



REPORT ON  
REMUNERATION

pursuant to art. 123-ter of the Legislative Decree 24 February 1998, no. 58

Approved by the Board of Directors on March 14, 2019



## REPORT ON REMUNERATION

This report on remuneration (“**Report on Remuneration**”) was prepared pursuant to article 123-ter Leg. Decree 24 February 1998, no. 58 (“**TUF**”) and Article 84-quater of the Consob regulation adopted with resolution no. 11971 of May 14, 1999 (“**Regulation on Issuers**”) and has been prepared in accordance with Annex 3A, Schemes 7-bis and 7-ter, of the same regulation.

The Remuneration Report is divided into the following sections:

— Section I illustrates the Company's policy on the remuneration of members of the administrative body, general managers and executives with strategic responsibilities, with reference to at least the 2019 financial year (the “**Remuneration Policy**”), and the procedures used for its adoption and implementation;

— Section II names the directors and statutory auditors as to the remunerations attributed and:

- provides an adequate representation of each item making up the remuneration, including the indemnities envisaged in the event of termination of the office or termination of the employment relationship, highlighting its consistency with the Company's remuneration policy approved in the previous year;
- analytically illustrates the remunerations paid in the reference year for any reason and in any form by the Company and its subsidiaries or affiliated companies, reporting any components of the aforementioned remunerations that refer to activities carried out in prior years and highlighting also the remuneration to be paid in one or more subsequent years for the activity performed in the reference year, possibly indicating an estimated value for the components that cannot be objectively quantified in the reference year.

Moreover, Section II contains information relating to the shareholdings held by the members of the administrative and supervisory bodies, as well as by spouses not legally separated and by children under 18, in the Company and in subsidiaries in compliance with the provisions of art. 84-quater, paragraph 4, of the Regulation on Issuers.

The Remuneration Policy referred to in Section I of this Report will be submitted to the consultative vote of the Ordinary Shareholders' Meeting called, pursuant to art. 2364, paragraph 2, of the Civil Code, for the approval of the 2018 financial statements. Pursuant to art. 123-ter, paragraph 6 of the Consolidated Finance Act, the Company's Shareholders' Meeting is required to express itself, with a non-binding resolution, in favour of or against Section I of the Remuneration Report.

To this end, based on art. 84-quater of the Regulation on Issuers, this Report is made available to the public in the manner and within the terms of the law.

## SECTION I

This section of the Remuneration Report describes and illustrates the essential lines of the Remuneration Policy adopted by Piovan S.p.A. ("**Piovan**" or the "**Company**"), which defines the principles and guidelines to which the Group, led by the Company, adhere (as defined below) in determining and monitoring the application of the remuneration practices of the Directors, the General Manager and the other Piovan's executives with strategic responsibilities and, possibly, of similar key figures present in other companies belonging to the Group.

The Remuneration Policy, as included in this Remuneration Report, was adopted by the Board of Directors on March 14, 2019, on the proposal of the Remuneration Committee also in the light of the recommendations of the Corporate Governance Code promoted by the Corporate Governance Committee set up at Borsa Italiana S.p.A. ("**Corporate Governance Code**").

Any changes and variations to the Remuneration Policy that may be made by the Company in the future will be appropriately highlighted and described in the remuneration reports of future years.

As envisaged with regard to transactions with related parties by Consob Regulation no. 17221 of 12 March 2010 and subsequent amendments ("**Regulation on the Related Parties**"), as implemented in the internal procedure adopted by the Company on 12 November 2018 in compliance with said Regulation on Related Parties, the approval of the Remuneration Policy by the Shareholders' Meeting exempts the Company from applying the aforementioned procedure for transactions with related parties in resolutions concerning the remuneration of directors and managers with strategic responsibility, provided that the latter are consistent with the Remuneration Policy. Furthermore, pursuant to art. 13, paragraph 1, of the Regulation on Related Parties, the aforementioned procedure does not apply to Shareholders' Meeting resolutions pursuant to art. 2389, paragraph 1 of the Italian Civil Code, relating to the remuneration for members of the Board of Directors, or to resolutions concerning the remuneration of directors holding particular offices, falling within the overall amount previously determined by the Shareholders' Meeting pursuant to art. 2389, paragraph 3, second sentence, Civ. code.

