

Italmobiliare' 2020 Remuneration Policy, explained in this report, is defined in accordance with the Company's governance model and the recommendations made by the Corporate Governance Code and has the aim of **ensuring the alignment of management's interests with the interests of all its stakeholders**.

In particular, this policy aims to **attract, retain and motivate staff with the professional qualities** required to manage the Company successfully, **promoting the sustainable creation of value over the medium/long term** and establishing a **direct link between the remuneration accrued and performance achieved** and supporting the Company's main strategic drivers in alignment with the interests of the Shareholders. The Remuneration Policy is also defined taking into account the best market practices adopted by listed companies and a continuous monitoring and control of risk.

Italmobiliare's strategic vision makes available to portfolio companies its own economic resources, management skills and industrial and financial network to provide support for their medium-long term development, economic growth, internationalisation and evolution according to the best practices in terms of management, sustainability and corporate governance.

To this end, each of the components of the remuneration offered to the Company's management team responds to a precise purpose in pursuit of this strategic vision and, thanks to a **suitable balance of fixed and variable components**, helps structure a compensation package that guarantees effective alignment between management's remuneration and shareholders' interests, expressed first and foremost by the proportional nature of the variable components accrued and the results achieved in the short and long term.

In its long history as a holding company of diversified interests in the industrial and financial sector, Italmobiliare was among the **forerunners in Italy in adopting innovative solutions for sustainable development**. As early as the 1990s, it implemented ambitious sustainability policies coordinated by dedicated functions, fully integrated into strategic development priorities.

Thanks to this experience, there has developed a constant commitment to the identification and implementation of best practices in terms of sustainability, both at process and product level, and in the definition of effective reporting tools.

In line with its mission as an investor committed to "playing an active and continuous role in the process of growth and enhancement of the portfolio, combining development, internationalisation and innovation with an effective governance and risk management model", Italmobiliare considers sustainability, in its broadest sense, economic, social and environmental, as an essential lever of competitiveness.

To this end, in 2019 it laid down **a sustainability policy** valid for the three-year period 2020-2022 to take all the necessary steps to guarantee a sustainable approach, not only in the investment evaluation phase, but also in the management of portfolio investments.

In particular, ESG factors have become an integral part of Italmobiliare at three different levels:

1. Selection of investment opportunities, by assessing the exposure to ESG risks of the potential target company;
2. Completion of the investment, through an active dialogue with the portfolio companies with a view to promoting ESG best practices;
3. Adoption of a system of reporting and disclosure of the ESG performance (e.g. Sustainability Report).

The Sustainability Policy is the appropriate tool identified by Italmobiliare to orient active dialogue with the portfolio companies on ESG issues and guide the consequent measurement and evaluation of their performance. The Policy is based on the following **5 Pillars**, which act as guidelines for the direct application of the principles of sustainability:

1. Sustainable growth of the investment portfolio and careful monitoring of risk profiles.
2. Ethics, integrity with current legislation and adoption of the highest standards of transparency in communications.
3. All-round health and well-being for all employees of Group companies.
4. Enhancement and growth of the skills of Group personnel.
5. Promotion of the circular economy, promotion of investments in research aimed at designing products with a view to life cycle, recovery and recycling of materials, re-entry of waste into the production process.

Italmobiliare's remuneration policy is a fundamental tool for pursuing sustainability policies; specific targets have therefore been adopted for 2020 within the scorecard of the short-term incentive plan.

Components of remuneration	Characteristics and purpose
<b>Fixed Remuneration</b>	<ul style="list-style-type: none"> <li>Includes all fixed annual remuneration (i.e. gross annual pay from employment, directors' fees, compensation for specific offices, etc,...);</li> <li>It is defined in such a way as to adequately remunerate the role, i.e. the nature of the activity carried out and the responsibilities assigned to it, even in the event of a reduction or absence of variable components.</li> </ul>
<b>MBO</b> <i>(Short-term variable incentive)</i>	<ul style="list-style-type: none"> <li>This is commensurate with the role held, i.e. the nature of the impact on the company's overall performance in the short term;</li> <li>It is connected with the achievement of annual quantitative and/or qualitative performance objectives, which can be objectively measured and are consistent with the goals set out in the Company's strategic plan and sustainability policy;</li> <li>It is designed in such a way as to reduce or increase proportionally with the degree of performance generated in respect of the goals assigned.</li> </ul>
<b>LTI</b> <i>(Long-term incentives)</i>	<ul style="list-style-type: none"> <li>This is commensurate with the role held, i.e. the nature of the impact on the company's overall performance in the medium/long term;</li> <li>It is connected with the achievement of multi-year quantitative and/or qualitative performance objectives, which can be objectively measured and are consistent with the primary goal of creating value for shareholders;</li> <li>It is designed in such a way as to reduce or increase proportionally with the degree to which the goals assigned are achieved and value is generated.</li> </ul>

The Italmobiliare Remuneration Policy, with reference to the type of components of remuneration to be paid to the various categories of policy beneficiaries, is defined in such a way as to be consistent with the indications given in the Corporate Governance Code and the guidelines issued by the main proxy advisors, as well as with market practice. Specifically:

- The remuneration of Non-Executive Directors consists only of **fixed compensation**, so it is not linked to the Company's results;
- the remuneration of the Chief Executive Officer/Chief Operating Officer and Key Management Personnel consists of a **fixed part and a variable part**, with the latter in turn consisting of a short-term and a medium/long-term component;
- the remuneration of the Financial Reporting Officer and the Head of Internal Audit consists of a **fixed part which is predominant with respect to the variable part**. The short-term variable component is primarily linked to goals relating to the role and responsibilities.

#### FOCUS ON VARIABLE REMUNERATION LINKED TO RESULTS

##### MBO

##### KPIs Chief Executive Officer/Chief Operating Officer:

- Annual growth in NAV per share compared with expected target growth for 2020
- Growth in adjusted EBITDA of subsidiaries/investee companies compared with expected target growth in 2020
- Specific ESG objectives

##### KPIs Key Management Personnel:

- Annual growth in NAV per share compared with the expected growth in the target in 2020
- EBIT/EBITDA of specific "controlled companies"
- Individual objectives consistent with the role held and project milestones
- Specific ESG objectives

**CAP:** Yes

**Clawback and/or Malus:** Yes

- ✓ Suitable balance of fixed/variable
- ✓ Limit to variable remuneration (CAP)
- ✓ Predetermined, measurable objectives
- ✓ Clawback/Malus
- ✓ Specific incentive to Internal Audit departments and Financial Reporting Officer
- ✓ Link to ESG factors

