

Italmobiliare S.p.A.
Remuneration Report

in accordance with article 123-ter of Legislative Decree
24 February 1998, no. 58 and 84-quater, of the Issuers' Regulation

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Introduction

This Report was approved on 6 March 2018 by the Italmobiliare Board of Directors, upon proposal by the Remuneration Committee.

The Report is composed of two sections:

1. **Section I** describes the Italmobiliare Remuneration Policy and, in particular, indicates the objectives pursued, guiding principles, any amendments with respect to the previous year, bodies involved, and procedures used to adopt and implement the Policy;
2. **Section II** illustrates the remuneration paid in the year ended 31 December 2017 by the Company, Group companies, and its associates, to Directors, Key Management Personnel, and members of the Board of Statutory Auditors.

The text of the Report is available to the public at the registered office, on the Company's website, and the website of Borsa Italiana S.p.A., no later than the twenty-first day prior to the date of the Shareholders' Meeting called to approve the 2017 financial statements and requested to vote on a non-binding resolution on Section I of this Report, in accordance with governing regulations pursuant to Art. 123-ter, paragraph 6 of the Consolidated Finance Act.

Definitions

Directors or Board Members	Members of the Board of Directors
Director in charge of the Internal Control and Risk Management System	Members of the Board of Directors The Executive Director in charge of the Internal Control and Risk Management System in office at a given time within Italmobiliare
Shareholders' Meeting	The ordinary Shareholders' Meeting
Shareholders	Italmobiliare shareholders
Corporate Governance Code	The Corporate Governance Code for Listed Companies, approved in July 2015 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, as amended and integrated
Board of Statutory Auditors	The Board of Statutory Auditors of Italmobiliare made up of pro tempore statutory auditors
Committees	The committees established by Italmobiliare at the date of the Report pursuant to the Corporate Governance Code and the Regulation adopted by Consob with Resolution 17221 and, in particular: the Executive Committee, Remuneration Committee, Committee for Transactions with Related Parties and the Risks and Sustainability Committee
Executive Committee	Italmobiliare Executive Committee
Remuneration Committee	Italmobiliare Remuneration Committee, established in accordance with Article 4 of the Corporate Governance Code
Committee for Transactions with Related Parties	Italmobiliare Committee for Transactions with Related Parties
Risks and Sustainability Committee	Italmobiliare Risks and Sustainability Committee (name changed from previous "Risks Committee", with the Board of Directors' resolution of 6 November 2017, following the assignment of advisory and monitoring functions for the Non-Financial and Diversity Information Reporting - pursuant to Legislative Decree 254/2016).
CEO / General Manager	CEO and General Manager of Italmobiliare, in office at a given time
Board of Directors	Italmobiliare Board of Directors
Key Management Personnel or KMP	Managers who have the power and responsibility, directly or indirectly, for planning, management, and control of the Company's activities or individual business areas
Officers directly reporting to the CEO / General Manager	Italmobiliare personnel reporting hierarchically or functionally to the CEO/General Manager
Administrative Manager/Manager responsible for preparing the Company's Financial Reports (Dirigente Preposto)	Administrative Manager/Manager responsible for preparing the Company's Financial Reports (Dirigente Preposto), in office at a given time within Italmobiliare
Equity Interests Manager	Manager responsible for Italmobiliare's equity interests, in office at a given time
Human Resources Division	Human Resources Division of Italmobiliare
Internal Audit Function	Internal Audit Function of Italmobiliare
Group	Italmobiliare and its subsidiaries
Italmobiliare or the Company	Italmobiliare S.p.A.

LTI	The variable, medium/long-term component (Long-Term Incentive - "LTI") of remuneration, linked to the achievement of specific business goals and the performance of the "Italmobiliare" stock price
Development and Investments Manager	Development and Investments Manager in office within Italmobiliare at a given time
MBO	The variable, short-term component (Management by Objectives) of remuneration, linked to the achievement of specific business goals on an annual basis
LTI Plan	The Italmobiliare LTI Plan for the three-year period 2017-2019, whose regulation was approved by the Shareholders' Meeting on 19 April 2017
Remuneration Policy or Policy	Remuneration policy for Italmobiliare's Directors and personnel as submitted at any given time to the Shareholders' Meeting
GAS	Gross annual salary that constitutes the fixed component of the overall remuneration of each Italmobiliare employee
Issuers' Regulation	The Regulation adopted by Consob with Resolution no. 11971 of 14 May 1999, as amended and integrated
LTI Regulation	Regulation of the Italmobiliare LTI Plan approved by the Board of Directors on 27 July 2017 with the favourable opinion of the Board of Statutory Auditors, pursuant to Art. 2389 of the Italian Civil Code, on proposal of the Remuneration Committee which, among other things, identifies beneficiaries and establishes implementation procedures in accordance with the Recommendations of the Corporate Governance Committee of Borsa Italiana S.p.A.
Remuneration Report or Report	This Remuneration Report prepared pursuant to Art. 123-ter of the Consolidated Finance Act, Art. 84-quater of the Issuers' Regulation and in compliance with the recommendations of the Corporate Governance Code
Head of the Internal Audit Function	The Head of the Internal Audit function in office at a given time within Italmobiliare
Section I	First section of the Report
Section II	Second section of the Report
Statutory Auditors	Members of the Board of Statutory Auditors
TUF	Italian Legislative Decree no. 58 of 24 February 1998, as amended and integrated

Overview - Components of Remuneration

Member	Goals and characteristics	Implementation criteria and conditions	Values
Fixed remuneration	<p>Sufficient to compensate beneficiaries' performance in the event that the variable component is not paid due to failure to achieve performance targets, including in view of retention.</p> <p>Adequately balanced with the variable component based on the Company's strategic objectives and risk management policy, also considering the business sector and characteristics of activities carried out.</p>	<p>Determined based on the pay-mix, as well as the role and responsibilities assigned, with reference to levels adopted for equivalent positions in the market and with possible annual adjustments established for merit or for expansion of role/responsibility.</p>	<p>Directors: Euro 36,000 gross, plus Euro 6,000 gross for each Executive Committee meeting attended and Euro 3,000 gross for each Board committee meeting attended.</p> <p>Chairman: Euro 236,000 gross (including fixed annual salary of Euro 36,000 gross set by the Shareholders' Meeting for the office of Director), as well as reimbursement of any charges, expenses, or costs incurred by the individual and directly connected to the exercise of the mandate.</p> <p>Deputy Chairmen¹: Euro 56,000 gross (including fixed annual salary of Euro 36,000 gross set by the Shareholders' Meeting for the office of Director), as well as reimbursement of any charges, expenses, or costs incurred by the individual and directly connected to the exercise of the mandate.</p> <p>CEO / General Manager: Euro 1,036,000 gross (including fixed annual salary of Euro 36,000 gross set by the Shareholders' Meeting for the office of Director).</p> <p>Administrative Manager and Manager responsible for preparing the Company's Financial Reports (Dirigente Preposto): until 30 June 2017, Euro 162,500. From 1 July 2017, Euro 85,500².</p> <p>Other KMP: based on assigned role and responsibilities.</p>

¹ On 19 April 2017, the Board of Directors appointed two Deputy Chairmen (Livio Strazzera and Livia Pomodoro). Following the resignation of Livia Pomodoro on 13 June 2017, the office of Deputy Chairman has been held solely by Livio Strazzera.