### **A) Bodies or subjects involved in the preparation and approval of the Remuneration Policy and their respective roles, as well as bodies and subjects responsible for the correct implementation of this policy**

The main Piovan's subjects and bodies involved in the preparation and approval of the Remuneration Policy are the Shareholders' Meeting, the Board of Directors, the Nomination and Compensation Committee ("**Nomination and Compensation Committee**") and the Board of Statutory Auditors.

### *Board of Directors*

The Board of Directors:

- (i) constitutes the Nomination and Compensation Committee internally;
- (ii) determines, after examining the proposals of the Nomination and Compensation Committee and having consulted the Board of Statutory Auditors, the remuneration of the managing directors and other directors who hold particular offices, as well as the subdivision of the overall remuneration for the members of the Board of Directors, if the Shareholders' Meeting has not already done this;
- (iii) defines the Remuneration Policy on the proposal of the Nomination and Compensation Committee;
- (iv) approves the Remuneration Report, pursuant to art. 123-ter of TUF, art. 84-quater of the Regulation on Issuers and art. 6 of the Corporate Governance Code;
- (v) prepares any remuneration plans based on shares or other financial instruments intended for directors, employees (including the General Manager and other executives with strategic responsibilities) and collaborators, submits them for approval to the Shareholders' Meeting pursuant to the article 114-bis of TUF and takes care of its implementation.

### *Nomination and Compensation Committee*

The Nomination and Compensation Committee, constituted within the Board of Directors in accordance with the Self-Governance Code, is composed of 3 non-executive members, the majority of whom are independent.

The Nomination and Compensation Committee, which assists the Board of Directors in carrying out the tasks attributed to it in the field of remuneration, has among other things the following tasks, of a propositional and consultative nature:

- (i) to formulate proposals to the Board of Directors for the definition of the remuneration policy for directors and executives with strategic responsibilities;
- (ii) to periodically assess the adequacy, overall consistency and concrete application of the remuneration policy for directors and executives with strategic responsibilities, making use in this last regard of the information provided by the managing directors; formulate relevant proposals to the Board of Directors;
- (iii) to submit proposals or express opinions to the Board of Directors on the remuneration of executive directors and other directors who hold particular offices as well as on setting *performance* objectives related to the variable component of that remuneration, monitoring the implementation of the decisions adopted by the Board of Directors and verifying the actual achievement of *performance* objectives;
- (iv) to express an assessment on particular and specific questions regarding the salary, for which the Board of Directors has requested its examination.

The Remuneration Policy was therefore approved by the Board of Directors on the proposal of the Nomination and Compensation Committee.

#### *Shareholders' Meeting*

With regard to remuneration, the Shareholders' Meeting:

- (i) determines the remuneration of the members of the Board of Directors and the Board of Statutory Auditors pursuant to the law and the By-law;
- (ii) expresses a consultative vote on Section I of the Remuneration Report prepared by the Board of Directors, pursuant to art. 123-ter, paragraph 6, of the TUF;
- (iii) resolves on any remuneration plans based on shares or other financial instruments intended for directors, employees (including the General Manager and other executives with strategic responsibilities) and collaborators pursuant to the article 114-bis of TUF, pursuant to article 114-bis of the TUF.

#### *Board of Statutory Auditors*

The Board of Statutory Auditors expresses its opinion on the proposals for the remuneration of directors with special offices pursuant to art. 2389, paragraph 3 of the Italian Civil Code and art. 23, paragraph 2, of the By-laws.

#### **B) Intervention of the Nomination and Compensation Committee, its composition, competences and operating methods**

The Nomination and Compensation Committee was established implementing the recommendations of the Corporate Governance Code, by resolution of the Board of Directors adopted on 6 July 2018.

Pursuant to the regulation of the Nomination and Compensation Committee ("**Committee Regulation**"), the members of the Nomination and Compensation Committee and its president are appointed and removed from their office by resolution of the Board of Directors.

The Nomination and Compensation Committee is composed of 3 non-executive directors, the majority of whom are independent, in the persons of Lucia Giancaspro (President), Marco Maria Fumagalli and Chiara Mio.

The Nomination and Compensation Committee has advisory and propositional functions with reference to the Remuneration Policy, as specified in the previous letter A).

Marco Maria Fumagalli and Chiara Mio have adequate knowledge and experience in financial matters or remuneration policies, which was evaluated by the Board of Directors at the time of appointment.