##### LTI

**Type of plan:** Phantom Stock

**Vesting:** 3 years

**KPIs:**

- Net Asset Value per share - condition for the accrual of the premium

**CAP:** Yes

**Clawback and/or Malus:** Yes

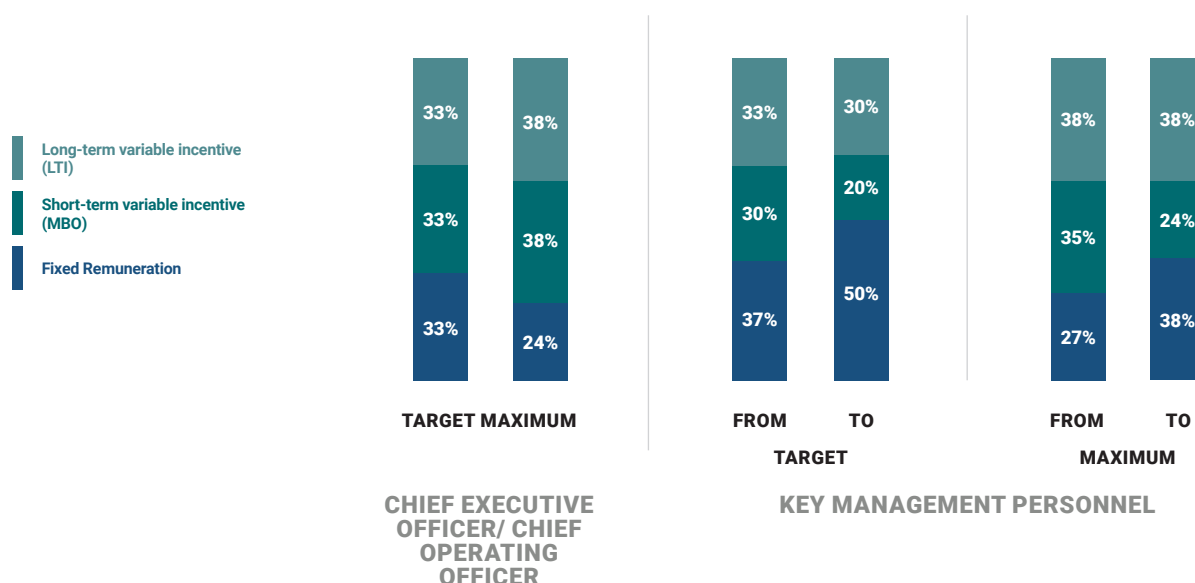
- ✓ Suitable balance of fixed/variable
- ✓ Vesting of 3 years
- ✓ Part of the remuneration in financial instruments/phantom equity
- ✓ Limit to variable remuneration (CAP)
- ✓ Predetermined, measurable objectives linked to the creation of value



## 1. Pay Mix

The Remuneration Policy, i.e. each of the components of remuneration planned, is defined in such a way as to **guarantee a suitable balance of fixed and variable components** and, of the latter, between short-term (annual) and medium/long-term (multi-year) variable components. The method by which the adequacy of said balance has been defined is connected with the nature of the role, its impact on the pursuit of corporate objectives and market practice for similar roles.

The current pay mix is shown below:



The “target” pay mix refers to the potential full achievement of the performance objectives linked to the annual variable component (MBO) and the long-term variable component (LTI) (100% achievement of objectives). Similarly, the “maximum” pay mix refers to the scenario whereby there is an overperformance of all objectives linked to the annual variable component (MBO) and the long-term variable component (LTI) (maximum score of objective achievement).

It is still up to the Shareholders’ Meeting and the Board of Directors to determine the remuneration as per current regulations (pursuant to art. 2389, paragraph 1 and paragraph 3), in order to ensure that the remuneration policy is implemented in a way that is effective and consistent with best practices and market dynamics, as well as following the logic of attracting and retaining talented people.

Monetary disbursements may also be envisaged that from time to time, through bonuses and one-off discretionary payments, reward certain results or performance that are not already included in the short and medium/long-term variable components of remuneration. The disbursement of one-off cash premiums to particularly strategic management figures who have stood out by making exceptional individual contributions, is an important mechanism by which to differentiate and ensure meritocratic selection and, therefore, to retain excellent resources. These forms of remuneration are assigned by the Board of Directors on the recommendation of the Remuneration and Nominations Committee, after hearing the opinion of the Board of Statutory Auditors pursuant to art. 2389 of the Italian Civil Code, if appropriate.

## REMUNERATION OF THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS

At the date of this Report, Italmobiliare's Board of Directors consists of an Executive Director, i.e. the Chief Executive Officer/Chief Operating Officer, and Non-Executive Directors. The remuneration of the Chief Executive Officer/Chief Operating Officer is described in the next section. The other Directors who hold particular offices (Chairman, Deputy Chairman) receive additional remuneration approved by the Board of Directors, on the proposal of the Remuneration Committee, after hearing the opinion of the Board of Statutory Auditors, pursuant to art. 2389 paragraph 3 of the Italian Civil Code. Non-Executive Directors only receive a fixed remuneration linked to the office and an attendance fee to be paid on the basis of participation at meetings of the Board Committees, in accordance with the resolutions of the Shareholders' Meeting. Non-Executive Directors do not receive variable components of remuneration.

The Directors are also entitled to reimbursement of the expenses incurred for their office and a D&O (Directors & Officers) liability insurance policy, which covers third-party liability of the corporate bodies in going about their duties. The Chairman may also be assigned specific illness and injury policies.

The Board of Statutory Auditors' compensation is established by the Shareholders' Meeting at the time of their appointment.

Chairman	<b>236,000 € *</b>
Deputy Chairman	<b>56,000 €*</b>
Non-Executive Directors	<b>36,000 €</b>
Executive Committee	<b>6,000 € /meeting</b>
Attendance fee for other Board Committees	<b>3,000 € /meeting</b>

### COMPENSATION OF THE BOARD OF DIRECTORS CURRENTLY IN OFFICE

\* Including the director's compensation of € 36,000.

Chairman	<b>75,000 €</b>
Statutory Auditors	<b>50,000 €</b>

### COMPENSATION OF THE BOARD OF STATUTORY AUDITORS

Without prejudice to the powers of the Shareholders' Meeting, which establishes pursuant to art. 2389, paragraph 1, the fees due to the Directors and the members of the Board of Statutory Auditors, the Board of Directors that will take up office after the Shareholders' Meeting called to approve the 2019 Financial Statements, after hearing the opinion of the Board of Statutory Auditors and on the proposal of the Remuneration Committee, will be called upon to establish the remuneration of the Directors who hold particular offices pursuant to art. 2389, paragraph 3, of the Italian Civil Code.

## REMUNERATION OF THE CHIEF EXECUTIVE OFFICER/CHIEF OPERATING OFFICER

Remuneration of the Chief Executive Officer/Chief Operating Officer is defined in line with the powers conferred and the principles and purpose of the Company's Remuneration Policy, as well as in line with market benchmarks for similar positions in comparable companies.