Member	Goals and characteristics	Implementation criteria and conditions	Values
Short-term variable incentive (MBO - Management by Objectives)	Reserved for Managers who have achieved the annual performance targets assigned to them. Paid annually in the form of a variable cash incentive, after verifying that the results were effectively achieved in relation to the targets assigned. Purpose is to provide an objective assessment of management performance through the results achieved, as well as identify appropriate actions to improve future performance, including in view of retention.	<p>Beneficiaries are given a variable annual incentive in cash based on the pay mix for each beneficiary, which can be paid if the pre-established objectives (expected performance levels) are achieved and is proportional to performance scale. There are no claw-back clauses.</p> <p>CEO Objectives:</p> <ul style="list-style-type: none"> • Cash flow from current operations (80%) • Governance (20%) <p>Administrative Manager and Manager responsible for preparing the Company's Financial Reports (Dirigente Preposto):</p> <ul style="list-style-type: none"> • Cash flow from current operations (30%) • Individual objectives focussed on the adoption of the best standards of governance and control <p>Other KMP:</p> <ul style="list-style-type: none"> • Cash flow from current operations (40%) • Individual objectives focussed on the economic/financial performance of the Group and the implementation of projects that are strategic for the Company 	<p>CEO / General Manager: 1/3 of the total remuneration, considering the fixed component, short-term component (MBO), and long-term component (LTI), on an annual basis and at target value.</p> <p>Administrative Manager and Manager responsible for preparing the Company's Financial Reports (Dirigente Preposto): 15% of total remuneration, considering the fixed component, short-term component (MBO), and long-term component (LTI), on an annual basis and at target value.</p> <p>Other KMP: 20% of total remuneration, considering the fixed component, short-term component (MBO), and long-term component (LTI), on an annual basis and at target value.</p>
LTI - Long-Term Incentives³	Has the following objectives: (i) link overall remuneration and especially the incentive system for managerial figures and key personnel of the Group to the actual performance of the Company and the creation of new value for the Group, as also expressed in the Corporate Governance Code; (ii) link the overall compensation of beneficiaries to the long-term performance of the Company and the creation of value for the shareholders; (iii) further develop retention policies aimed at earning the trust of key resources in the company and encouraging them to stay with the Company or the Group; and (iv) reward the results achieved by each beneficiary, creating the conditions to ensure greater involvement by top management in the future of the Company and increase the beneficiaries' sense of belonging, encouraging them to stay in the company.	<p>Beneficiaries are given a variable cash incentive based on the pay mix for each beneficiary, which is paid if the performance targets are achieved and is proportional to each beneficiary's role within the Company or Group. The LTI Plan has a three-year vesting period. There are no claw-back clauses.</p> <p>Indicator: NAV per share</p> <p>Payment: dependent on CAGR over the three year period. The amount of the incentive will be increased or decreased in relation to the difference between the normal value of the shares at the date of admission and the normal value of the shares at the end of the performance monitoring period.</p>	<p>CEO / General Manager: 1/3 of the total remuneration, considering the fixed component, short-term component (MBO), and long-term component (LTI), on an annual basis and at target value.</p> <p>Administrative Manager and Manager responsible for preparing the Company's Financial Reports (Dirigente Preposto): 15% of total remuneration, considering the fixed component, short-term component (MBO), and long-term component (LTI), on an annual basis and at target value.</p> <p>Other KMP: 30% of total remuneration, considering the fixed component, short-term component (MBO), and long-term component (LTI), on an annual basis and at target value.</p> <p>The value of the bonus to be attributed to beneficiaries will be calculated at the end of the LTI Plan cycle, with payment in April 2020.</p>
Benefits	In line with reference remuneration market practices and consistent with governing regulations, all managers were assigned benefits and they are essential elements of the remuneration package, taking into consideration roles and/or responsibilities, favouring pension and social security components.		

² This difference is due to the fact that this office was held by Guido Biancali until 30 June 2017, when he retired and was replaced by Mauro Torri, effective 1 July 2017.

³ For detailed information on the LTI Plan, please refer to the Information Document approved by the Board of Directors on 2 March 2017 and published on the Italmobiliare website under "Governance/Shareholder's Meeting Archive/2017".

Pay mix structure ⁴

The policies relating to the fixed and variable components of remuneration aim to ensure correlation between long-term remuneration, corporate performance and the creation of value for shareholders, including through long-term bonus plans for the Company management.

The pay mix of the beneficiaries of the LTI Plan in the eventuality that the performance objectives are achieved 100%, and thus the percentage of the cash bonus that will be paid corresponds to 300 points (target), will be determined between the following maximum and minimum levels, proportionally, according to the mixes determined by the Company bodies and communicated to the beneficiaries.

Members					
GAS		MBO		LTI	
Min.	1/3	Min.	15%	Min.	15%
Max.	70%	Max.	1/3	Max.	1/3

The table below provides the pay mix for the Chairman, Deputy Chairman, CEO and General Manager, Administrative Manager and Manager responsible for preparing the Company's Financial Reports (Dirigente Preposto), as well as Other KMP, for whom the pay mix is standardised.

Target pay mix				Pay mix at maximum results			
Chairman	100%			Chairman	100%		
Deputy Chairman	100%			Deputy Chairman	100%		
CEO / General Manager	1/3	1/3	1/3	CEO / General Manager	24%	38%	38%
Administrative Manager and Manager responsible for preparing the Company's Financial Reports (Dirigente Preposto)	70%	15%	15%	Administrative Manager and Manager responsible for preparing the Company's Financial Reports (Dirigente Preposto)	60%	20%	20%
Other KMP	50%	20%	30%	Other KMP	38%	24%	38%

Fixed salary

MBO

LTI

⁴ For detailed information, please refer to the Information Document approved by the Board of Directors on 2 March 2017 and published on the Italmobiliare website under "Governance/Shareholder's Meeting Archive/2017".

SECTION I

2017 REMUNERATION POLICY

1. GOVERNANCE OF THE REMUNERATION PROCESS

1.1 Bodies and parties involved

The preparation and approval of the Policy involves several parties, in accordance with governing regulations, By-laws, and the Company's governance model. In particular, the process involves the Remuneration Committee, supported by Italmobiliare's Human Resources Division, the Board of Directors, the Shareholders' Meeting, and the Board of Statutory Auditors.

The Remuneration Committee, the CEO/General Manager, and the Board of Directors are in charge of the correct implementation of the Policy.

1.1.1 Remuneration Committee

1.1.1.1 Appointment, composition, and powers

The Remuneration Committee was established by the Board of Directors for the first time on 29 March 2000. It is composed of independent Directors, in line with the principles set forth in the Corporate Governance Code.

Members of the Remuneration Committee are appointed by the Board of Directors, which verifies, upon appointment, that at least one member of the Remuneration Committee has adequate knowledge and experience in financial matters or remuneration policies. Currently, all members of the Remuneration Committee have adequate experience in accounting and finance issues, as required by the Corporate Governance Code for at least one of the members.

At the approval date of this Report, the Remuneration Committee is composed as follows:

Member	Role
Massimo Tononi	Chairman - Independent Director pursuant to the Corporate Governance Code - Non-Executive
Chiara Palmieri	Independent Director pursuant to the Corporate Governance Code - Non-Executive
Vittorio Bertazzoni	Independent Director pursuant to the Corporate Governance Code - Non-Executive

The Remuneration Committee provides advice and makes proposals on remuneration and, in particular:

- periodically evaluates the adequacy, overall compliance and actual application of the Remuneration Policy for Directors and Key Management Personnel, using information provided by the CEO/General Manager in relation to the latter;
- formulates recommendations on remuneration to the Board of Directors;
- submits proposals to the Board of Directors on remuneration of Executive Directors and other Directors who hold particular offices;
- may also propose performance targets to the Board of Directors that are related to the variable component of remuneration;
- monitors implementation of the Board of Directors' decisions.

The Human Resources Division supports the Remuneration Committee when drawing up the remuneration proposals.

The Remuneration Committee may use external consultants to the extent of any budget approved by the Board of Directors or the CEO/General Manager, subject to ensuring that said consultants are not in situations that could compromise their independence.

No Directors shall attend Remuneration Committee meetings where proposals are made relating to their remuneration.

The Company aims to create and maintain a close correlation between remuneration and results, with a prudent risk management procedure to ensure the sustainability of the Policy adopted.

In this regard, the Remuneration Committee shall periodically evaluate the criteria adopted, monitoring its application, based on information provided by the Chairman and any corporate functions involved. Moreover, it will make recommendations on this topic to the Board of Directors.

Activity cycle for the Remuneration Committee

The activities of the Remuneration Committee are carried out according to the following phases:

- definition of Policy proposals and proposals relative to performance targets associated with the short- and long-term incentive plans;
- proposals regarding implementation of variable incentive plans in place, both short- and long-term, after verifying the results achieved in relation to performance targets envisaged in said plans;
- preparation of the Remuneration Report to be submitted each year to the Shareholders' Meeting, following approval from the Board of Directors;
- verification of the adequacy, overall consistency, and concrete application of the Policy adopted the previous year, in relation to results achieved and remuneration benchmarks provided by specialised consultants.

Activities performed in 2017

In 2017, the Remuneration Committee held 6 meetings. Member attendance was 94%. In the meetings held in 2017, the Remuneration Committee focused its activities on: review of personnel incentive policies, assessment of 2016 MBO and definition of 2017 MBO, review of the 2016 Remuneration Report, review of the Remuneration Policy to be submitted to the advisory vote of the Shareholders' Meeting, appointment of the Chairman of the Committee following the renewal of the corporate officers (three-year period 2017-2019) with the Shareholders' Meeting resolution of 19 April 2017, analysis and proposal for the remuneration of the Chairman and Deputy Chairmen of the Board of Directors, analysis and proposal of the application scope and performance targets of the variable remuneration elements (2017-2019 LTI) of the CEO/General Manager and Company managers.

1.1.2 Board of Directors

The Board of Directors:

- has sole responsibility for defining and approving the Policy, based on the proposal made by the Remuneration Committee.
- determines the remuneration of Directors vested with special powers, Key Management Personnel and/or, possibly, the Head of the Internal Audit Function, having acknowledged the opinion of the Board of Statutory Auditors and the Remuneration Committee, where expressly envisaged within the total amount that may be established by the Shareholders' Meeting;
- in accordance with the Policy, decides on any incentive plans, including those based on financial instruments, to propose to the Shareholders' Meeting for approval.
- may, in the event of significant, specific and unforeseen circumstances and on an exceptional basis, grant special bonuses for Executive Directors or Directors vested with special powers if the other overall remuneration components are considered to be objectively inadequate with respect to the results achieved, or in relation to specific extraordinary activities and/or transactions of strategic importance and impact on the Company's and/or the Group's results.