Again according to the Committee Regulation, unless otherwise decided by the Board of Directors at the time of appointment, the term of office of the members of the Nomination and Compensation Committee is equivalent to that of the Board

of Directors to which the members of the same belong.

The President of the Nomination and Compensation Committee reports:

- (i) to the Board of Directors, at least every six months, regarding the activity carried out; and
- (ii) to the shareholders' meeting, on an annual basis, on the occasion of the approval of the annual financial statements, about the methods of exercising his functions.

The Nomination and Compensation Committee meets:

- (i) upon convocation by its President, whenever the President himself deems it appropriate, and in any case at least once every six months; or
- (ii) when requested by the executive directors or the President of the Board of Statutory Auditors or the Chairman of the Board of Directors.

The presence of the majority of the members in office is necessary for the meetings of the Nomination and Compensation Committee to be valid.

The decisions of the Nomination and Compensation Committee are taken by absolute majority of the members in office.

### **C) Name of any independent experts involved eventually in the preparation of the Remuneration Policy**

In defining the Remuneration Policy, the Company did not avail itself of the collaboration of independent experts.

### **D) Purposes pursued with the Remuneration Policy, principles underlying it and any changes in the Remuneration Policy with respect to the previous financial year**

The Company's Remuneration Policy pursues the aim of attracting, motivating and retaining resources in possession of professional qualities required to pursue the corporate objectives and, at the same time, the priority objective of aligning the interests of the *management* with those of the shareholders and to create sustainable value in the medium-long term by creating a link on the one hand between remuneration, and on the other hand, individual and corporate *performance*.

In line with the recommendations of the Corporate Governance Code, the Remuneration Policy of directors and executives with strategic responsibilities is based on the following criteria:

- the fixed component and the variable component of the remuneration are adequately balanced according to Piovan's strategic objectives and risk management policy, also taking into account the sector of activity in which it operates and the characteristics of the business activity actually carried out;
- the fixed component is sufficient to remunerate the performance of the directors and executives with strategic responsibilities in the event that the

variable component is not paid due to the failure to achieve the *performance* objectives set by the Board of Directors;

- the *performance* objectives - or the economic results and any other specific objectives to which the disbursement of the variable components is linked (including the objectives defined for the remuneration plans based on shares), are predetermined, measurable and linked to the purpose of creating value for the shareholders in the medium to long term;
- the variable component of remuneration consists of a portion linked to short-term criteria and a portion linked to long-term criteria. The latter is deferred for an adequate period of time since it is linked to the achievement of long-term objectives. The duration of the deferral is consistent with the characteristics of the business activity carried out and with the related risk profiles.

Remuneration is consistent with the complexity of the role and the responsibilities assigned, with the results achieved and with the quality of the individual professional contribution.

The economic compatibility of the Remuneration Policy is ensured through compliance with the *budget* policies annually defined and the identification of access thresholds for variable remuneration systems linked to expected profitability.

In line with the Remuneration Policy, on 15 January 2019, on the proposal of the Nomination and Compensation Committee and having heard the opinion of the Board of Statutory Auditors, Piovani's Board of Directors approved the regulations related to:

- (i) a plan for the free allocation of ordinary shares of the Company, called the "Plan of Performance Shares 2019-2021" ("**Plan of Performance Shares**"); and
- (ii) a plan for the provision of monetary incentives, called "Long-Term Monetary Incentive Plan 2019-2021" ("**Monetary Incentive Plan**") (The Performance Shares Plan and the Monetary Incentive Plan are collectively defined as the "**Plans**");

both to be submitted for approval to the Shareholders' Meeting of the Company, which, pursuant to the calendar of corporate events, is expected to be convened on 17 April 2019.

These Plans are designed to incentivize and retain the individuals who hold key roles within the Company and its subsidiaries pursuant to art. 2359 of the Civil Code (the "**Group**"), aligning the interests between the remuneration objectives of these subjects and those related to the increase in value and return on the investment of the shareholders.