The remuneration package of the Chief Executive Officer/Chief Operating Officer is structured into its various components in such a way as to guarantee:

- Consistency between the results achieved and the variable remuneration schemes implemented by establishing performance objectives that involve a reasonable amount of challenge for the person concerned;
- Alignment with the best market practices in terms of remuneration pay mix (fixed and variable components of remuneration);
- A link between the short- and long-term Company results, in terms of creating value;
- The correct remuneration according to role, powers and responsibilities;
- Long-term loyalty and retention.

The remuneration of the Chief Executive Officer/Chief Operating Officer is defined according to criteria that assure a suitable balance of fixed and variable components of remuneration and, with regard to the latter component, of short- and long-term variable components. This structure promotes a solid alignment between the remuneration disbursed and/or accrued and the creation of value in the long-term.

### 1. Fixed Remuneration

For the 2017-2019 mandate, the fixed component of the Chief Executive Officer/Chief Operating Officer's remuneration was commensurate to the powers and responsibilities assigned to him and totalled Euro 1,000,000 per year.

The Board of Directors that will be appointed for the 2020-2022 mandate, in line with the decision-making process already described, will determine the remuneration of the Chief Executive Officer/Chief Operating Officer on the proposal of the Remuneration Committee.

In total, the fixed component is determined in such a way as to ensure an adequate and sustainable remuneration, even if the variable component should decline. This is in accordance with the objectives of this policy. The Remuneration Committee conducts regular analyses of the external competitiveness of the fixed remuneration, so as to assess the consistency of the remuneration of the Chief Executive Officer/Chief Operating Officer with respect to the same roles held in comparable companies. This analysis was last carried out in 2016, with the help of Spencer Stuart and the Hay Group as advisors.

The compensation for the roles held in subsidiary companies and/or associates are repaid in full to Italmobiliare.

## 2. Short-term variable remuneration (MBO)

The Chief Executive Officer/Chief Operating Officer, as well as other Key Managers of the Company, are recipients of an annual incentive scheme (the MBO plan), which entitles them to receive a cash bonus when specific performance objectives are achieved, measured over a time frame of one year and consistent with the Company's strategic objectives, set annually.

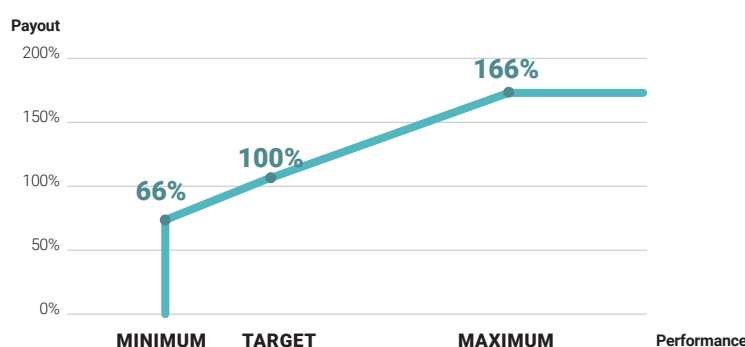
The MBO plan envisages the assignment of objectives that are challenging, possible, measurable, can be influenced by the party to whom they are assigned and which are consistent with their responsibilities. The objectives are a combination of Group economic-financial metrics, strategic and operational objectives that are under the influence of each manager and specific objectives related to ESG factors.

As a rule, the MBO plan's annual performance scorecard includes between two and five objectives. For each objective, a minimum level is defined, below which it is considered that the objective has not been attained, a target level at which the objective is deemed to have been achieved 100% and a maximum level, set as a for the maximum achievement. The target performance level, achievement of which gives entitlement to receive 100% of the incentive assigned, is, as a rule, defined in line with the company's budget.

The level of achievement of the MBO card as a whole is defined as the weighted sum of the level of achievement of each objective for the related weight assigned.

If objectives are achieved at target level, i.e. 100% of performance, the Chief Executive Officer/Chief Operating Officer accrues the right to receive a monetary bonus equal to 100% of the MBO target.

The MBO plan covers payment of a premium in the event that the minimum level of results is achieved, at which the premium accrued is 66% of the fixed remuneration. Achievement of the maximum level of results entails the accrual of a premium equal to 166% of the fixed remuneration.



PERFORMANCE CURVE/  
PAYOUT

Below are the objectives that make up the scorecard of the MBO plan, **attributable to profitability, value creation and sustainability requirements**, and which favour the orientation of the main corporate priorities in the short term. These objectives were considered in line with the strategic management priorities in terms of both development and cost control, as well as being in line with best practices as emerged from the analyses carried out with the support of external consultants.

## MBO scorecard of the CEO/COO



Starting 2019, the company has decided to **apply claw back clauses** in connection with any premiums accrued and disbursed in connection with the MBO plan. In accordance with the provisions of the Corporate Governance Code, the adoption of such clauses gives the Company the right to request the return of all or part of the variable components of remuneration paid in connection with the MBO plan if any of the following circumstances should arise: (i) the economic-financial data and information on which basis the performance objectives were assessed proves to be clearly incorrect or falsified and/or (ii) the beneficiary is liable for misconduct or negligence that was key to the disbursement of the bonus. The obligation to return shall remain effective for up to 36 months from payment of the incentive.

### 3. Long-term variable remuneration

A significant component of the Italmobiliare Remuneration Policy is focused on a medium/long-term time frame, so as to **strengthen the link with the shareholders' interest in creating value**. The Chief Executive Officer/Chief Operating Officer, Key Management Personnel and some key managers of the Company selected by the Chief Executive Officer, are recipients of the 2020-2022 Phantom Stock Grant Plan (LTI Plan) whose main characteristics are described below. For more details, please refer to the Disclosure Document available on the Company's website under Governance/Shareholders' Meeting.

The LTI plan's main aim is to link a significant portion of the remuneration of the Chief Executive Officer/Chief Operating Officer as well as of the other beneficiary managers, to the achievement of economic-financial performance that can be sustained over time and is consistent with the primary goal of creating value for shareholders. The LTI plan also strengthens management retention and commitment towards achieving strategic company objectives.

The LTI plan aims to remunerate long-term performance measured by achieving a **target in the form of a certain net asset value (NAV) per share**; this objective, in addition to being in line with best practices as emerged from the analyses carried out with the support of external consultants, was considered in line with the business priorities in terms of both development and cost control, as well as being in line with the short-term goals.

The Plan provides for the assignment of a specific number of Rights to receive Phantom Stocks linked to the value of the Company's shares at the end of the Performance Period, **providing the target NAV per share is achieved in the three-year period of reference**.