1.1.3 Shareholders' Meeting

In relation to remuneration, the Shareholders' Meeting:

- determines the remuneration of the members of the Board of Directors, Board of Statutory Auditors, and Executive Committee, upon appointment and for entire duration of the mandate;
- determines Directors' remuneration for participation in Committees;
- may determine an overall amount for remuneration of all Directors, including those vested with special powers;
- resolves on remuneration plans, on the proposal of the Board of Directors;
- upon approval of the separate financial statements, will vote for or against (in a non-binding vote) Section I of the Remuneration Report, pursuant to Art. 123-ter, paragraph 6 of the Consolidated Finance Act.

1.1.4 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 vested with special powers, pursuant to Art. 2389 of the Italian Civil Code, verifying their consistency with the Company's Remuneration Policy. The Board of Statutory Auditors participates regularly in the Remuneration Committee meetings.

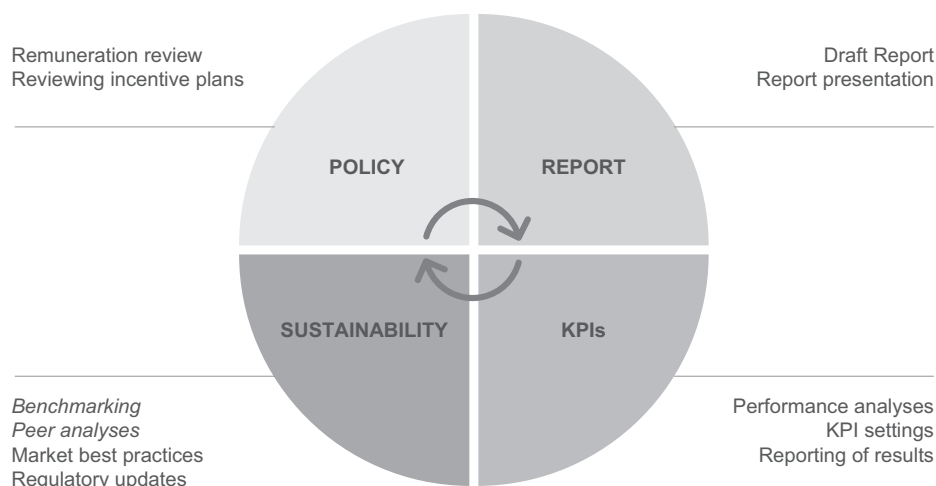
1.2 2018 Remuneration Policy approval procedure

The Remuneration Committee, at its meeting on 14 February 2018 and in line with the recommendations of the Corporate Governance Code, defined the structure and contents of the Remuneration Policy for the purpose of preparing this Report.

Italmobiliare's 2018 Remuneration Policy was approved by the Board of Directors upon proposal by the Remuneration Committee, in the meeting held on 6 March 2018, concurrently with its approval of this Report. There are no differences between this Policy and that which was approved by the Company in 2017, prepared with the contribution of the independent advisor, Spencer Stuart.

The remuneration policies defined in accordance with the guidelines of the Board of Directors are implemented by the appropriate delegated bodies, with the support of the competent business functions.

FIGURE 2 – ACTIVITIES OF THE REMUNERATION COMMITTEE BY TOPIC



2. GENERAL PRINCIPLES OF REMUNERATION POLICY

2.1 Goals

In defining the Policy, the Company shall pursue the following goals: (i) attract, retain, and motivate a management team that has high professional skills and (ii) align management interests with shareholders' interests, promoting the creation of value in the medium-long term, and establishing a direct relationship between remuneration and performance.

Italmobiliare is inspired by the following principles:

- I. compliance with primary legislation and the Corporate Governance Code;
- II. governance of the definition and application of the Policy in accordance with best market practices;
- III. close correlation between remuneration and results;
- IV. prudent management of risks to ensure the sustainability of the Policy.

2.2 Vesting periods and any deferred payment systems

The vesting periods must reflect the goal of maintaining correlation between management remuneration, company performance, and the creation of value for shareholders. Hence, payment systems are deferred until the end of the 3rd year.

This system defers actual payment date, thereby giving enough time to check the extent to which the performance targets have been achieved and adopt any corrective measures if necessary.

2.3 Provisions for holding financial instruments in the portfolio after acquisition

Not applicable.

2.4 Policy in the event of termination of office or termination of employment

The Company has not entered into specific agreements in advance with the Executive Directors or Directors vested with special powers and Key Management Personnel to regulate the financial consequences resulting from early termination of employment by the Company or by the individual officer.

With reference to other officers, in the event of termination of employment with the Company for reasons other than just cause, the Company intends to pursue out-of-court settlements on an equitable basis, to the extent allowed by the law, benchmarks and current good practice for similar positions, without prejudice to the rules and agreements in force and, in particular, the national collective employment contract for Executives of companies producing goods or providing services.

There is no provision for granting extraordinary remuneration to Directors not vested with special powers in connection with the end of mandate.

This is without prejudice to any agreements relating to the attribution of short and long-term bonuses in the event of terminating the employment or the office during the incentive period itself.

2.5 Insurance, social security, or pension benefits, other than mandatory

In line with market practices, supplementary retirement schemes, healthcare insurance plans and life insurance plans, in addition to the provisions of the national collective employment contract for Executives of companies producing goods or providing services, are included in the remuneration plan. In accordance with standard practice for similar positions, the Chairman and CEO/General Manager may also be entitled to specific health and accident insurance policies.

2.6 Independent Directors, participation in committees, and performance of particular tasks

The Company does not have specific policies for Independent Directors.

Directors who are also members of the Executive Committee are granted an additional fixed amount for each Committee meeting they attend.

Directors who are members of the various Committees appointed within the Board of Directors are also granted an additional fixed amount for each Committee meeting they attend of which they are members.

The Board of Directors, in association with the Board of Statutory Auditors, and to the extent of the overall remuneration that may be determined by the Shareholders' Meeting in accordance with Art. 2389 paragraph 3 of the Italian Civil Code where expressly envisaged, will decide on the remuneration to allocate to the Chairman and CEO or Directors with specific duties.

However, the remuneration policy for those parties will not depart from the Policy.

In the event of significant, specific and unforeseen circumstances and on an exceptional basis, the Board of Directors may grant special bonuses for Executive Directors or Directors vested with special powers if the other overall remuneration components are considered to be objectively inadequate with respect to the results achieved, or in relation to specific extraordinary activities and/or transactions of strategic importance and impact on the Company's and/or the Group's results.

2.7 Non-monetary benefits

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. In accordance with standard practice for similar positions, the Chairman and CEO/General Manager may also be entitled to other benefits relating to performance of the role as decided by the Board of Directors.

2.8 Use of remuneration policies of other companies as reference in defining the Remuneration Policy

The Policy was not defined using the remuneration policies of other companies as a reference.

3. 2017 REMUNERATION POLICY GUIDELINES

Following the changes that occurred in the Group and Company in 2016, the need arose to reinforce the correlation between the long-term remuneration of top management and corporate performance/creation of value for the shareholders. Hence:

- on [●] 2016, the Board of Directors decided not to grant any further options under the “2001 Stock Option Plan for Managers” and the “2002 Stock Option Plan for Directors”, which, therefore, should be considered closed, except for the conditions granted to each beneficiary for exercise of options already granted; during 2017, Enrico Eugenio Benaglio and Guido Biancali exercised rights accrued from previous plans, with the specification that Mr. Biancali terminated his working relationship with the Company in 2017);
- in its meeting of 2 March 2017, the Board of Directors resolved not to activate the third cycle of the “2011 Long-Term Cash Incentive Plan, linked to the increase in value of Italmobiliare shares, for Directors and Key Management Personnel” and the “2011 Long-Term Cash Incentive Plan, linked to the increase in value of Italmobiliare shares, for Managers”, which had a fixed duration of 3 three-year cycles between 2011 to 2019; at the same meeting, the Board of Directors also reviewed, on the proposal of the Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors, the results obtained and performance levels achieved by beneficiaries of the 2016 MBO (to the extent necessary to determine their point value and related financial value) and set the objectives of the 2017 MBO;
- the Shareholders' Meeting of 19 April 2017 approved the adoption of the LTI Plan, delegating to the Board of Directors the responsibility for identifying beneficiaries, identifying performance targets, and verifying their achievement; the Board of Directors meeting of 27 July 2017 approved the LTI Regulations, with the favourable vote of the Chairman of the Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors pursuant to Art. 2389 of the Italian Civil Code, identifying the Plan beneficiaries, related performance targets, and verification methods;

These actions did not result in a substantial change in the Policy compared to 2016.

In this context, the overall remuneration will comprise the following components:

- GAS;
- MBO;
- LTI.

