

Remuneration Report

2018



Introduction

This Remuneration Report was approved by the Board of Directors of Italmobiliare on March 6, 2019, at the proposal of the Remuneration and Nomination Committee, and will be put to an advisory vote at the Shareholders' Meeting on April 17, 2019.

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** describes the compensation paid during the financial year ended on December 31, 2018, 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 financial year.

The text of the Report is available to the public at the registered office, on the authorised storage platform 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 2018 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.

Summary

	Goals	Characteristics	Values
Fixed Remuneration	To value and acknowledge the managerial and professional skills, experience and contribution required from the role assigned. It is sufficient to remunerate beneficiaries' performance in the event of a significant reduction in the variable component.	It is determined based on assigned role and responsibilities. It is defined according to the market remuneration levels of comparable positions.	<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>
Short-term incentives (MBO)	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>Assignment of performance objectives to be achieved during the reference financial year and which are directly linked to the Company's strategic plan.</p> <p>The value of the incentive accrued is directly proportional to the result achieved. 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 (max. 160%)</p> <p>Key Management Personnel: on average 40% of the fixed remuneration (max. 60%)</p>
Long-term incentives (LTI)	To foster a medium/long-term performance-based culture and its sustainability, strengthening the connection between management remuneration and the creation of value for shareholders, including through healthy, prudent risk management.	<p>Assignment of the opportunity to receive a cash premium at the end of a three-year performance measurement period, the amount of which is also linked to the share performance on the stock exchange.</p> <p>The value of the incentive accrued is directly proportional to the result achieved. 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 premium is</p>	<p>Chief Executive Officer/Chief Operating Officer: 100% of the fixed remuneration (max. 160%)</p> <p>Key Management Personnel: on average 60% of the fixed remuneration (max. 100%)</p>
Benefits and severance	Benefits consist of forms of welfare, assistance and use of corporate instruments, taking a comprehensive remuneration approach that is consistent with the market.	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 agreed does not exceed twice the total remuneration, in addition to legal dues and those under the collective contract.	

SECTION I

Governance and parties involved

The definition of the Remuneration Policy involves multiple parties and corporate bodies, as envisaged by the Bylaws, current regulations and the governance model adopted by the Company. In particular, this involves the Remuneration and Nomination 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 Nomination Committee, the CEO and Chief Operating Officer and the Board of Directors are in charge of the implementation of 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;
- 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.

2. Board of Directors

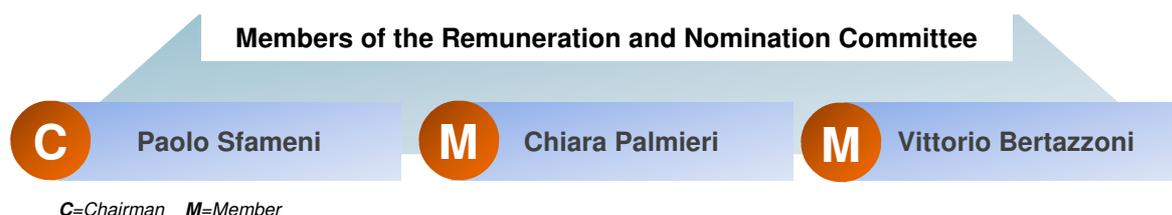
With regard to remuneration the Board of Directors:

- defines and approves the Policy, based on the proposal made by the Remuneration and Nomination Committee;
- on the recommendation of the Remuneration and Nomination Committee, and after consulting with the Board of Statutory Auditors, determines the remuneration of Directors vested with special powers, members of the Executive Committee and the other Board Committees;
- 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 Nomination Committee, establishes the performance objectives linked to the variable component of the remuneration of directors vested with special powers and Key Management Personnel;
- checks, also making use of information received from the Remuneration and Nomination 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.