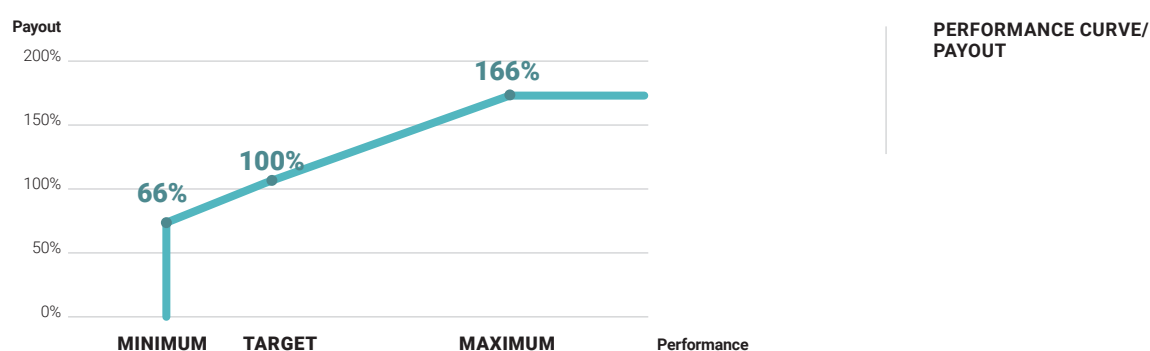
The final Bonus therefore depends on:

- the number of accrued Phantom Stocks (based on Group performance);
- the value of the Shares, based on stock market performance.

Performance objectives linked to the target NAV per share are set by the Board of Directors in accordance with the Company's strategic objectives.

A result threshold level is envisaged, below which the right is not accrued to receive the incentive, and a maximum limit, upon achievement of which, the maximum incentive is accrued.

In relation to the NAV indicator for the number of Phantom Stock attributable, it will be defined according to the following incentive curve:



- on reaching a minimum level of performance, a number of Phantom Stocks equal to 66% of the rights to receive the assigned Phantom Stocks will be attributed. No Phantom Stock will be attributed below this minimum level;
- on reaching the target performance level (100%), a number of Phantom Stocks equivalent to the number of rights to receive the assigned Phantom Stocks (100%) will be attributed;
- on reaching a maximum level of performance, a number of Phantom Stocks equal to 166% of the rights to receive the assigned Phantom Stocks will be attributed. No additional Phantom Stock will be attributed on reaching a performance level above this cap.
- For intermediate performances between the minimum level and the target, and between the target and the maximum, a calculation by linear interpolation will be applied.

Given the direct connection between the bonus and the value of the share, the impact of any distribution of dividends during the 3-year vesting period has to be taken into account. So, in order to maintain the plan's incentive effect unchanged, at the end of the vesting period a number of additional Phantom Stocks equal to the value of any dividends paid out during the performance period will be assigned.

With the introduction of the new 2020-2022 "Phantom Stock Grant" plan, the Company has decided to adopt clawback clauses for bonuses that may have accrued and been paid under the Plan. In accordance with the provisions of the Corporate Governance Code, the adoption of such clauses gives the Company the right to request the return of all or part of the variable components of remuneration paid if any of the following circumstances should arise: (i) the economic-financial data and information on which basis the performance objectives were assessed proves to be clearly incorrect or falsified; and/or (ii) the beneficiary is liable for misconduct or negligence that was key to the disbursement of the bonus. The obligation to return shall remain effective for up to 36 months from payment of the incentive.

## 4. Benefits

Non-monetary benefits may be granted, such as company car for both personal and business use. There are also supplementary pension plans, health insurance and life insurance policies to integrate those provided for by the National Collective Labour Agreement for Managers of companies producing goods and services, in line with market practices.

As with other Directors, the CEO/COO benefits from a third-party liability insurance policy has been taken out for events related to the exercise of their functions, in compliance with the provisions set forth with regard to their offices, except in cases of wilful misconduct and fraud.

Italmobiliare already has Welfare Plans in place for Company employees which can also be extended to managers.

## REMUNERATION OF KEY MANAGEMENT PERSONNEL

Italmobiliare promotes a remuneration policy for Key Management Personnel that is consistent with that described in the previous section for the Chief Executive Officer / Chief Operating Officer. This policy takes into account:

- recognition of the role and responsibilities in terms of their strategic nature;
- competitiveness with market remunerations;
- internal fairness for figures of similar or comparable level;
- retention and loyalty.

The remuneration policy applicable to Key Management Personnel is structured as follows:





The compensation package is structured in such a way as to assure a suitable balance of fixed and variable components of remuneration and, with regard to the latter component, of short- and long-term variable components. This structure promotes a solid alignment between the remuneration disbursed, the results achieved during the year and the creation of value in the long term.

Italmobiliare has currently chosen the Head of Investment Management, the Administrative Director/Financial Reporting Officer and two managers from the Development and Investment Department, as Key Management Personnel.

## 1. Fixed Remuneration

The fixed component of the remuneration of Key Management Personnel is the remuneration from employment as Company managers. Fixed remuneration is determined in such a way as to remunerate the role even if the variable remuneration should decline. The Company regularly monitors the consistency of the fixed remuneration with market rates in respect of similar roles in companies comparable with Italmobiliare.

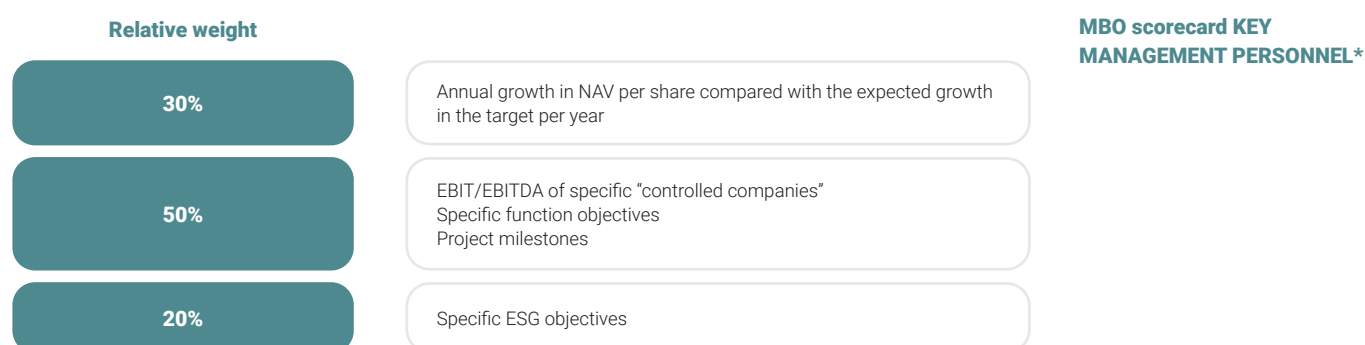
Any compensation received by Key Management Personnel for roles held in subsidiary companies and/or associates are repaid in full to Italmobiliare.