The weight of each of the overall remuneration components is as follows:

- the weight of the yearly fixed component is included in a range that can vary from about 33% to about 70% of total remuneration;
- the weight of the MBO at target level is included in a range that can vary from about 15% to about 33% of total remuneration;
- the weight of the LTI at target level is included in a range that can vary from about 15% to about 33% of total remuneration.

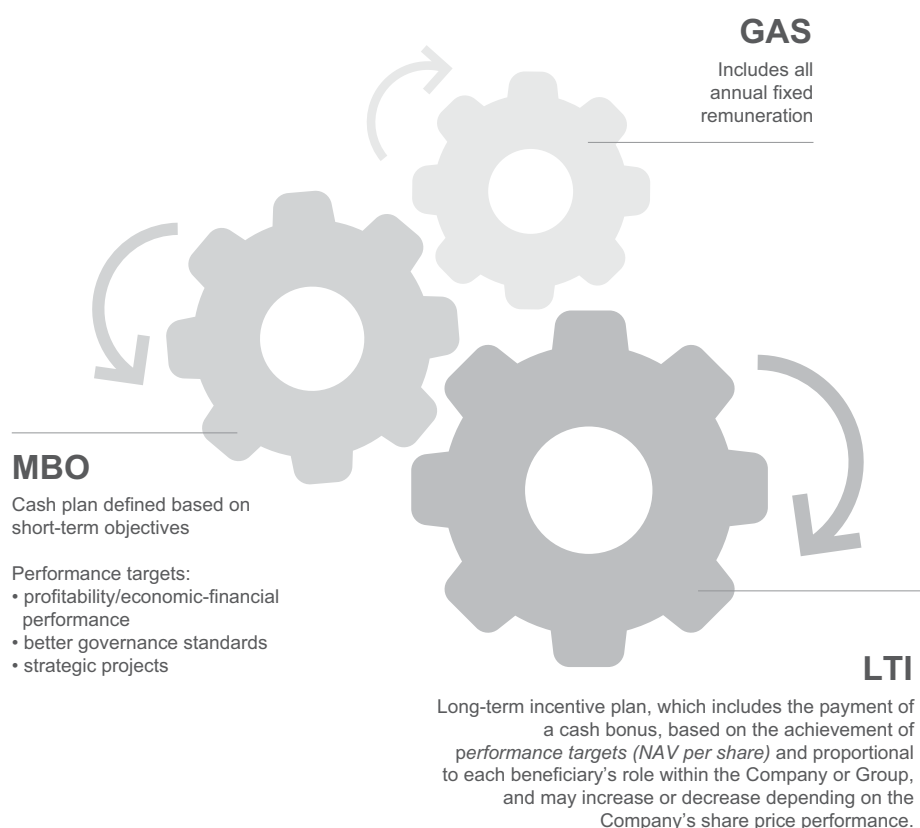
The above-mentioned weights may exceed the maximum limits mentioned above where specific “exceptional” goals have been set and achieved. The Board of Directors or the CEO/General Manager have established the performance targets and the assessment indicators.

The performance targets, with reference to long-term variable components of remuneration, shall be pre-established, measurable, and linked to the creation of value for the Company and the shareholders over the medium-long term. For example, they could include targets linked to the Company's and/or the Group's profitability or financial performance, the adoption of the best governance standards, sustainable development, and implementation of strategic projects for the Company. Each target will be assigned a rating that will, in turn, correspond to the value of the bonus to be paid.

The criteria used to assess the performance targets will be based on the financial position, financial performance and profitability achieved by the Company and/or the Group. They constitute indicators of the capacity of the Company to produce value and manage its business risk.

The envisaged remuneration tools are summarised in the following diagram:

FIGURE 3 – REWARD POLICY



3.1 MBOs

3.1.1 Purpose of the MBO

The purpose of the MBO is to:

- Support management actions in the short term, consistent with the targets set, including in view of retention;
- Provide an objective assessment of management performance through results achieved;
- Identify appropriate actions to improve management's future performance.

3.1.2 Scope of the MBO

The MBO envisages the granting to beneficiaries of a cash incentive proportional to each beneficiary's responsibilities within the Company, payable subject to the achievement of predetermined performance targets.

3.1.3 Duration of the MBO

The MBO objectives are assigned on an annual basis and the monitoring period for performance is equivalent to the financial year.

3.2 LTI Plan

3.2.1 Purpose of the LTI Plan

The purpose of the LTI Plan is to:

- link overall remuneration and especially the incentive system for managerial figures and key personnel of the Group to the actual performance of the Company and the creation of new value for the Group, as also expressed in the Corporate Governance Code;
- link beneficiaries' overall compensation to the Company's long-term performance and to value creation for shareholders.
- further develop retention policies aimed at earning the trust of key resources in the company and encouraging them to stay with the Company or the Group;
- reward the results achieved by each beneficiary, creating the conditions to ensure greater involvement by top management in the future of the Company and increase the beneficiaries' sense of belonging, encouraging them to stay in the company.

3.2.2 Scope of the LTI Plan

The LTI Plan provides for the assignment to beneficiaries of a cash incentive, subject to reaching certain company performance targets, measured in terms of NAV per share, and proportional to the beneficiary's role within the Company or Group. The incentive may increase or decrease in relation to the difference between the normal value of the Italmobiliare shares at the date of admission to the LTI Plan and the normal value at the end of the performance monitoring period. In addition, a maximum amount is set for the incentive.

3.2.3 Duration of the LTI Plan

The LTI Plan is set out over a 3-year period (2017-2019), during which the performance targets set by the Board of Directors are verified. The Board of Directors, subject to the opinion of the Remuneration Committee and the prior establishment of the relative performance targets, can launch additional plan cycles in subsequent years ⁵.

3.3 Remuneration of Directors and Key Management Personnel

3.3.1 Chairman

3.3.1.1 Remuneration for office

The gross annual remuneration of the Chairman of the Board of Directors is Euro 200,000 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.

The Chairman does not receive variable remuneration.

Given the nature of the office, there are no agreements on end-of-service benefits and indemnities..

3.3.1.2 Benefits

None

3.3.2 Deputy Chairman

3.3.2.1 Remuneration for office

The gross annual remuneration of the Deputy Chairman of the Board of Directors is Euro 20,000, 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.

The Deputy Chairman does not receive variable remuneration.

Given the nature of the office, there are no agreements on end-of-service benefits and indemnities.

3.3.2.2 Benefits

None

⁵ For further information on the LTI Plan, please refer to the information document drawn up in accordance with Art. 84-bis of the Issuers' Regulation, published on the internet site www.italmobiliare.it under " Governance/Shareholders' Meeting Archive/2017".

3.3.3 Directors

3.3.3.1 Fixed remuneration

The Ordinary Shareholders' Meeting of 19 May 2017 resolved to grant annual remuneration of Euro 36,000 to the members of the Board of Directors, until decided otherwise.

In compliance with current best practice for Directors not vested with special powers, no variable component of remuneration is provided, but Directors are reimbursed for expenses incurred in performing their office.

The remuneration of Executive Directors or Directors vested with special powers is directly established at the time of appointment, or at a subsequent meeting, by the Board of Directors, acting upon the recommendation of the Remuneration Committee and based on the opinion of the Board of Statutory Auditors.

The Company does not have specific policies for Independent Directors.

Given the nature of the office, there are no agreements on end-of-service benefits and indemnities.

3.3.3.2 *Benefit*

None

3.3.3.3 Remuneration for participation in Committees

Directors who are also members of the Executive Committee are granted an additional fixed amount of Euro 6,000 for each Committee meeting they attend.

Directors who are members of the various committees appointed within the Board of Directors are granted an additional fixed amount of Euro 3,000 for each meeting they attend of the Committee(s) to which they are members.

3.3.4 CEO/General Manager

3.3.4.1 Fixed remuneration

The remuneration for the CEO/General Manager was resolved by the Board of Directors on 2 March 2017, upon proposal by the Remuneration Committee and with the reasoned opinion of the Board of Statutory Auditors. The Remuneration Committee reviewed the issue in the meeting of 1 March 2017.

Following the above analysis, the Remuneration Committee decided to propose to the Board of Directors a fixed gross annual salary for the CEO/General Manager of Euro 1,000,000. As with other Directors, the CEO/General Manager 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.

The remuneration prescribed for the role of Chairman of subsidiary Clessidra Sgr, Euro 100,000 gross per annum, is paid back in its entirety to parent company Italmobiliare.

3.3.4.2 Short-term variable incentive

The CEO/General Manager receives variable remuneration (2017 MBO), linked to business performance and individual objectives, based on the following specifications: an amount equivalent to 1/3 of total remuneration, considering the fixed components, short-term component (MBO), and long-term component (LTI) on an annual basis at the target value. Regarding the MBO 2017 objectives assigned to the CEO/General Manager, 80% of the incentive has been linked to an objective focussed on the economic performance of the Company (Cash Flow from current operations) with a performance target level aligned to the budget value. 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.