3. Remuneration and Nomination Committee

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

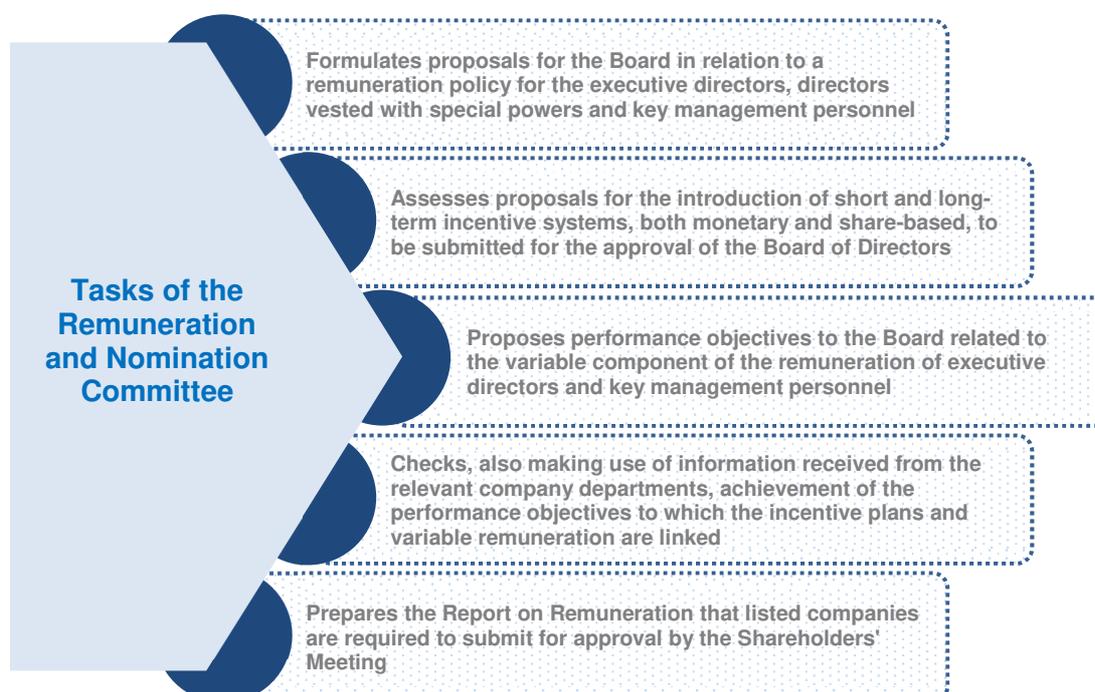
During FY 2018, the Company's Board of Directors assigned the competences recognised by the Corporate Governance Code as pertaining to the "Nominations Committee" to the already existing Remuneration Committee, established in the Company in 2000 and its name was accordingly changed to the "Remuneration and Nomination Committee".



Until July 25, 2018, the Committee was chaired by the Independent Director Massimo Tononi, who stood down on that date. Following the co-optation resolved on July 31, 2018, the Board of Directors designated Paolo Sfameni to replace him and take the chair.

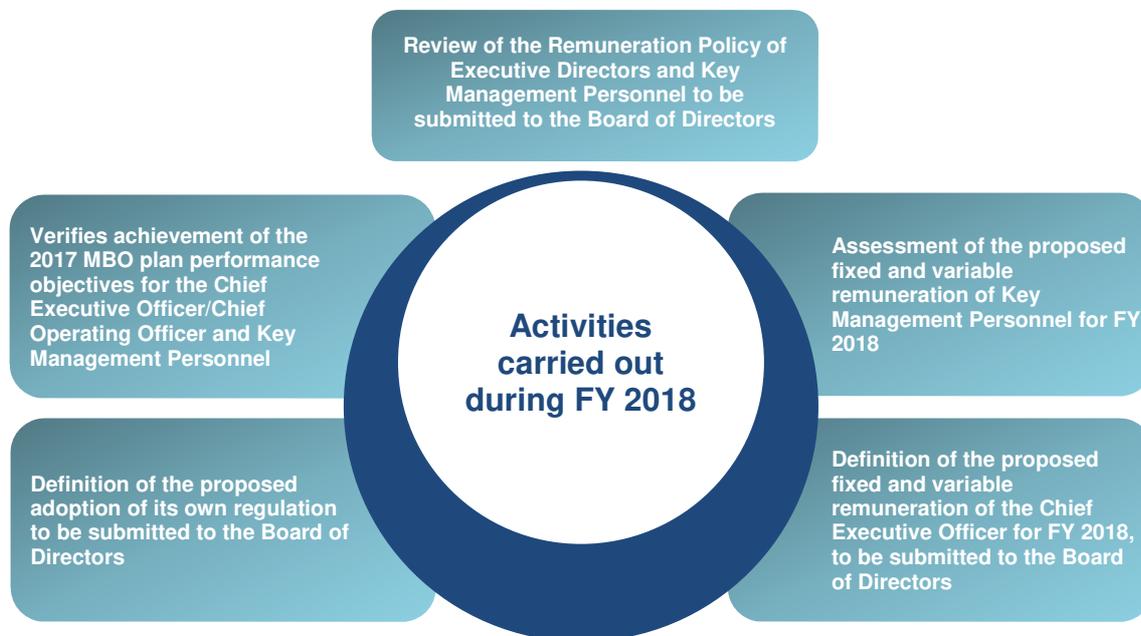
The Board of Statutory Auditors and Human Resources Director are also regularly invited to attend the Committee meetings. No Directors attend parts of meetings where proposals are made relating to their remuneration. Minutes are taken of the meetings and the Chairman informs the Board of the meetings held at the first opportunity.