## 2. Short-term variable remuneration (MBO)

The Key Management Personnel benefit from an annual incentive system (the MBO plan), which entitles them to receive a cash premium where specific performance objectives are achieved, measured over a time frame of one year.

The MBO plan envisages the assignment of **objectives that are challenging, possible, measurable, can be influenced by the party to whom they are assigned and which are consistent with their responsibilities**. The objectives are a combination of economic-financial metrics and strategic and operational objectives coming under the influence and purview of each manager.

The scorecard of MBO plan objectives for 2020 is structured as follows:



In this case too, the objectives that make up the MBO scorecard are linked to profitability, value creation and sustainability requirements.

(\*) excluding the Financial Reporting Officer and the Head of Internal Audit for whom a significant portion of the objectives (70% or more) are objectives relating to the adoption of the best governance and control standards and monitoring of regulatory and legal compliance for the Financial Reporting Officer and objectives linked to the activities of the internal control department for the Head of Internal Audit. It is specified that the definition and assessment of objectives for the Head of Internal Audit is carried out by the Control and Risk Committee, in order to guarantee complete independence and avoid onset of potential conflicts of interests.

As a rule, the annual MBO scorecard comprises between two and five objectives. For each objective, a minimum level is defined, below which it is considered that the objective has not been attained, a target level at which the objective is deemed to have been achieved 100% and a maximum level, set as a cap for the maximum achievement. The target performance level, achievement of which gives entitlement to receive 100% of the incentive assigned, is, as a rule, defined in line with the company's budget.

The level of achievement of the MBO card as a whole is defined as the weighted sum of the level of achievement of each objective for the related weight assigned.

The incentive for Key Management Personnel if they achieve the target performance level averages out at between 40% and 80% of fixed remuneration.

The target incentive is lower for the Financial Reporting Officer and the Head of Internal Audit and stands at 21% of fixed remuneration.

Starting 2019, the company has decided to **apply claw back clauses** in connection with any premiums accrued and disbursed in connection with the MBO plan. In accordance with the provisions of the Corporate Governance Code, the adoption of such clauses gives the Company the right to request the return of all or part of the variable components of remuneration paid in connection with the MBO plan if any of the following circumstances should arise: (i) the economic-financial data and information on which basis the performance objectives were assessed proves to be clearly incorrect or falsified; and/or (ii) the beneficiary is liable for misconduct or negligence that was key to the disbursement of the bonus. The obligation to return shall remain effective for up to 36 months from payment of the incentive.

### 3. Long-term variable remuneration

Similarly to that envisaged for the Chief Executive Officer / Chief Operating Officer, a significant portion of the variable remuneration of the Italmobiliare Key Management Personnel is focused on a medium/long-term time frame, so as to **strengthen the link with the shareholders' interest in creating value**. The Key Management Personnel are recipients of the 2020-2022 "Phantom Stock Grant" plan (LTI plan), the main characteristics of which are described in the section which explains the remuneration of the Chief Executive Officer/Chief Operating Officer.

With the introduction of the new 2020-2022 "Phantom Stock Grant" plan, the Company has decided to adopt clawback clauses for bonuses that may have accrued and been paid under the Plan. In accordance with the provisions of the Corporate Governance Code, the adoption of such clauses gives the Company the right to request the return of all or part of the variable components of remuneration paid if any of the following circumstances should arise: (i) the economic-financial data and information on which basis the performance objectives were assessed proves to be clearly incorrect or falsified; and/or (ii) the beneficiary is liable for misconduct or negligence that was key to the disbursement of the bonus. The obligation to return shall remain effective for up to 36 months from payment of the incentive.

## 4. Benefits

Non-monetary benefits will be recognised (such as a company car for both personal and business use) as well as other supplementary benefits, over and above those on the National Collective Labour Agreement, such as pension plans, healthcare insurance and life insurance policies, in line with market practice for similar managerial positions.

Italmobiliare already has welfare plans in place for Company employees which can also be extended to managers.

## SEVERANCE INDEMNITY POLICY

The Company does not envisage any ex ante indemnity in the event of resignation, dismissal or termination of employment and/or mandate of Directors and Key Management Personnel. The Company may agree specific treatment in connection with the termination of an office or employment, which may even be better than the provisions of the National Collective Labour Agreement, for parties with a contract of employment in place. Such agreements shall be defined in compliance with the benchmarks and within the limits defined by case-law and standard practice. More specifically, the indemnity shall not exceed twice the total annual remuneration, in addition to the pay in lieu of notice, fixed remuneration, the value of benefits received in the 12 months prior to the date of termination, the average variable remuneration received in the last three calendar years of service prior to said date, the amount of any compensation received in connection with company offices held in the last 12 months (with the exception of compensation that is repaid).

The effects of the termination of the contract of employment and/or mandate on the rights deriving from the LTI Plan are regulated by the specific company regulation with the aim of avoiding any penalisation of beneficiaries terminating their employment as “good leavers”.

The Company has not non-competition agreements in place for Directors and Key Management Personnel. However, the remuneration policy does include the possibility of stipulating agreements with certain managers, including Executive Directors and/or Key Management Personnel who hold particularly critical professional roles, insofar as they are subject to greater risks of attraction on the market. Any such agreements in the favour of Executive Directors and/or Key Management Personnel will be introduced with the approval of the Board of Directors and on the recommendation of the Remuneration and Nominations Committee.

# SECTION II - 2019 REPORT ON THE COMPENSATION PAID

## PART I

### Description of the compensation paid to Directors, Statutory Auditors and Key management personnel

Below is a description of the items comprising the remuneration paid in FY 2019 to the Chairman, Deputy Chairman, Chief Executive Officer/Chief Operating Officer, Non-Executive Directors, Key Management Personnel and the Internal Audit Director.

Please note that in FY 2019, also for part of the year, 4 Italmobiliare managers acted as Key Management Personnel.

The compensation paid in 2019 is in line with the Remuneration Policy approved by the shareholders' meeting on April 17, 2019.