3.3.4.3 Long-term incentives

The CEO/General Manager is a beneficiary of the LTI Plan, amounting to 1/3 of total remuneration, considering the fixed components, short-term component (MBO), and long-term component (LTI) on an annual basis at the target value.

3.3.4.4 Termination benefits and indemnities

None

3.3.4.5 Benefits

Non-monetary benefits may be granted as well as the other benefits in line with market practices. In accordance with current standard practices for similar positions, the CEO/General Manager may also be entitled to other benefits relating to performance of the role as decided by the Board of Directors.

3.3.4.6 Non-compete agreements

None

3.3.5 KMP

The Company's Board of Directors has identified the following roles as Key Management Personnel: Administrative Manager/Manager responsible for preparing the Company's Financial Reports (Dirigente Preposto), Equity Interests Manager, and the Development and Investments Manager.

The remuneration for KMPs is defined by the Board of Directors on the proposal of the Remuneration Committee and having acknowledged the opinion of the Board of Statutory Auditors.

3.3.5.1 Administrative Manager / Manager responsible for preparing the Company's Financial Reports (Dirigente Preposto)

3.3.5.1.1 Fixed remuneration

At the meeting held on 19 April 2017, the Company's Board of Directors appointed Guido Biancali as the Manager responsible for preparing the Company's Financial Reports (Dirigente Preposto), confirming the fixed gross annual salary of Euro 30,000. After the appointment, Guido Biancali resigned upon reaching retirement age and, at the meeting of 21 June 2017, the Board of Directors appointed Mauro Torri as Manager responsible for preparing the Company's Financial Reports (Dirigente Preposto) effective 1 July 2017, including this position among Key Management Personnel.

Therefore, the Board of Directors established the overall remuneration assigned to the Manager responsible for preparing the Company's Financial Reports (Dirigente Preposto), consisting of a fixed gross annual salary of Euro 170,000 and a gross annual salary of Euro 60,000 for the position of Manager responsible for preparing the Company's Financial Reports

3.3.5.1.2 Short-term variable incentive The Manager responsible for preparing the Company's Financial Reports (Dirigente Preposto) receives variable remuneration (2017 MBO), linked to business performance and individual objectives, equivalent to 15% of total remuneration, considering the fixed component, short-term component (MBO), and long-term component (LTI) on an annual basis and at the target value.

3.3.5.1.3 Long-term incentives The Manager responsible for preparing the Company's Financial Reports (Dirigente Preposto) is a beneficiary of the LTI Plan according to the following specifications: an amount equivalent to 15% of total remuneration, considering the fixed component, short-term component (MBO), and long-term component (LTI) on an annual basis and at the target value.

The 2017 MBO of the Manager responsible for preparing the Company's Financial Reports (Dirigente Proposto) was determined with 30% linked to the Cash Flow from current operations with performance target level aligned to the budget value, and 70% linked to individual objectives related to the adoption of better standards of governance, control and oversight of regulatory and legal compliances.

3.3.5.1.4 Termination benefits and indemnities None

3.3.5.1.5 Benefits 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.

3.3.5.1.6 Non-compete agreements None

3.3.5.2 Other KMP

3.3.5.2.1 Remuneration The remuneration components for Other KMP are as follows:

- an annual fixed component;
- an annual variable component linked to the achievement of specific company targets (MBO), equivalent to 20% of the total remuneration, considering the fixed component, short-term component (MBO), and the long-term component (LTI) on an annual basis at the target value; The 2017 MBO was determined with 40% linked to the Cash Flow from current operations with performance target level aligned to the budget value and 60% linked to individual objectives related to the profitability and economic-financial performance of the Company

and/or the Group, and the implementation of projects that are strategic for the Company;

- a variable long-term cash component (LTI) linked to the performance of Italmobiliare's shares, equivalent to 30% of total remuneration, considering the fixed component, short-term component (MBO), and the long-term component (LTI) on an annual basis at the target value.

Given the nature of the employment relationships, there are no agreements on end-of-service benefits and indemnities.

3.3.5.2.2 Benefits

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

3.3.5.2.3 Non-compete agreements

None

3.3.6 Head of the Internal Audit Function

3.3.6.1 Remuneration

The remuneration of the Head of the Internal Audit Function is established by the Board of Directors upon the recommendation of the Remuneration Committee, based on the opinion of the Director in charge of the Internal Control and Risk Management System, the Risks and Sustainability Committee, and the Board of Statutory Auditors.

The remuneration components for the Head of the Internal Audit Function are as follows:

- an annual fixed component;
- an annual variable component linked to the achievement of specific company targets (Management by Objectives);
- a variable long-term cash component (LTI) linked to the performance of the Italmobiliare share price

The assignment of targets not related to business performance but to the full and effective performance of the function is designed to ensure the best possible conditions for the correct performance of duties for this role, also in terms of remuneration.

The Head of the Internal Audit Function is a beneficiary of the LTI Plan, with the understanding that the LTI component is equal to only 15% of total remuneration.

Given the nature of the office, there are no agreements on end-of-service benefits and indemnities.

3.3.6.2 Benefits

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

3.3.6.3 Non-compete agreements

None

3.3.7 Officers directly reporting to the CEO / General Manager

3.3.8.1 Remuneration

The remuneration for Officers directly reporting to the CEO/General Manager is defined by them with the support of the Human Resources Division.

The remuneration components for Officers directly reporting to the CEO/General Manager are as follows:

- an annual fixed component;
- an annual variable component linked to the achievement of specific company targets (Management by Objectives);
- a variable long-term cash component (LTI) linked to the performance of Italmobiliare's shares.

Given the nature of the employment relationships, there are no agreements on end-of-service benefits and indemnities.

3.3.8.2 Benefits

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

3.3.8.3 Non-compete agreements

None

SECTION II

REMUNERATION AND OTHER INFORMATION

REMUNERATION PAID IN 2017

A description of the remuneration paid in 2017 to the Chairman, the Deputy Chairman, Non-Executive Directors, the CEO/General Manager, and Key Management Personnel is provided below.

The information includes actions taken starting from appointment of the Board of Directors by the Shareholders' Meeting on 19 April 2017 through 31 December 2017. Solely with regard to Director Elsa Maria Olga Fornero, the reference period begins on 27 July 2017, i.e., from the date of her appointment by co-option to replace Livia Pomodoro. Consequently, for Livia Pomodoro, the reference period starts from appointment (19 April 2017) through the effective date of resignation (27 July 2017).

Remuneration paid to members of administrative and control bodies, general managers, and other key management personnel

Name and surname	Office	Period in which office was held	Expiration of term of office	Fixed remuneration	Remuneration for committee participation	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Termination indemnity
						Bonuses and other incentives	Profit sharing					
Giampiero Pesenti	Chairman Executive Committee	01/01 – 19/04 2017	2016									
(I) Remuneration in company preparing the financial statements				128,667		441,974		151,996		722,637		
(II) Remuneration from subsidiaries and associates												
Total				128,667		441,974		151,996		722,637		
Laura Zanetti	Chairperson (from 19/04/17) Executive Committee Remuneration Committee (until 19/04/17)	01/01 – 31/12 2017	2019									
(I) Remuneration in company preparing the financial statements				169,333	15,000					184,333		
(II) Remuneration from subsidiaries and associates												
Total				169,333	15,000					184,333		
Italo Lucchini	Deputy Chairman Executive Committee Remuneration Committee	01/01 – 19/04 2017	2016									
(I) Remuneration in company preparing the financial statements				28,666	9,000					37,666		
(II) Remuneration from subsidiaries and associates												
Total				28,666	9,000					37,666		
Livia Pomodoro	Deputy Chairperson Committee for Transactions with Related Parties	19/04 – 13/06	2017									
(I) Remuneration in company preparing the financial statements				9,333	3,000					12,333		
(II) Remuneration from subsidiaries and associates												
Total				9,333	3,000					12,333		
Livio Strazzera	Chairman (from 19/04/17) Executive Committee	01/01 – 31/12 2017	2019									
(I) Remuneration in company preparing the financial statements				49,333	6,000					55,333		
(II) Remuneration from subsidiaries and associates												
Total				49,333	6,000					55,333		
Carlo Pesenti	CEO General Manager Executive Committee	01/01 – 31/12 2017	2019									
(I) Remuneration in company preparing the financial statements				1,036,000	6,000	2,463,019 *		186,000		3,691,019		
(II) Remuneration from subsidiaries and associates												
Total				1,036,000	6,000	2,463,019		186,000		3,691,019		
Annamaria Artoni	Director Committee for Transactions with Related Parties	01/01 – 19/04 2017	2016									
(I) Remuneration in company preparing the financial statements				12,000						12,000		
(II) Remuneration from subsidiaries and associates												
Total				12,000						12,000		
Vittorio Bertazzoni	Director Remuneration Committee	19/04 – 31/12 2017	2019									
(I) Remuneration in company preparing the financial statements				24,000	6,000					30,000		
(II) Remuneration from subsidiaries and associates												
Total				24,000	6,000					30,000		
Giorgio Bonomi	Director Risks and Sustainability Committee	01/01 – 31/12 2017	2019									
(I) Remuneration in company preparing the financial statements				36,000	30,000					66,000		
(II) Remuneration from subsidiaries and associates												
Total				36,000	30,000					66,000		
Mirja Cartia d'Asero	Director Risks and Sustainability Committee Committee for Transactions with Related Parties	19/04 – 31/12 2017	2019									
(I) Remuneration in company preparing the financial statements				24,000	30,000					54,000		
(II) Remuneration from subsidiaries and associates												
Total				24,000	30,000					54,000		

* Remuneration consisting of the annual MBO incentive of 867,000 euros and the deferred LTI for the three-year period 2014-2016 of 1,596,019 euros paid in 2017.