The Remuneration and Nomination Committee has the aim of guaranteeing that the remuneration policies established for Directors, including those with delegations or vested with special powers, and for Key Management Personnel, are formulated by a body that does not have any interest therein, in compliance with Art. 6.P.3. of the Corporate Governance Code. The Committee only plays an advisory role; the power to determine the remuneration of Executive Directors and Directors vested with special powers 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.



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. Its works are governed by a regulation approved by the Board of Directors, on the recommendation of the committee, on September 25, 2018. The Committee has an annual budget assigned by the Board of Directors.

The Committee met twice during FY 2018, in the presence of the Board of Statutory Auditors.



In 2019, up until the date on which this Report was approved, the Committee had met twice.

At its meeting held on February 26, 2019 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.. The key principles of the Policy explained in this Report do not differ from those presented to the Company's shareholders' meeting in 2018.

Italmobiliare's 2019 Remuneration Policy was approved by the Board of Directors upon proposal by the Remuneration and Nomination Committee, in the meeting held on March 6, 2019, 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 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 regularly attends the meetings of the Remuneration and Nomination Committee and expresses an opinion on the remuneration proposed for the members of the Executive Committee and the other Board Committees.

Purpose and principles of the Remuneration Policy

The Italmobiliare Remuneration Policy is defined in accordance with the Company's governance model and the recommendations made by the Corporate Governance Code, in order to attract, withhold and motivate staff with the professional qualities required to successfully manage the Company and to bring the interests of the management into line with those of the shareholders, promoting the sustainable creation of value over the medium/long term and establishing a direct link between the remuneration accrued and performance achieved. The Remuneration Policy is also defined taking into account the best market practices adopted by listed companies and a healthy, prudent risk management approach.

Each of the components of the remuneration offered to the Company's management team meets with a precise aim and, also thanks to a suitable balance of fixed and variable components, helps structure a comprehensive compensation package that guarantees a firm, effective alignment between the management's remuneration and the shareholders' interests, expressed first and foremost by the proportional nature of the value of the variable components accrued and the results achieved in both the short and long term.

Components of remuneration	Characteristics and purpose
<p>Fixed Remuneration</p>	<ul style="list-style-type: none"> Includes all fixed annual remuneration (i.e. gross annual pay from employment, directors' fees, compensation for specific offices, etc.); 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.
<p>MBO <i>(Short-term variable incentive)</i></p>	<ul style="list-style-type: none"> This is commensurate with the role held, i.e. the nature of the impact on the company's overall performance in the short term; 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; 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.
<p>LTI <i>(Long-term incentives)</i></p>	<ul style="list-style-type: none"> 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; 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; 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.

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. In particular:

- the remuneration of non-executive directors consists only of fixed compensation and, therefore, is not linked to the Company's results;
- the remuneration of the Chief Executive Officer and 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 Manager in charge of drafting the financial statements and the Internal

Audit Director 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:

- **Economic result net** of non-recurring operations 80%
- **Governance objectives** 20%

KPIs Key Management Personnel: Economic result net of non-recurring operations and individual objectives consistent with the role held and the Company's **strategic objectives**

CAP: Yes

- Suitable balance of fixed/variable
- Limit to variable remuneration (cap)
- Predetermined, measurable objectives
- Clawback/Malus
- Specific incentive to Internal Audit departments and Manager in charge



LTI

Nature of the Premium: Cash of a value linked to share performance

Vesting: 3 years

KPIs:

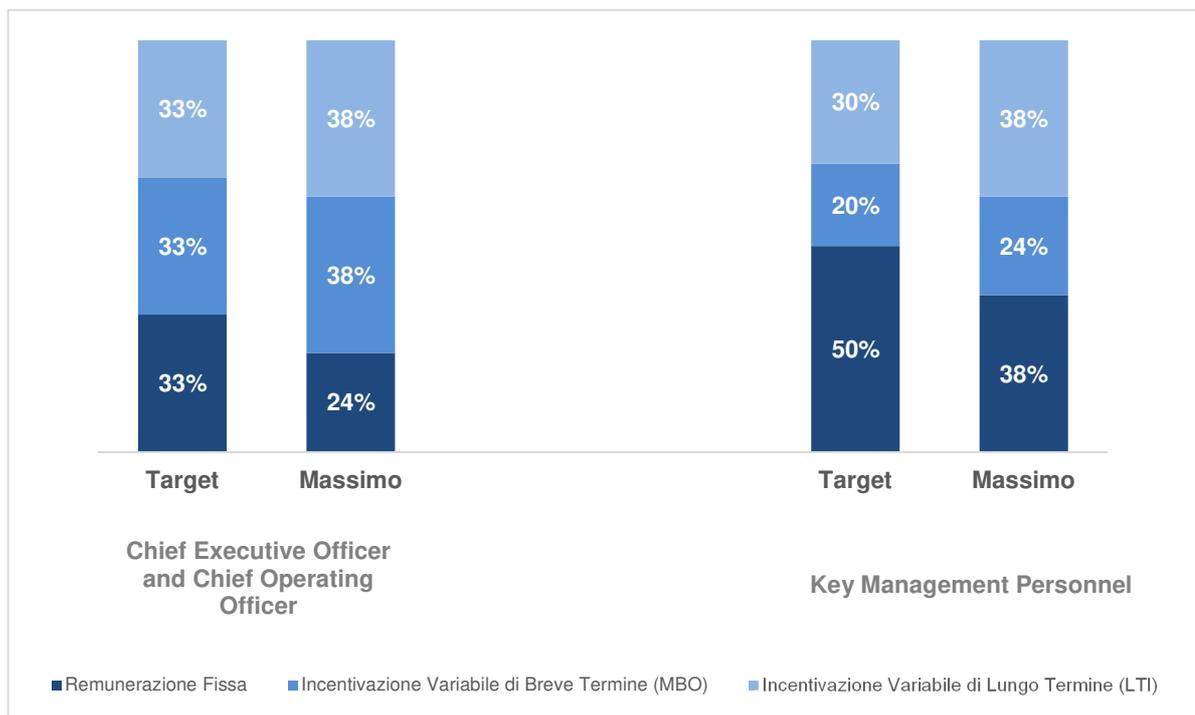
- **Net Asset Value per share** - condition for the accrual of the premium
- **Share Price** - factor that increases or reduces the premium accrued according to the share price performance