#### CHAIRMAN

<b>Remuneration for office</b>	<p>The gross annual remuneration of the Chairman of the Board of Directors is Euro 200,000 gross in addition to the gross ordinary remuneration of Euro 36,000 for the office of Director for the 2017-2019 period. Moreover, any charges, expenses, or costs incurred that are directly connected to the exercise of the mandate are also reimbursed.</p> <p>Moreover, with the approval by the Board of Directors and on the proposal of the Remuneration and Nominations Committee, an extraordinary one-off payment of Euro 200,000 gross is envisaged to recognize the particularly important professional commitment and the role played by the Chairman during this term of office. The Chairman does not receive variable remuneration linked to performance objectives.</p> <p>Given the nature of the office, there are no agreements on end-of-service benefits and indemnities.</p>
<b>Benefit</b>	None

#### DEPUTY CHAIRMAN

<b>Remuneration for office</b>	<p>The gross annual remuneration of the Deputy Chairman of the Board of Directors is Euro 20,000 gross, in addition to gross ordinary remuneration of Euro 36,000 for the office of Director for the 2017-2019 period. Moreover, any charges, expenses, or costs incurred that are directly connected to the exercise of the mandate are also reimbursed.</p> <p>The Deputy Chairman does not receive variable remuneration.</p> <p>Given the nature of the office, there are no agreements on end-of-service benefits and indemnities.</p>
<b>Benefit</b>	None

## CHIEF EXECUTIVE OFFICER/CHIEF OPERATING OFFICER

<b>Fixed Remuneration</b>	<p>The remuneration for the Chief Executive Officer/Chief Operating Officer was resolved by the Board of Directors on March 6, 2019, on the proposal by the Remuneration Committee of February 26, 2019 and with the reasoned opinion of the Board of Statutory Auditors.</p> <p>The Remuneration and Nominations Committee has decided to propose to the Board of Directors a fixed gross annual remuneration for the Chief Executive Officer/Chief Operating Officer of Euro 1,000,000.</p> <p>The Chief Executive Officer also receives the ordinary compensation of a gross Euro 36,000 for the office of Director, for the three years 2017-2019.</p> <p>As with other Directors, the Chief Executive Officer/Chief Operating Officer benefits from a third-party liability insurance policy that has been taken out for events related to the exercise of their functions, in compliance with the provisions set forth with regard to their offices, except in cases of wilful misconduct and fraud.</p> <p>The compensation for the offices held in Clessidra SGR S.p.A., equal to Euro 100,000 gross per year, in Caffè Borbone S.r.l., equal to Euro 25,000 gross per year, and in Tecnica Group S.p.A. equal to Euro 25,000 gross per year, is all paid to Italmobiliare.</p>
<b>Short-term variable incentive</b>	<p>Regarding the MBO 2019 objectives assigned to the Chief Executive Officer/Chief Operating Officer, 80% of the incentive has been linked to an objective focused on the economic/financial performance of the Company (economic result, net of non-recurring operations) with a performance target aligned with the budget. The remaining 20% is linked to governance objectives, the assessment of which is a matter for the Board of Directors, based on the reasoned opinion of the control bodies.</p> <p>The bonus accrued in connection with the 2019 MBO plan is Euro 1,667,000.</p>
<b>Long-term incentives</b>	<p>As for the 2017-2019 LTI plan, on the basis of the result relating to the Net Asset Value per Share compared with the target set and the three-year change in the share price, in application of the Plan regulations, the payment of an amount of Euro 5,345,970 is envisaged.</p>
<b>Termination benefits and indemnities</b>	None
<b>Benefit</b>	Non-monetary benefits of a social security and welfare nature are envisaged, as well as other benefits such as a company car in line with market practice.
<b>Non-compete agreements</b>	None

## DIRECTORS

<b>Fixed remuneration</b>	<p>The Ordinary Shareholders' Meeting of April 19, 2017 resolved to award the members of the Board of Directors an annual compensation of Euro 36,000, until there is another resolution changing this amount.</p> <p>In compliance with current best practice for Directors who do not hold particular positions, they do not have any variable component of remuneration, whereas they are reimbursed all expenses incurred in performing their duties.</p> <p>The remuneration of the Executive Directors or those that hold particular positions is set directly at the time they are appointed, or at the next meeting, by the Board of Directors on the proposal of the Remuneration Committee having heard the opinion of the Board of Statutory Auditors.</p> <p>The Company does not apply specific policies for the Independent Directors. Given the nature of the position, there are no agreements regarding termination benefits or indemnities for the end of their mandate.</p>
<b>Benefit</b>	None
<b>Compensation for participation in Committees</b>	<p>Directors who are also members of the Executive Committee receive additional compensation of Euro 6,000 for each time they attend a Committee meeting. The Executive Committee did not meet during 2019.</p> <p>Directors who are members of the other Board Committees also receive a fixed compensation of Euro 3,000 for each time they attend a Committee meeting.</p>

## STATUTORY AUDITORS

<b>Fixed Remuneration</b>	<p>The Ordinary Shareholders' Meeting of April 19, 2017 resolved to assign the Chairman of the Board of Statutory Auditors annual compensation of Euro 75,000 and each of the Statutory Auditors annual compensation of Euro 50,000. Reimbursement of expenses incurred in connection with the mandate is envisaged.</p>
<b>Benefit</b>	None

## KEY MANAGEMENT PERSONNEL

In 2019, four managers held key management roles.

<b>Fixed Remuneration</b>	<p>The remuneration components for other Key Management Personnel in 2019 were as follows:</p> <ol style="list-style-type: none"> <li>1. an annual fixed component of Euro 1,100,000;</li> <li>2. an annual variable component linked to the achievement of specific company and individual targets (MBO plan) in 2019 of Euro 891,000;</li> <li>3. a long-term variable component (LTI plan 2017-2019) which, given the achievement of the objectives shown below, led to the payment of total remuneration equal to Euro 2,586,610.</li> </ol> <p>No agreements are envisaged for severance indemnity and benefits. The compensation for roles held in subsidiary companies is reversed to Italmobiliare.</p>
<b>Benefit</b>	Non-monetary benefits may be granted (for example, company car also for personal use) as well as the other benefits in line with market practices.
<b>Non-compete agreements</b>	None

## PART II - DETAILED TABLES

### Compensation paid to members of the management and control bodies, general managers and other key management personnel

Name and surname	Position	Period of office	Expiry of term of office	Fixed compensation	Compensation for participation in Committees	Non-equity variable compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Compensation for loss of office or termination of employment
						Bonuses and other incentives	Profit sharing					
<b>Laura Zanetti</b>	Chairman Executive Committee	01.01 – 12.31 2019	approval of 2019 financial statements									
(I) Compensation in the company drawing up the financial statements				236,000					200,000	436,000		
(II) Compensation from subsidiaries and associates												
Total				236,000					200,000	436,000		
<b>Livio Strazzera</b>	Deputy Chairman Executive Committee	01.01 – 12.31 2019	approval of 2019 financial statements									
(I) Compensation in the company drawing up the financial statements				56,000						56,000		
(II) Compensation from subsidiaries and associates												
Total				56,000						56,000		
<b>Carlo Pesenti</b>	Chief Executive Officer Chief Operating Officer Executive Committee	01.01 – 12.31 2019	approval of 2019 financial statements									
(I) Compensation in the company drawing up the financial statements				1,036,000		7,012,970*		82,566		8,131,536		
(II) Compensation from subsidiaries and associates (*)												
Total				1,036,000		7,012,970*		82,566		8,131,536		
<b>Vittorio Bertazzoni</b>	Director Remuneration and Nominations Committee	01.01 – 12.31 2019	approval of 2019 financial statements									
(I) Compensation in the company drawing up the financial statements				36,000	9,000					45,000		
(II) Compensation from subsidiaries and associates												
Total				36,000	9,000					45,000		
<b>Giorgio Bonomi</b>	Director Risks and Sustainability Committee	01.01 – 12.31 2019	approval of 2019 financial statements									
(I) Compensation in the company drawing up the financial statements				36,000	21,000					57,000		
(II) Compensation from subsidiaries and associates												
Total				36,000	21,000					57,000		
<b>Mirja Cartia d'Asero</b>	Director Risks and Sustainability Committee for transactions with Related Parties	01.01 – 12.31 2019	approval of 2019 financial statements									
(I) Compensation in the company drawing up the financial statements				36,000	24,000					60,000		
(II) Compensation from subsidiaries and associates												
Total				36,000	24,000					60,000		