Name and surname	Office	Period in which office was held	Expiration of term of office	Fixed remuneration	Remuneration for committee participation	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Termination indemnity
						Bonuses and other incentives	Profit sharing					
Valentina Casella	Director Risks and Sustainability Committee Committee for Transactions with Related Parties	19/04 – 31/12 2017	2019									
(I) Remuneration in company preparing the financial statements				24,000	30,000					54,000		
(II) Remuneration from subsidiaries and associates												
Total				24,000	30,000					54,000		
Carolyn Dittmeier	Director Risks and Sustainability Committee Committee for Transactions with Related Parties	01/01 – 19/04 2017	2016									
(I) Remuneration in company preparing the financial statements				12,000	9,000					21,000		
(II) Remuneration from subsidiaries and associates												
Total				12,000	9,000					21,000		
Elsa Fornero	Director Committee for Transactions with Related Parties	27/07 – 31/12	2019									
(I) Remuneration in company preparing the financial statements				15,000	3,000					18,000		
(II) Remuneration from subsidiaries and associates												
Total				15,000	3,000					18,000		
Sebastiano Mazzoleni	Director	01/01 – 31/12 2017	2019									
(I) Remuneration in company preparing the financial statements				36,000						36,000		
(II) Remuneration from subsidiaries and associates												
Total				36,000						36,000		
Luca Minoli	Director Executive Committee	01/01 – 31/12 2017	2019									
(I) Remuneration in company preparing the financial statements				36,000	6000				67,416	109,416		
(II) Remuneration from subsidiaries and associates									3,670	3,670		
Total				36,000	6000				71,086	113,086		
Gianemilio Osculati	Director	01/01 – 19/04 2017	2016									
(I) Remuneration in company preparing the financial statements				12,000						12,000		
(II) Remuneration from subsidiaries and associates												
Total				12,000						12,000		
Chiara Palmieri	Director Remuneration Committee	19/04 – 31/12 2017	2019									
(I) Remuneration in company preparing the financial statements				24,000	9,000					33,000		
(II) Remuneration from subsidiaries and associates												
Total				24,000	9,000					33,000		
Clemente Rebecchini	Director	01/01 – 31/12 2017	2019									
(I) Remuneration in company preparing the financial statements				36,000						36,000		
(II) Remuneration from subsidiaries and associates												
Total				36,000						36,000		
Paolo Sfameni	Director Supervisory Board Risks and Sustainability Committee Committee for Transactions with Related Parties Remuneration Committee	01/01 – 19/04	2016									
(I) Remuneration in company preparing the financial statements				12,000	40,500					52,500		
(II) Remuneration from subsidiaries and associates												
Total				12,000	40,500					52,500		
Massimo Tononi	Director Executive Committee Remuneration Committee	01/01 – 31/12	2019									
(I) Remuneration in company preparing the financial statements				36,000	15,000					51,000		
(II) Remuneration from subsidiaries and associates												
Total				36,000	15,000					51,000		

NOTE: Mr. Antonio Salerno renounced to his remuneration as Director.

Name and surname	Office	Period in which office was held	Expiration of term of office	Fixed remuneration	Remuneration for committee participation	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Termination indemnity
						Bonuses and other incentives	Profit sharing					
Francesco Di Carlo	Chairman of the Board of Statutory Auditors	01/01 – 31/12	2019									
	(I) Remuneration in company preparing the financial statements			75,000						75,000		
	(II) Remuneration from subsidiaries and associates											
			Total	75,000						75,000		
Angelo Casò	Standing Auditor	01/01 – 31/12	2019									
	(I) Remuneration in company preparing the financial statements			50,000						50,000		
	(II) Remuneration from subsidiaries and associates											
			Total	50,000						50,000		
Luciana Ravicini	Standing Auditor	01/01 – 31/12	2019									
	(I) Remuneration in company preparing the financial statements			50,000						50,000		
	(II) Remuneration from subsidiaries and associates											
			Total	50,000						50,000		
Key Management Personnel (3)												
		01/01 – 31/12	2017									
	(I) Remuneration in company preparing the financial statements			772,500		439,957		14,311	45,000	1,271,768		
	(II) Remuneration from subsidiaries and associates											
			Total	772,500		439,957		14,311	45,000	1,271,768		

Remuneration is shown below, broken down by individual position, for the each of the data points included in the aggregate

Fixed remuneration		
Giampiero Pesenti	Director remuneration	12,000
	Fixed remuneration	116,667
Laura Zanetti	Director remuneration	36,000
	Fixed remuneration	133,333
	Executive Committee remuneration	6,000
	Remuneration Committee remuneration	9,000
Italo Lucchini	Director remuneration	12,000
	Fixed remuneration	16,666
	Remuneration Committee remuneration	9,000
Livia Pomodoro	Director remuneration	6,000
	Fixed remuneration	3,333
	Executive Committee remuneration	3,000
Livio Strazzerà	Director remuneration	36,000
	Fixed remuneration	13,333
	Executive Committee remuneration	6,000
Carlo Pesenti	Director remuneration	36,000
	Fixed remuneration	1,000,000
	Executive Committee remuneration	6,000
Remuneration for committee participation		
Mirja Cartia d'Asero	Risks and Sustainability Committee remuneration	21,000
	Committee for Transactions with Related Parties remuneration	9,000
Valentina Casella	Risks and Sustainability Committee remuneration	21,000
	Committee for Transactions with Related Parties remuneration	9,000
Paolo Sfameni	Risks and Sustainability Committee remuneration	9,000
	Remuneration Committee remuneration	9,000
	Supervisory Board remuneration	22,500
Massimo Tononi	Executive Committee remuneration	6,000
	Remuneration Committee remuneration	9,000

Stock options assigned to members of administrative bodies, general managers, and other key management personnel

			Options held at beginning of year			Options assigned during the year						Options exercised during the year			Options expired during the year	Options held at end of year	Options related to the year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Name and surname	Office	Plan	Number of options	Exercise price	Exercise period (from-to)	Number of options	Exercise price	Exercise period (from-to)	Fair value at assignment date	Assignment date	Market price of underlying shares at option assignment	Number of options	Exercise price	Market price of underlying shares at exercise date	Number of options	Number of options	Fair value
Giampiero Pesenti	Chairman until 19/04/2017																
(I) Remuneration in company preparing the financial statements		Stock option plan for managers (BoD resolution of 27/03/2001)	120,000	29.954	28/03/2011 27/03/2018	-	-	-	-	-	-	-	-	-	-	120,000	-
			106,000	14.417	24/03/2013 23/03/2020	-	-	-	-	-	-	-	-	-	-	106,000	
			96,000	13.734	30/03/2014 29/03/2021	-	-	-	-	-	-	-	-	-	-	96,000	
(II) Remuneration from subsidiaries and associates			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total			322,000	-	-	-	-	-	-	-	-	-	-	-	-	322,000	
Carlo Pesenti	CEO - General Manager																
(I) Remuneration in company preparing the financial statements		Stock option plan for managers (BoD resolution of 27/03/2001)	71,000	29.954	28/03/2011 27/03/2018	-	-	-	-	-	-	-	-	-	-	71,000	-
			71,600	14.417	24/03/2013 23/03/2020	-	-	-	-	-	-	-	-	-	-	71,600	
			61,400	13.734	30/03/2014 29/03/2021	-	-	-	-	-	-	-	-	-	-	61,400	
(II) Remuneration from subsidiaries and associates						-	-	-	-	-	-	-	-	-	-	-	-
Total			204,000	-	-	-	-	-	-	-	-	-	-	-	-	204,000	
Key Management Personnel																	
(I) Remuneration in company preparing the financial statements		Stock option plan for managers (BoD resolution of 27/03/2001)	18,700	29.954	28/03/2011 27/03/2018	-	-	-	-	-	-	-	-	-	-	18,700	
			11,600	10.263	24/03/2012 23/03/2019	-	-	-	-	-	-	6,600	10.263	23.960	-	5,000	
		Stock option plan for managers (BoD resolution of 27/03/2002)	6,630	14.417	24/03/2013 23/03/2020	-	-	-	-	-	-	6,630	14.417	24.180	-	-	
			18,000	13.734	30/03/2014 29/03/2021	-	-	-	-	-	-	18,000	13.734	24.220	-	-	
(II) Remuneration from subsidiaries and associates						-	-	-	-	-	-	-	-	-			
Total			54,930									31,230				23,700	