The aforementioned plans are in line with best market practices, and are aimed at:

- (i) aligning the interests of the beneficiaries with those of the shareholders and investors and with the entire strategic plan of the Group;
- (ii) linking the remuneration of the beneficiaries, as subjects that play a key role



in achieving the Group's objectives, to the actual performance of the Company, to the creation of new value for the Group and to the achievement of specific objectives, pre-established in the medium to long term;

- (iii) orientating the key corporate resources towards the achievement of long-term objectives, allowing them to pursue the primary objective of creating value in the medium to long term;
- (iv) developing *retention* policies aimed at retaining key company resources and encouraging them to stay in the Company, or in the Group;
- (v) Developing *attraction* policies towards talented managerial and professional figures in the world markets, in order to continuously develop and strengthen the key and distinctive competencies of the Company;
- (vi) ensuring flexibility in the management of the same to allow them to be adapted to future needs of the Group.

In addition, the Group has implemented annual monetary incentive plans for the Chief Executive Officer and the Executives with Strategic Responsibilities ("**MBO**").

In particular, the right to the assignment of the variable remuneration will be liquidated to the beneficiary executive if certain conditions are present, such as, by way of example:

- (i) being employed at the Company at the end of the reference period of the incentive plan (and, likewise, not falling within the notice period following resignation or dismissal);
- (ii) not having benefited from suspension from work for any reason during the reference period for a total period exceeding 3 months.

The Group also has two long-term monetary incentive plans ("**LTI**"), lasting two years, in favour of the *Chief Technology & Innovation Officer* and the *Chief Commercial Officer*.

In particular, the right to the assignment of the variable remuneration will be liquidated to the beneficiary executive if certain conditions are present, such as, by way of example:

- (i) being employed at the Company at the end of the reference period of the incentive plan (and, likewise, not falling within the notice period following resignation or dismissal);
- (ii) not having benefited from suspension from work for any reason during the reference period for a total period exceeding 9 months.

**E) Description of the policies regarding fixed and variable remuneration components, with particular regard to the indication of the relative weight in the context of the overall remuneration and distinguishing between short and medium-long term variable components**

**Directors' remuneration**

The remuneration of the directors is established in accordance with the general principles referred to in the previous letter D) and consists of:

- (i) a fixed annual component, determined to a significant extent, congruent with the position and commitment required and, in any case, such as to be sufficient to remunerate the service in the event that the variable component is not paid due to the failure to achieve the objectives as set forth herein below:
- (ii) a short-term variable component related to the achievement of annual objectives. The objectives and the amount of the variable component are decided annually by the Board of Directors, based on a proposal made by the Nomination and Compensation Committee, based on the concrete achievement of the established objectives;
- (iii) a medium-long term variable component related to the achievement of objectives in a multi-year period consistent with the objective of creating value for shareholders in the medium-long term and with a correct risk management policy. The objectives and the amount of the variable component are decided by the Board of Directors, based on a proposal made by the Nomination and Compensation Committee, based on the actual achievement of the established objectives.

The amount of the variable component to be paid to each concerned party is determined based on the actual achievement of the results, as verified by the Board of Directors with the support of the Nomination and Compensation Committee.

The directors may also be the recipients of incentive and loyalty plans based on shares or other financial instruments of the Company, which may include *retention* and *vesting* periods aimed at favouring the incentive and loyalty objectives based on the same plans.

Furthermore, the expenses incurred by the directors for the performance of their duties are reimbursed by the Company.

#### **Remuneration of executives with strategic responsibilities**

Executives with strategic responsibilities are those who have the power and responsibility, directly or indirectly, to plan, manage and control the Company's activities, including the General Manager, as envisaged by art. 65, paragraph 1-quarter of the Regulation on Issuers, which refers to Annex 1 of the Regulation on Related Parties.

The remuneration of executives with strategic responsibilities is established in accordance with the general principles referred to in the previous letter D) and consists of:

- (i) a fixed annual component, determined to a significant extent, congruent with the position and commitment required and, in any case, such as to be

sufficient to remunerate the service in the event that the variable component is not paid due to the failure to achieve the objectives as set forth herein below:

- (ii) a short-term variable component and/or a medium-long term variable component, achievable upon reaching predefined company objectives, linked to the expected results.
- (iii) Executives with strategic responsibilities may be the recipients of incentive and loyalty plans based on shares or other financial instruments of the Company, which may include *retention* and *vesting* periods aimed at favouring the incentive and loyalty objectives based on the same plans.

With regard to the incentive plans, the related regulations were prepared in compliance with the applicable regulatory provisions applicable to STAR issuers and based on the guidelines concerning the incentive mechanisms approved by the Company's Board of Directors on September 14, 2018 which, in particular, provided for incentive mechanisms based on equity and/or monetary instruments, with a three-year *vesting* period and with operating conditions linked to the achievement of specific objectives related to *performance* of the group.