Name and surname	Position	Period of office	Expiry of term of office	Fixed compensation	Compensation for participation in Committees	Non-equity variable compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Compensation for loss of office or termination of employment
						Bonuses and other incentives	Profit sharing					
<b>Valentina Casella</b>	Director Risks and Sustainability Committee Committee for transactions with Related Parties	01.01 – 12.31 2019	approval of 2019 financial statements									
(I) Compensation in the company drawing up the financial statements				36,000	24,000					60,000		
(II) Compensation from subsidiaries and associates												
Total				36,000	24,000					60,000		
<b>Elsa Fornero</b>	Director Committee for transactions with Related Parties	01.01 – 12.31 2019	approval of 2019 financial statements									
(I) Compensation in the company drawing up the financial statements				36,000	3,000					39,000		
(II) Compensation from subsidiaries and associates												
Total				36,000	3,000					39,000		
<b>Sebastiano Mazzoleni</b>	Director	01.01 – 12.31 2019	approval of 2019 financial statements									
(I) Compensation in the company drawing up the financial statements				36,000						36,000		
(II) Compensation from subsidiaries and associates												
Total				36,000						36,000		
<b>Luca Minoli</b>	Director Executive Committee	01.01 – 12.31 2019	approval of 2019 financial statements									
(I) Compensation in the company drawing up the financial statements				36,000					43,154	79,154		
(II) Compensation from subsidiaries and associates									16,691	16,691		
Total				36,000					59,845	95,845		
<b>Chiara Palmieri</b>	Director Executive Committee Remuneration and Nominations Committee	01.01 – 12.31 2019	approval of 2019 financial statements									
(I) Compensation in the company drawing up the financial statements				36,000	12,000					48,000		
(II) Compensation from subsidiaries and associates												
Total				36,000	12,000					48,000		
<b>Clemente Rebecchini</b>	Director	01.01 – 12.31 2019	approval of 2019 financial statements									
(I) Compensation in the company drawing up the financial statements				36,000						36,000		
(II) Compensation from subsidiaries and associates												
Total				36,000						36,000		
<b>Paolo Sfameni</b>	Director Supervisory Body Remuneration and Nominations Committee	01.01 – 12.31 2019	approval of 2019 financial statements									
(I) Compensation in the company drawing up the financial statements				36,000	29,500					65,500		
(II) Compensation from subsidiaries and associates												
Total				36,000	29,500					65,500		

NOTE: the Director Antonio Salerno has waived his compensation.

Name and surname	Position	Period of office	Expiry of term of office	Fixed compensation	Compensation for participation in Committees	Non-equity variable compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Compensation for loss of office or termination of employment
						Bonuses and other incentives	Profit sharing					
<b>Francesco Di Carlo</b>	Chairman of the Board of Statutory Auditors	01.01 – 12.31 2019	approval of 2019 financial statements									
	(I) Compensation in the company drawing up the financial statements			75,000						75,000		
	(II) Compensation from subsidiaries and associates			6,165						6,165		
	<b>Total</b>			<b>81,165</b>						<b>81,165</b>		
<b>Angelo Casò</b>	Standing Auditor	01.01 – 12.31 2019	approval of 2019 financial statements									
	(I) Compensation in the company drawing up the financial statements			50,000						50,000		
	(II) Compensation from subsidiaries and associates											
	<b>Total</b>			<b>50,000</b>						<b>50,000</b>		
<b>Luciana Ravicini</b>	Standing Auditor	01.01 – 12.31 2019	approval of 2019 financial statements									
	(I) Compensation in the company drawing up the financial statements			50,000						50,000		
	(II) Compensation from subsidiaries and associates			30,000						30,000		
	<b>Total</b>			<b>80,000</b>						<b>80,000</b>		
<b>Key Management Personnel (4)</b>		01.01 – 12.31 2019										
	(I) Compensation in the company drawing up the financial statements			1,100,000		3,477,910*		18,491		4,596,401		
	(II) Compensation from subsidiaries and associates											
	<b>Total</b>			<b>1,100,000</b>		<b>3,477,910*</b>		<b>18,491</b>		<b>4,596,401</b>		

\*The amount of the cash incentive comprises the disbursement of the 2019 MBO and the disbursement of the 2017-2019 three-year incentive plan (LTI)

Below are the compensations, divided up by individual appointment, for the cases where the data was reported in aggregated form in the table.

## FIXED COMPENSATION

<b>Laura Zanetti</b>	Compensation as Director	36,000
	Fixed compensation	200,000
<b>Livio Strazzera</b>	Compensation as Director	36,000
	Fixed compensation	20,000
<b>Carlo Pesenti</b>	Compensation as Director	36,000
	Fixed compensation	1,000,000

## COMPENSATION FOR PARTICIPATION IN COMMITTEES

<b>Mirja Cartia d'Asero</b>	Compensation Risks and Sustainability Committee	21,000
	Compensation Committee for Transactions with Related Parties	3,000
<b>Valentina Casella</b>	Compensation Risks and Sustainability Committee	21,000
	Compensation Committee for Transactions with Related Parties	3,000
<b>Paolo Sfameni</b>	Compensation of the Remuneration and Nominations Committee	12,000
	Compensation Supervisory Board	17,500

## Stock-options assigned to members of the Board of Directors, General Managers and other Key Management Personnel

A	B	Options held at the beginning of the financial year					Options granted during the financial year					Options exercised during the financial year			Options expired during the financial year	Options held at the end of the financial year	Options for the financial year
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Name and surname	Position	Plan	Number of options	Strike price	Possible exercise period (from/to)	Number of options	Strike price	Possible exercise period (from/to)	Fair value at grant date	Grant date	Market price of the shares underlying options granted	Number of options	Strike price	Market price of underlying shares on exercise date	Number of options	Number of options	Fair value
Carlo Pesenti	Chief Executive Officer - Chief Operating Officer	Stock option plan for directors (BoD resolution 03.27.2002)	71,600	14.417	03.24.2013 03.23.2020	-	-	-	-	-	-	40,000	14.417	24.92	-	31,600	
			61,400	13.734	03.30.2014 03.29.2021	-	-	-	-	-	-	-	-	-	-	61,400	
Total			133,000	-	-	-	-	-	-	-	-	40,000	-	-	-	93,000	