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

			Financial instruments assigned in previous years not vested during the year		Financial instruments assigned during the year					Financial instruments vested during the year and not attributed	Financial instruments vested during the year and not attributed		Financial instruments for the year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name and surname	Office	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at assignment date	Vesting period	Assignment date	Market price at assignment	Number and type of financial instruments	Number and type of financial instruments	Value at maturity date	Fair value
Giampiero Pesenti	Chairman												
(I) Remuneration in company preparing the financial statements	20/06/2014	Long-term monetary incentive plan for directors and key management personnel	Range 13,000 - 23,000	20/06/2014 31/12/2016							10,330	441,974	
(II) Remuneration from subsidiaries and associates	-												
Total											10,330	441,974	
Carlo Pesenti	CEO General Manager												
(I) Remuneration in company preparing the financial statements	20/06/2014	Long-term monetary incentive plan for directors and key management personnel	Range 25,000 - 41,600	20/06/2014 31/12/2016							37,304	1,596,019	
(II) Remuneration from subsidiaries and associates	-												
Total											37,304	1,596,019	
Guido Biancali	Manager responsible for preparing the Company's Financial Reports (Dirigente Preposto) until 30/06/2017												
(I) Remuneration in company preparing the financial statements	20/06/2014	Long-term monetary incentive plan for directors and key management personnel	Range 7,500 - 11,250	20/06/2014 31/12/2016							6,968	298,157	
(II) Remuneration from subsidiaries and associates	-												
Total											6,968	298,157	

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

Name and surname	Office	Plan	Bonus for the year			Bonuses from previous years			Other bonuses
			Payable/paid	Deferred	Deferment period	No longer payable	Payable/paid	Still deferred	
Carlo Pesenti	CEO General Manager								
(I) Remuneration in company preparing the financial statements	6 March 2018	Annual MBO	867,000						
	27 July 2017	Three-Year LTI		Max 1,667,000*					
(II) Remuneration from subsidiaries and associates									
Total			867,000						
Key Management Personnel									
(I) Remuneration in company preparing the financial statements	6 March 2018	Annual MBO	141,800						
	27 July 2017	Three-Year LTI		Max 550,000*					
(II) Remuneration from subsidiaries and associates									
Total			141,800						

* theoretical 2017 portion of 2017-2019 LTI Plan. The incentive amount as presented above will increase or decrease in relation to the difference between the normal value of shares on the admission date and the normal value of shares at the end of the monitoring period.

Shareholdings of the members of the Governing and Supervising Bodies, of the Chief Operating Officer and other key management personnel

Name and surname	Office	Investee company	Number of shares owned at end of previous year	Number of shares acquired	Number of shares sold	Number of shares owned at end of current year
Giampiero Pesenti	Chairman	ITALMOBILIARE	ord. shares: 23,724	ord. shares: 23,724 ¹	ord. shares: -	ord. shares: 47,448
Carlo Pesenti	CEO General Manager	ITALMOBILIARE	ord. shares: 400	ord. shares: 400 ¹	ord. shares: -	ord. shares: 800
Giorgio Bonomi	Director	ITALMOBILIARE	ord. shares: 400 ²	ord. shares: 400 ¹	ord. shares: -	ord. shares: 800 ²
Livio Strazzera	Director	ITALMOBILIARE	ord. shares: 100	ord. shares: 100	ord. shares: -	ord. shares: 200
Laura Zanetti	Director	ITALMOBILIARE	ord. shares: 900	ord. shares: 900 ¹	ord. shares: -	ord. shares: 1,800

1) following share split
2) shares held by spouse

Explanatory report by the Board of Directors on the authorisation to purchase and dispose of the company's own shares, after revocation of the authorisation resolved by the Ordinary and Extraordinary Shareholders' Meeting on 19 April 2017: related and consequent resolutions

Dear Shareholders,

The ordinary and extraordinary shareholders' meeting held on 19 April 2017 renewed the Company's authorisation to purchase and dispose of its own shares, for a period of 18 months from the day of the resolution.

Under the aforementioned shareholders' authorisation, the Company has during the year purchased 3,999,832 of its own ordinary shares, while it has used some of its treasury shares to allocate them to stock option beneficiaries exercising the rights they had already accrued.

Therefore, as of the date of 6 March 2018, the Company held 5,690,870 of its own ordinary shares (treasury shares). The carrying amount of the Company's treasury shares on that date was 134,608,000 euros, and this was reported in the company's accounts in the forms prescribed by the applicable law.

Since the period of validity of the authorisation expires on 19 October next, we ask you to renew this authorisation for the next 18 months, to enable the Company to retain the right to purchase its own shares and to dispose of them.

1. Reasons why authorisation is being requested to purchase the Company's own shares

This authorisation to purchase own shares will serve the usual aims, as also disciplined by law, and may therefore be designed to:

- ensure that a sufficient stock of treasury shares is available: (i) to service any share-based incentive plans (stock options), and/or (ii) to make a medium and long-term investment in the Company;
- to intervene, in compliance with the applicable provisions, directly, or through intermediaries, to contain abnormal changes in share price and to regularise the course of trading and share price changes, when faced with distorting phenomena linked to excess volatility or low trading liquidity;
- to ensure that the Company has a portfolio of treasury shares available to it in the context of any possible extraordinary financial transactions, such as, for example, possible acquisitions or strategic alliances or possible payments of dividends or reserves in kind, or for other uses deemed to be in the financial, operational and/or strategic interests of the company;
- to offer shareholders a further tool for converting their investment into cash.

2. Arrangements to be used to make the purchases

Italmobiliare's purchases of its own shares will be carried out, within the limits prescribed in the applicable regulation, and without prejudice to the matters specified below, using methods that assure equality of treatment of Shareholders, and which do not permit the direct matching of proposals to buy with specific proposals to sell.

Furthermore, taking account of the various aims that may be pursued, the Board of Directors proposes that it be authorised to make purchases according to any further arrangements permitted by applicable regulations and law and therefore, at the present time:

- by means of public offers to purchase or exchange;
- through the purchase and sale of derivative instruments traded on regulated markets that envisage the physical transfer of the underlying shares;
- by the proportional attribution to the Shareholders of sale options, to be exercised within the lifetime of the authorisation pursuant to paragraph 5 below.

The transactions to purchase the Company's own shares for which authorisation is requested will be executed in compliance with the applicable law and, in particular, in accordance with the Italian and European Union legislative and regulatory provisions, also on the subject of market abuse.

Adequate disclosure of the transactions to purchase the Company's own shares will be provided in compliance with the applicable disclosure obligations.

3. Maximum number, category and par value of the shares to which the authorisation to purchase refers. Information useful to properly assess compliance with Article 2357, subsection 3 of the Italian Civil Code.

At the date of this report, the subscribed and fully paid-up share capital of Italmobiliare is equal to 100,166,937.00 euros, represented by 47,633,800 ordinary shares without par value. On the same date, the Issuer holds 5,690,870 of its own shares in its portfolio, corresponding to 11.9% of the shares that represent the share capital.

An authorisation of a general nature is requested to purchase, in one or more tranches, ordinary shares of Italmobiliare S.p.A. without par value, up to a maximum number that, taking account on each occasion of the treasury shares held in the Company's portfolio, and of the number of Company shares held by its subsidiaries, does not exceed the maximum number specified in the law that is for the time being applicable.

It is therefore proposed that a mandate be conferred on the Board of Directors to identify the number of shares to be purchased in relation to each of the aims specified in Paragraph 1 above, before starting each of the individual purchase programmes, within the maximum limit specified above. To ensure that the legal limits are respected, procedures suitable to ensure timely and complete disclosure about the shares owned by the subsidiary companies will be developed, in each case.

The purchase of own shares must occur within the limits of the profits available for distribution plus the available reserves reported in the last set of financial statements (or interim accounts) approved at the moment the purchase is completed. To this end, it is specified that, based on the results in the draft financial statements as at 31 December 2017, approved by the Board of Directors on 6 March 2018 and submitted to the ordinary meeting of the Shareholders of Italmobiliare on 18 April 2018, the profits available for distribution total euros net of the proposed dividend of (•) euros per share and the available reserves of euros.

In the event of purchases of own shares, the appropriate account postings will be made, in accordance with the provisions of law and applicable accounting principles.

4. Minimum and maximum consideration for the purchase of own shares and the market valuations on the basis of which the consideration was determined.

The price of each share purchased by virtue of this authorisation must be no more than 15% higher or lower than the average reference price recorded on Borsa Italiana in the three trading days preceding each individual purchase transaction.