- Suitable balance of fixed/variable
- Vesting of at least 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 “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) (obtaining maximum score of objective achievement).

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 Nomination Committee, after, if applicable, seeking the opinion of the Board of Statutory Auditors.

Remuneration of the Board of Directors and Board of Statutory Auditors

The Italmobiliare Board of Directors comprises an Executive Director, i.e. the Chief Executive Officer and Chief Operating Officer, and non-executive directors. The remuneration of the Chief Executive Officer and Chief Operating Officer is described in the next section. Instead, the Remuneration Policy establishes that non-executive directors shall only benefit from a fixed compensation connected with their office and an attendance fee to be paid upon their attendance of Executive Committee meetings and those of Committees established within the Board of Directors. Non-executive directors do not receive variable components of remuneration.

The directors are also entitled to the 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, as well as additional benefits functional to the fulfilment of office.

Compensation of the Board of Directors

Chairman	€ 236,000 *
Deputy Chairman	€ 56,000 *
Non-executive directors	€ 36,000
Executive Committee	€ 6,000/meeting
Internal Board Committee	€ 3,000/meeting

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

Compensation of the Board of Statutory Auditors

Chairman	€ 75,000
Statutory Auditors	€ 50,000

Remuneration of the Chief Executive Officer and Chief Operating Officer

Remuneration of the Chief Executive Officer and 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. With the help of the consulting firm Spencer Stuart, an analysis was performed, which took into account the practices adopted by the main peer companies in Italy and abroad.

The remuneration package of the Chief Executive Officer and 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 systems implemented through a definition of objectives linked to significant performance levels;
- 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 and 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

The fixed component of the remuneration of the Chief Executive Officer and Chief Operating Officer is measured to the powers and responsibilities assigned and totals Euro 1,000,000 per year.

In total, fixed remuneration is determined in such a way as to remunerate the role even if the variable remuneration should decline. The Remuneration and Nomination 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 and Chief Operating Officer with respect to the same roles held in comparable companies.

The compensation for the roles held in subsidiary companies and/or associates are repaid in full to Italmobiliare. In 2018 these amounts came to a total of 121,666 euros.

2. Short-term variable remuneration (MBO)

The Chief Executive Officer and Chief Operating Officer, as well as other key managers of the company, 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 and consistent with the company's annual strategic plan.

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.

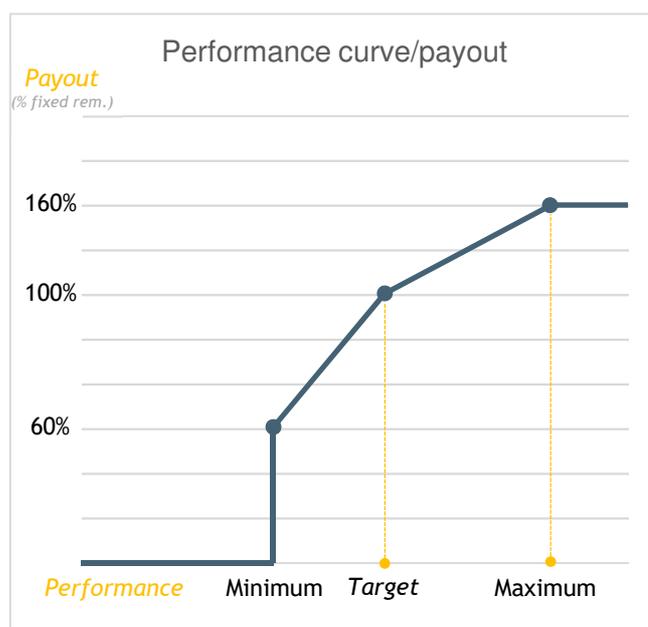
The objectives are a combination of economic-financial metrics and strategic and operational objectives coming under the influence and purview of each manager.