## Incentive plans based on financial instruments, other than stock options, for members of the management body, general managers and other key management personnel

A	B	Financial instruments assigned in previous financial years not vested during the financial year			Financial instruments assigned during the financial year					Financial instruments vested during the financial year and not assigned	Financial instruments vested during the financial year and able to be assigned	Financial instruments for the financial year
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Name and surname	Position	Plan	Number and type of financial instruments*	Vesting Period	Number and type of financial instruments	Fair value at grant date	Vesting period	Grant date	Market price of shares underlying the grant	Number and type of financial instruments	Number and type of financial instruments	Value at maturity
Carlo Pesenti	Chief Executive Officer - Chief Operating Officer	LTI plan (BoD resolution of July 27, 2017)	N.A.	01.01.2017 12.31.2019								5,345,970
Key Management Personnel (4)		LTI plan (BoD resolution of July 27, 2017)	N.A.	01.01.2017 12.31.2019		552,000	01.01.2018 12.31.2019	03.06.2018 09.25.2018	22.815 21.054			2,586,610

\* The LTI plan assigns beneficiaries a cash incentive if the NAV per share target is achieved during the reference period; this amount shall be increased or reduced with respect to the difference between the normal value of the shares on the date of admission and the normal value of the shares at the end of the monitoring period.

## Monetary incentive plans for members of the management body, general managers and other key management personnel

Name and surname	Position	Plan	Bonus for the year			Bonuses paid in previous years			Other bonuses
			Payable/paid	Deferred	Deferral period	No longer payable	Payable/paid	Still deferred	
Carlo Pesenti	Chief Executive Officer Chief Operating Officer	Annual MBO	1,667,000						
Key Management Personnel (4)		Annual MBO	891,300						

## Shareholdings owned by the Board Directors, Statutory Auditors and Key Management Personnel

Name and surname	Position	Investee company	Number of shares held at December 31, 2018		Number of shares bought	Number of shares sold	Number of shares held at December 31, 2019
<b>Carlo Pesenti</b>	Chief Executive Officer/Chief Operating Officer	ITALMOBILIARE	ordinary shares:	800	ordinary shares: 40,000	ordinary shares: 40,000	ordinary shares: 800
<b>Giorgio Bonomi</b>	Director	ITALMOBILIARE	ordinary shares:	800*	ordinary shares: -	ordinary shares: -	ordinary shares: 800*
<b>Livio Strazzera</b>	Director	ITALMOBILIARE	ordinary shares:	200	ordinary shares: -	ordinary shares: -	ordinary shares: 200
<b>Laura Zanetti</b>	Director	ITALMOBILIARE	ordinary shares:	1,800	ordinary shares: -	ordinary shares: -	ordinary shares: 1,800
<b>Key Management Personnel</b>		ITALMOBILIARE	ordinary shares:	2,750	ordinary shares: 2,985	ordinary shares: -	ordinary shares: 5,735

\* shares held by spouse

## INFORMATION IN ACCORDANCE WITH ARTICLE 84-BIS OF CONSOB REGULATION 11971/1999

The Board of Directors of Italmobiliare on March 4, 2020, with reference to the "2017-2019 MONETARY INCENTIVE PLAN LINKED TO THE PERFORMANCE OF ITALMOBILIARE S.p.A. SHARES", after the review of the Remuneration and Nominations Committee which met on February 27, 2020 and having verified the achievement of the performance objectives assigned and the degree of achievement, assigned cash incentives for an amount of Euro 9,741,770 to 14 beneficiaries, including the Chief Executive Officer and 4 Key Managers. For details of the plan, refer to the Disclosure Document published on the website [www.italmobiliare.it](http://www.italmobiliare.it), in the Governance/Shareholders' Meeting Archive/2017 section. It is worth remembering that the aim of the LTI plan was to remunerate long-term performance measured using two key indicators: achievement of a net asset value (NAV) per share target; performance of the Company's share price over a period of three years. The LTI plan assigned beneficiaries a cash incentive if the NAV per share target was achieved during the reference period; this amount is linked to the performance of the Italmobiliare share price over the same period of time.

### NEWLY-GRANTED COMPENSATION ACCORDING TO THE DECISION MADE BY THE COMPETENT BODY FOR THE IMPLEMENTATION OF THE SHAREHOLDERS' MEETING RESOLUTION

FRAMEWORK 1								
Financial instruments other than stock options								
SECTION 2								
Newly granted instruments in accordance with the decision of the competent body for the implementation of the shareholders' meeting resolution								
Name and surname or category	Position (to be indicated only for subjects named)	Date of the related shareholders' meeting resolution	Type of financial instruments (*)	Number of financial instruments granted by the BoD (*)	Grant date	Purchase price, if applicable, of the instruments	Market price on the date of the grant Euro	Vesting period
<b>Carlo Pesenti</b>	Chief Executive Officer of the Company	Apr 19, 2017	N.A.	N.A.	Jul 27, 2017	N.A.	23.505	January 1, 2017 – December 31, 2019
<b>Matteo Benusiglio</b>	Director of Subsidiary Company	Apr 19, 2017	N.A.	N.A.	Jul 27, 2017	N.A.	23.505	January 1, 2017 – December 31, 2019
<b>Carlo Alberto Bruno</b>	Director of Subsidiary Company	Apr 19, 2017	N.A.	N.A.	Jul 27, 2017	N.A.	23.505	January 1, 2017 – December 31, 2019
<b>Giuliano Palermo</b>	Director of Subsidiary Company	Apr 19, 2017	N.A.	N.A.	Jul 27, 2017	N.A.	23.505	January 1, 2017 – December 31, 2019
<b>Leonardo Senni</b>	Director of Subsidiary Company	Apr 19, 2017	N.A.	N.A.	Sep 25, 2018	N.A.	21.054	January 1, 2018 – December 31, 2019
<b>Mauro Torri</b>	Director of Subsidiary Company	Apr 19, 2017	N.A.	N.A.	Jul 27, 2017	N.A.	23.505	January 1, 2017 – December 31, 2019
<b>Other Key Management Personnel (1)</b>		Apr 19, 2017	N.A.	N.A.	Mar 6, 2018	N.A.	22.815	January 1, 2018 – December 31, 2019

(\*) The LTI plan assigned beneficiaries a cash incentive if the NAV per share target was achieved during the reference period; this amount shall be increased or reduced with respect to the difference between the normal value of the shares on the date of admission and the normal value of the shares at the end of the monitoring period.



Concept, graphic design and layout by MESSAGE S.p.A.











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