5. Period of time for which the authorisation to purchase is requested

The authorisation to purchase the Company's own shares is requested for a period of 18 (eighteen months) from the date of the resolution of the ordinary Shareholders' Meeting.

6. Authorisation to dispose of the Company's own shares

The Board of Directors also proposes to authorise the use of the own shares acquired by virtue of the authorisation in question pursuant to art. 2357-ter of the Italian Civil Code, at any time, in whole or in part, in one or more occasions, through the disposal thereof inside or outside the stock exchange, also for the purpose of possible acquisitions and/or the development of alliances in accordance with the strategic policies of the group, or as part of any future distribution of dividends or reserves, including in kind, or as part of management and employee incentive plans, according to the terms, arrangements and conditions of the act of disposal of the own shares deemed to be most opportune in the interests of the Company, or to intervene, in compliance with the applicable provisions, directly, or through intermediaries, to contain abnormal changes in share price and to regularise the course of trading and share price changes, when faced with distorting phenomena linked to excess volatility or low trading liquidity, it remaining the case that:

- the unit sale price (or, in any event, the unit value established in the disposal transaction) may in no case be lower than the average carrying price of the shares purchased on the basis of the authorisation; and
- the limit specified above shall not be applicable if the shares should be allocated to employees of Italmobiliare and its subsidiaries, parent companies or other companies controlled by these latter companies, or to members of the Board of Directors of Italmobiliare who hold particular offices in conformity with the founding document, or who have specific operational positions, within the context of the share-based incentive plans for employees and directors (stock options), as well as in the case of use of the treasury shares in the context of any extraordinary financial transactions or other uses deemed to be in the financial, operational and/or strategic interests of the Company.

The Board of Directors proposes that the disposal authorisation in question should permit the adoption of any arrangements that might be advisable to meet the aims pursued, to be carried out both directly and through intermediaries, in compliance with the applicable Italian and European Union legal and regulatory provisions on the subject.

The transactions to dispose of the own shares for which authorisation is requested will be carried out in accordance with the applicable law and, in particular, in accordance with the applicable Italian and European Union legal and regulatory provisions, including those on market abuse.

Adequate disclosure of the transactions to dispose of the own shares will be made, in compliance with the applicable disclosure obligations.

In the event of disposals of shares, the appropriate accounts postings must be made, in accordance with the provisions of law and applicable accounting principles.

7. Period of time for which the authorisation to dispose of own shares is requested

The authorisation to dispose of the Company's own shares is requested without time limits.

If you agree with the proposal formulated, we would invite you to pass the following resolution:

"The Shareholders' Meeting;

- having considered and approved the Report of the Board of Directors,*
- given the discipline set out in articles 2357 et seq. of the Italian Civil Code,*

resolves

- 1. to revoke the resolution to authorise the purchase and disposal of the Company's own shares, adopted by the Ordinary and Extraordinary Shareholders' Meeting on 19 April 2017;*
- 2. to authorise, pursuant to and for the purposes of art. 2357 of the Italian Civil Code, the purchase, in one or more tranches, for a period of 18 (eighteen months) with effect from the date of this resolution, of ordinary shares of the Company up to a maximum number that, taking account on each occasion of the treasury shares held in the Company's portfolio, and of the number of Company shares held by its subsidiaries does not exceed the maximum number specified in the law that is for the time being applicable, giving a mandate to the Board of Directors to identify the number of shares to be purchased in relation to each of the aims specified above, before starting each of the individual purchase programmes;*
- 3. to establish that the consideration for the own shares to be purchased is no more than 15% higher or lower than the average reference price recorded on Borsa Italiana in the three trading days preceding each individual purchase transaction;*
- 4. to authorise the Board of Directors so that, pursuant to and for the purposes of article 2357-ter of the Italian Civil Code, it is able to dispose, at any time, in whole or in part, in one or more occasions, of the treasury shares purchased by virtue of the authorisation set in point 2 above through the disposal thereof inside or outside the stock exchange, also for the purpose of possible acquisitions and/or the development of alliances in accordance with the strategic policies of the Italmobiliare group, or as part of any future distribution of dividends or reserves, including in kind, or as part of management and employee incentive plans, or to intervene, in compliance with the applicable provisions, directly, or through intermediaries, to contain abnormal changes in share price and to regularise the course of trading and share price changes, when faced with momentary distorting phenomena linked to excess volatility or low trading liquidity, according to the terms, arrangements and conditions of the act of disposal of the own shares deemed to be most opportune in the interests of the Company, it remaining the case that the unit sale price (or, in any event, the unit value established in the disposal transaction) may in no case be lower than the average carrying price of the shares purchased on the basis of the authorisation, (it also remaining the case that this limit shall not be applicable if the shares should be allocated to employees of Italmobiliare S.p.A. and its subsidiaries, parent companies or other companies controlled by these latter companies, or to members of the Board of Directors of Italmobiliare S.p.A. who hold particular offices in conformity with the founding document, or who have specific operational positions, within the context of the share-based incentive plans for employees and directors - "stock options", as well as in the case of use of the own shares in the context of any extraordinary financial transactions or other uses deemed to be in the financial, operational and/or strategic interests of the Company). The authorisation pursuant to this point 4) is granted without time limits;*

5. *to ensure, pursuant to the law, that the purchases referred to in this authorisation are contained within the limits of the profits available for distribution plus the available reserves reported in the last set of financial statements (or interim accounts) approved at the moment the purchase is completed;*
6. *to confer a mandate the Board of Directors to arrange for the appropriate accounts postings to be made, following the transactions to purchase or dispose of the Company's own shares, in accordance with the provisions of law and the accounting principles applicable at the time;*
7. to confer a mandate on the Chairman, the Deputy Chairman and the temporary Chief Executive Officer, with the right to subdelegate to ensure, also separately and through agents, the execution of the transactions that are the object of this resolution."

Milan, 6 March 2018

On behalf of the Board of Directors
Chief Executive Officer
Carlo Pesenti

Explanatory report by the Board of Directors on the resignation of a Director

Dear Shareholders,

Following the appointment of the new Board of Directors during the Shareholders' Meeting held on 19 April 2017, on 13 June 2017 the Company received the resignation of Director Livia Pomodoro.

Following this resignation, the Board of Directors co-opted Prof. Elsa Maria Olga Fornero as an Independent Director. The appointment took place in compliance with provisions of law and the by-laws on the requirements of Directors and the composition of the Board of Directors.

Pursuant to the law and the by-laws, the co-opted Director shall hold office until the following Shareholders' Meeting. Therefore, the Shareholders are asked to confirm or replace the co-opted Director with the majorities established by law.

In this regard, please note that, pursuant to the law and the by-laws:

- I. The Shareholders' Meeting resolves upon the replacement of Directors with a relative majority of the share capital represented at the Shareholders' Meeting and in compliance with regulations on force on gender balance;
- II. on the basis of the current composition of the Board of Directors, the Director appointed by the Shareholders' Meeting must be a woman;
- III. the current composition of the Board of Directors already ensures compliance with the requirements laid out by law, the by-laws and the code of conduct on independent Directors.

The Board of Directors proposes the confirmation of Prof. Elsa Maria Olga Fornero as an Independent Director until the end of the term of office of the Board of Directors in office, with the compensation approved by the Shareholders' Meeting on 19 April 2017.

The CV of Prof. Elsa Maria Olga Fornero is annexed to this document, and the Shareholders' Meeting is presented with the following proposed resolution.

"The Italmobiliare S.p.A. Shareholders' Meeting, having examined the report of the Board of Directors

Resolves

- *to appoint Elsa Maria Olga Fornero, born in San Carlo Canavese (TO) on 7 May 1948, as a Director of the Board until the end of the term of office of the current Board of Directors;*
- *to establish that her compensation as Board Director shall be equal to that approved for the other members of the Board of Directors by the Shareholders' Meeting on 19 April 2017".*

Milan, 6 March 2018

For the Board of Directors
The Chief Executive Officer
Carlo Pesenti

Elsa Fornero

Born in San Carlo Canavese (Turin), May 7, 1948.

She holds the Chair of Economics at the University of Turin, as well as academic positions as Scientific Coordinator at CeRP (the Center for Research on Pensions and Welfare Policies, which she founded in 1999), Honorary Senior Fellow of the Collegio Carlo Alberto, Vice-President of Share-Eric (Survey of Health, Ageing and Retirement in Europe), Research Fellow at Netspar, and Policy Fellow at the IZA Institute for the Study of Labour. She is also a member of the Scientific Council of the Observatoire de l'Épargne Européenne, the Advisory Group of the New Pact for Europe and the Research Committee of the OECD International Network on Financial Education.

From November 2011 to April 2013 she served as Minister of Labour, Social Policies and Equal Opportunities in Italy's "technocratic" government, in which capacity she conceived and drafted the pension and labour market reforms. Fornero is also the author of many publications on public and private pension systems, pension reforms, population ageing, household saving, retirement choices and life insurance. Her recent writings have been influenced by her experience in policy making.