As a rule, the annual performance 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.

If objectives are achieved at target level, i.e. 100% of performance, the Chief Executive Officer and Chief Operating Officer accrue the right to receive a monetary premium equal to 100% of the fixed annual remuneration.

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 60% of the fixed remuneration, as defined above. Achievement of the maximum level of results entails the accrual of a premium equal to 160% of the 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 attributes 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 Company's right to demand return applies 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 and Chief Operating Officer and some key Company managers chosen according to their role,

benefit from the 2017-2019 long-term incentive plan (the LTI plan), the main characteristics of which are described below. For more details, please refer to the Disclosure Document available on the Company's website under Governance/Shareholders' Meetings/Shareholders' Meeting Archives/2017 Shareholders' Meetings (<http://www.italmobiliare.it/en/governance/general-meeting>).

The LTI plan's main aim is to link a significant portion of the remuneration of the Chief Executive Officer and 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.

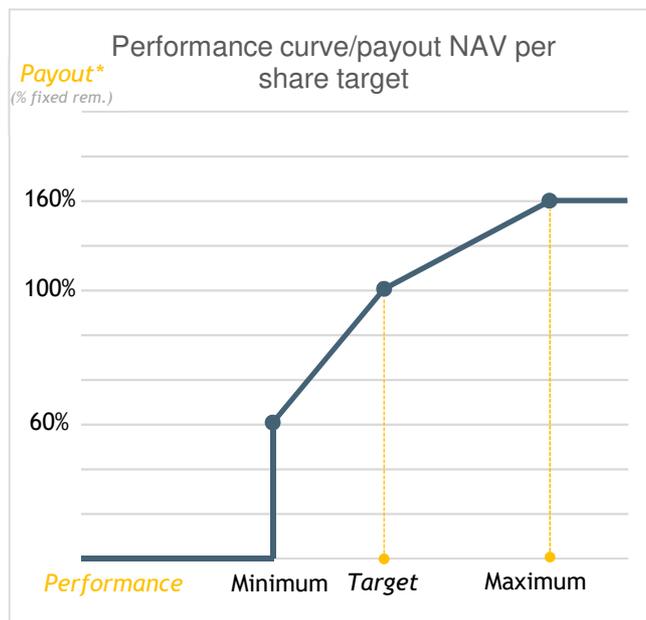
The LTI plan aims to remunerate long-term performance measured using two key indicators:

- 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 assigns beneficiaries a cash incentive if the NAV per share target is achieved during the reference three years; the amount of this varies in a specular fashion to reflect the performance of the Italmobiliare share price over that same period of time.

The LTI plan therefore effectively balances the Company's economic-financial performance over a time frame spanning multiple years, with the creation of value generated in that same time frame for shareholders and measured by share price performance.

Performance objectives linked to NAV per share targets are set by the Board of Directors in accordance with the Company's strategic plan. 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. Without prejudice to the achievement of the NAV per share target, which is the essential performance condition for the accrual of the incentives deriving from the LTI plan, the value of the incentive assigned at the start of the three-year vesting period increases or decreases in connection with the share price performance in that same three-year period. This increase or decrease is defined with reference to the average share price in the period of thirty days that preceded assignment of the LTI plan and in the last three months comprising the three-year performance period.



() Payout linked to the achievement of the NAV per share target. The maximum incentive to be paid out, once the increase has been applied as may potentially be achieved through the increase in share price, shall be no more than 3 times the fixed remuneration plus the maximum annual incentive of the MBO plan.*

4. Benefits

Non-monetary benefits may be granted, such as company car for both personal and business use. In line with market practices for similar positions, other benefits functional to performance of the office can also be assigned, such as 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.

As with other Directors, the CEO and Chief Operating Officer 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.

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 and 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/Manager in charge of preparing the company's financial reports 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 2019 is structured as follows:

MBO scorecard KEY MANAGEMENT PERSONNEL *

	Relative weight
Economic result net of non-recurring operations	40%
Specific objectives relative to the role and responsibilities; measured by a combination of economic/financial KPIs and/or relevant inherent projects	60%

(*) *excluding the Manager in charge (and also 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 Manager in charge and objectives linked to the pertinent internal control department activities for the head of Internal Audit. It is specified that the definition and assessment of objectives for the latter is carried out by the Risks and Sustainability Committee, in order to guarantee complete independence and avoid any 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, in the event that they should achieve the target performance level, averages out at 40% of fixed remuneration. Achievement of maximum targets entails a maximum incentive of an average of 60% of the fixed remuneration.

The target incentive is lower for the Manager in charge and the Internal Audit Director and stands at 21% of fixed compensation and at 35% of the fixed remuneration in the event of maximum performance.

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 and 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 benefit from the 2017-2019 long-term incentive plan (LTI plan), the main characteristics of which are described in the previous section, which describes the Remuneration Policy for the Chief Executive Officer and Chief Operating Officer.

The LTI plan envisages an incentive for the Key Management Personnel that averages out as 60% of the fixed remuneration upon achieving target performance conditions and averages as 100% of fixed remuneration upon achieving maximum performance conditions.

The incentive opportunities deriving from the LTI plan are reduced for the Manager in charge and Internal Audit Director to approximately 20% of the fixed remuneration in the event of target performance.

As already explained in the previous section for the Chief Executive Officer and Chief Operating Officer, for Key Management Personnel benefiting from the LTI plan too, the maximum incentive to be paid out, once the increase has been applied as may potentially be achieved through the increase in share price, shall be no more than 3 times the fixed remuneration plus the maximum annual incentive of the MBO plan.

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.

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, in addition to that envisaged by way of notice, shall not exceed twice the total annual remuneration which includes: a) fixed remuneration, b) the value of benefits received in the 12 months prior to the date of termination, c) the average variable remuneration received in the last three calendar years of service prior to said date, d) 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 stipulated by approval of the Board of Directors and on the recommendation of the Remuneration and Nomination Committee.

SECTION II

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 2018 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 2018, also for part of the year, 5 Italmobiliare managers acted as Key Management Personnel.

The compensation paid in 2018 is in line with the Remuneration Policy approved by the shareholders' meeting on April 18, 2018.

Chairman

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.

Benefits

None

Deputy Chairman

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.

Benefits

None

CEO/Chief Operating Officer

Fixed remuneration	<p>The remuneration for the CEO/Chief Operating Officer was resolved by the Board of Directors on March 6, 2018, upon proposal by the Remuneration Committee and with the reasoned opinion of the Board of Statutory Auditors. The Remuneration and Nomination Committee reviewed the issue in the meeting of February 14, 2018.</p> <p>The Remuneration and Nomination Committee decided to propose to the Board of Directors a fixed gross annual remuneration for the CEO/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 CEO/Chief Operating Officer 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.</p> <p>The compensation for the offices held in Clessidra Sgr S.p.A., of a gross annual Euro 100,000, in Caffè Borbone S.r.l., of a gross annual Euro 10,000 (Euro 6,666 for the eight months period in which he held the office in 2018) and in Tecnica Group S.p.A., for a gross annual Euro 15,000, are entirely repaid to Italmobiliare.</p>
Short-term variable incentive	<p>Regarding the MBO 2018 objectives assigned to the CEO/Chief Operating Officer, 80% of the incentive has been linked to an objective focused on the economic performance of the Company (Economic result net of non-recurring 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. The bonus accrued in connection with the 2018 MBO plan is € 867,000:</p>
Long-term incentives	<p>The Chief Executive Officer/Chief Operating Officer is a beneficiary of the LTI plan.</p>
Termination benefits and indemnities	<p>None</p>
Benefits	<p>Non-monetary benefits will be recognised, regarding welfare and social security as well as a company car and the other benefits in line with similar positions, functional to the pursuit of the office and in accordance with market practices.</p>
Non-compete agreements	<p>None</p>

Directors

Fixed remuneration

The Ordinary Shareholders' Meeting of May 19, 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 and Nomination 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.

One director waived his remuneration.

Benefits

None

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) of which they are members.

Statutory Auditors

Fixed remuneration

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.

Benefits

None

Key management personnel

In 2018, even if only for part of the year, five managers held Key Management Personnel roles.

KEY MANAGEMENT PERSONNEL

Remuneration

The remuneration components for other Key Management Personnel in 2018 were as follows:

- an annual fixed component of € 1,093,750
- an annual variable component linked to the achievement of specific company and individual targets (MBO plan) in 2018 of € 541,000
- a long-term variable component (LTI plan).

No agreements are envisaged for severance indemnity and benefits.

The compensation for roles held in subsidiary companies is reversed to Italmobiliare.

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.

Non-compete agreements

None

During the financial year, the employment contract ended with one of the Key Managers who had been assigned an incentive of € 500,000.

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					
Laura Zanetti	Chairman Executive Committee	01.01 – 12.31 2018	approval of 2019 financial statements									
	(I) Compensation in the company drawing up the financial statements			236,000	6,000					242,000		
	(II) Compensation from subsidiaries and associates											
			Total	236,000	6,000					242,000		
Livio Strazzera	Deputy Chairman Executive Committee	01.01 – 12.31 2018	approval of 2019 financial statements									
	(I) Compensation in the company drawing up the financial statements			56,000	6,000					62,000		
	(II) Compensation from subsidiaries and associates											
			Total	56,000	6,000					62,000		
Carlo Pesenti	Chief Executive Officer Chief Operating Officer Executive Committee	01.01 – 12.31 2018	approval of 2019 financial statements									
	(I) Compensation in the company drawing up the financial statements			1,036,000	6,000	867,000		81,712		1,990,712	1,667,000*	
	(II) Compensation from subsidiaries and associates (*)											
			Total	1,036,000	6,000	867,000		81,712		1,990,712	1,667,000*	
Vittorio Bertazzoni	Director Remuneration and Nomination Committee	01.01 – 12.31 2018	approval of 2019 financial statements									

Sebastiano Mazzoleni	Director	01.01 – 12.31 2018	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
Luca Minoli	Director Executive Committee	01.01 – 12.31 2018	approval of 2019 financial statements				
(I) Compensation in the company drawing up the financial statements				36,000	6,000	22,705	64,705
(II) Compensation from subsidiaries and associates						41,077	41,077
Total				36,000	6,000	63,782	105,782
Chiara Palmieri	Director Executive Committee Remuneration and Nomination Committee	01.01 – 12.31 2018	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
Clemente Rebecchini	Director	01.01 – 12.31 2018	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
Paolo Sfameni	Director Supervisory Board Remuneration and Nomination Committee	31.07 – 12.31 2018	approval of 2018 financial statements				
(I) Compensation in the company drawing up the financial statements				15,000	28,000		43,000
(II) Compensation from subsidiaries and associates							
Total				15,000	28,000		43,000

Massimo Tononi Director Executive
Committee Remuneration
Committee 01.01 – 07.25
2018

(I) Compensation in the company drawing up the financial statements	21,000	3,000	24,000
(II) Compensation from subsidiaries and associates			
Total	21,000	3,000	24,000

NOTE: the Director Antonio Salerno has waived his compensation.

Francesco Di Carlo Chairman of the Board of Statutory Auditors 01.01 – 12.31 2018 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			
Total	75,000		75,000

Angelo Casò Standing Auditor 01.01 – 12.31 2018 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			
Total	50,000		50,000

Luciana Ravicini Standing Auditor 01.01 – 12.31 2018 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			
Total	50,000		50,000

Key management personnel (5)	01.01 – 12.31 2018					
(I) Compensation in the company drawing up the financial statements	1,093,750	541,000	18,344	1,653,094	260,000*	500,000
(II) Compensation from subsidiaries and associates						
Total	1,093,750	541,000	18,344	1,653,094	260,000*	500,000

* Theoretical quota LTI Plan 2017-2019. The incentive amount as stated above will be increased or reduced to reflect 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.

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

Laura Zanetti	Compensation as Director Compensation as Chairman Executive Committee	36,000 200,000 6,000
Livio Strazzera	Compensation as Director Compensation as Vice Chairman Executive Committee	36,000 20,000 6,000
Carlo Pesenti	Compensation as Director Compensation as CEO anc COO Executive Committee	36,000 1,000,000 6,000

Compensation for participation in Committees

Mirja Cartia d'Asero	Compensation Risks and Sustainability Committee Compensation Committee for transactions with Related Parties	27,000 6,000
Valentina Casella	Compensation Risks and Sustainability Committee Compensation Committee for transactions with Related Parties	27,000 6,000
Chiara Palmieri	Compensation Executive Committee Compensation Remuneration and Nomination Committee	6,000 6,000
Paolo Sfameni	Compensation Remuneration and Nomination Committee Compensation Supervisory Board	3,000 25,000

Stock-options assigned to members of the Board of Directors, general managers and other key management personnel

			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	
A	B	(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	CEO - Chief Operating Officer	Stock option plan for managers (BoD resolution 03.27.2001)	71,000	29.954	03.28.2011 03.27.2018	-	-	-	-	-	-	-	-	-	71,000	-	-	
		Stock option plan for directors (BoD resolution 03.27.2002)	71,600	14.417	03.24.2013 03.23.2020	-	-	-	-	-	-	-	-	-	-	-	71,600	-
			61,400	13.734	03.30.2014 03.29.2021	-	-	-	-	-	-	-	-	-	-	-	61,400	-
Total			204,000	-	-	-	-	-	-	-	-	-	-	-	71,000	133,000	-	
Key management personnel (1)		Stock option plan for managers (BoD resolution 03.27.2001)	9,500	29.954	03.28.2011 03.27.2018	-	-	-	-	-	-	-	-	-	9,500	-	-	
			5,000	10.263	03.24.2012 03.23.2019	-	-	-	-	-	-	-	5,000	10.263	23.260	-	-	-
Total			14,500									5,000			9,500	-		

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

			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
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		(11)	(12)
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	Fair value
Carlo Pesenti	CEO Chief Operating Officer	LTI plan (BoD resolution of July 27, 2017)	N.A.	01.01.2017 12.31.2019									1,667,000
Key management personnel (5**)		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				260,000

* 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.

** One of the Key Managers ceased to hold office during the financial year and did not maintain the rights

**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	CEO Chief Operating Officer	Annual MBO	867,000						
Key management personnel (5)		Annual MBO	541,000						

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, 2017		Number of shares bought		Number of shares sold		Number of shares held at December 31, 2018	
Laura Zanetti	Chairman	ITALMOBILIARE	ordinary shares:	1,800	ordinary shares:	-	ordinary shares:	-	ordinary shares:	1,800
Carlo Pesenti	CEO Chief Operating Officer	ITALMOBILIARE	ordinary shares:	800	ordinary shares:	-	ordinary shares:	-	ordinary shares:	800
Giorgio Bonomi	Director	ITALMOBILIARE	ordinary shares:	800*	ordinary shares:	-	ordinary shares:	-	ordinary shares:	800*
Livio Strazzera	Director	ITALMOBILIARE	ordinary shares:	200	ordinary shares:	-	ordinary shares:	-	ordinary shares:	200
Key Management Personnel		ITALMOBILIARE	ordinary shares:	-	ordinary shares:	7,750	ordinary shares:	5,000	ordinary shares:	2,750

* shares held by spouse

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

The table below gives the information requested by Art. 84 bis of the Issuers' Regulation, in connection with the award of the “2017-2019 MONETARY INCENTIVE PLAN LINKED TO THE PERFORMANCE OF ITALMOBILIARE S.p.A. SHARES” For details of the plan, refer to the Disclosure Document published on the website www.italmobiliare.it, in the Governance/Shareholders' Meeting Archive/2017 section. The LTI plan aims 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 assigns beneficiaries a cash incentive if the NAV per share target is achieved during the reference period; this amount is linked to the performance of the Italmobiliare share price over that same period of time.

In total, under the scope of the plan approved by the shareholders' meeting on April 19, 2017, monetary incentives were assigned for a total maximum equivalent value of Euro 9,304,500 in favour of 14 beneficiaries identified by the Board of Directors on the recommendation of the Remuneration and Nomination Committee.

NEWLY-GRANTED COMPENSATION ACCORDING TO THE DECISION MADE BY THE COMPETENT BODY FOR THE IMPLEMENTATION OF THE SHAREHOLDERS' MEETING RESOLUTION								
Name and surname or category	Position (to be indicated only for subjects named)	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						
		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
Leonardo Senni	Director of subsidiary company	04/19/2017	N.A.	N.A.	09/25/2018	N.A.	21.054	January 1, 2018 – December 31, 2019
Key Management Personnel (1)		04/19/2017	N.A.	N.A.	03/06/2018	N.A.	22.815	January 1, 2018 – December 31, 2019

(*) 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.

INSTRUMENTS RELATING TO CURRENTLY VALID PLANS, APPROVED ON THE BASIS OF PREVIOUS RESOLUTIONS OF THE SHAREHOLDERS' MEETING

Name and surname or category	Position (to be indicated only for subjects named)	FRAMEWORK 1						
		Financial instruments other than stock options						
		SECTION 1						
		Instruments relating to currently valid plans, approved on the basis of previous resolutions of the Shareholders' Meeting						
		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
Carlo Pesenti	Chief Executive Officer of the Company	04/19/2017	N.A.	N.A.	07/27/2017	N.A.	23.505	January 1, 2017 – December 31, 2019
Matteo Benusiglio	Director of Subsidiary Company	04/19/2017	N.A.	N.A.	07/27/2017	N.A.	23.505	
Carlo Alberto Bruno	Director of Subsidiary Company	04/19/2017	N.A.	N.A.	07/27/2017	N.A.	23.505	January 1, 2017 – December 31, 2019
Giuliano Palermo	Director of Subsidiary Company	04/19/2017	N.A.	N.A.	07/27/2017	N.A.	23.505	January 1, 2017 – December 31, 2019
Leonardo Senni	Director of Subsidiary Company	04/19/2017	N.A.	N.A.	09/25/2018	N.A.	21.054	January 1, 2018 – December 31, 2019
Mauro Torri	Director of Subsidiary Company	04/19/2017	N.A.	N.A.	07/27/2017	N.A.	23.505	January 1, 2017 – December 31, 2019
Other Key Management Personnel (1)		04/19/2017	N.A.	N.A.	03/06/2018	N.A.	22.815	January 1, 2018 – December 31, 2019

(*) 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.