The Plans, which in the opinion of the Company represent a valid incentive and retention tool, are reserved to specific subjects identified by homogeneous categories by the Board of Directors, having heard the opinion of the Nomination and Compensation Committee. In particular, the Plan of *Performance Shares* is reserved to beneficiaries identified among the executive directors (excluding the Executive Chairman), executives with strategic responsibilities and employees of the Company, or of the Group and, therefore, to be considered "of particular relevance" according to Article 84-bis, paragraph 2, of the Regulation on Issuers. Instead, the Monetary Incentive Plan is reserved to managers and employees or collaborators of the Company, or of the Group. It is envisaged that a subject will be the recipient of only one of the two Plans (and not both of them). It is specified that the Monetary Incentive Plan is not to be considered "of particular relevance" pursuant to article 84-bis, second paragraph, of the Regulation on Issuers, as it is not addressed to the subjects identified by the art. 114-bis of the TUF.

For a description of the Plan of *Performance Shares* and the Monetary Incentive Plan, please refer to the relevant Information Documents made available to the public by the Company pursuant to art. 114-bis of the TUF.

#### **F) The adhered policy with regard to non-monetary benefits**

The Remuneration Policy provides for the assignment of non-monetary benefits in line with the practice, with the position and role held. These benefits generally include the use of mobile phone, company car and health, life and professional insurance coverage in line with those envisaged for the role and responsibilities performed.

#### **G) With reference to the variable components, description of the *performance* objectives on the basis of which they are assigned, distinguishing between short-term and medium-long term variable components, and information on the link**

## **between the change in results and the change in remuneration**

Please refer to the description sub letter E).

### **H) Criteria used for the assessment of *performance* objectives on the basis of the assignment of shares, options, other financial instruments or other variable remuneration components**

The Plans have a multi-year duration and are divided into 3 cycles (“**Vesting periods**”), each lasting three years. Vesting Periods represent the periods at the end of which the shares/monetary incentives will be assigned, subject to verification of the achievement of the *performance* objectives by the Board of Directors for each of the Vesting Periods, respectively in the financial years 2019, 2020 and 2021 (“**Performance Periods**”).

Pursuant to the regulations of the two Plans, each beneficiary will be assigned free shares/monetary incentives, provided that: (i) the *performance* objectives applicable to the relevant Performance period of each Vesting Period, which will be set by the Board of Directors, are met, having heard the opinion of the Nomination and Compensation Committee; and (ii) the indicators of *performance* recorded in the *Performance* period for the year 2021 are at least equal to the objectives of *performance* assigned in the *Performance* period for the 2019 financial year.

The achievement of the consolidated EBITDA results depends on the effective allocation of 60% of the shares/monetary incentives, while 40% of the shares/monetary incentives is linked to the results of performance of consolidated revenues (*sales*).

It should be noted that, pursuant to the regulations, the Plans will last from the date of their approval by the Ordinary Shareholders' Meeting, until December 31, 2021, whereby the last Vesting Period ends in 2023.

### **I) Information aimed at highlighting the consistency of the Remuneration Policy with the pursuit of the long-term interests of the Company, of the Group and with the risk management policy, if formalized**

Please refer to the description sub letter D) and E).

### **J) Vesting terms of the rights (so-called vesting period), any deferred payment systems, with indication of the deferral periods and the criteria used to determine these periods and, if provided, correction *ex post*-mechanisms**

As regards the vesting terms of the rights (so-called vesting period), please refer to the description sub letter H).

On the basis of both Plans, the Company is entitled: (i) to request the return, in whole or in part, of variable remuneration components already paid; or (ii) to withhold, in whole or in part, variable remuneration components not yet paid, determined on the basis of data that have subsequently proved to be manifestly

incorrect (the so-called claw-back clause).

**K) Information on the possible provision of clauses in order to maintain the financial instruments in the portfolio after their acquisition, with indication of the maintenance periods and the criteria used to determine these periods**

The Plan of *Performance Shares* envisages that the shares to be assigned will be subject, starting from the end of each Vesting Period to which the assigned Shares refer, to a non-availability constraint ("**Lock Up**"), according to the following methods and terms: a 2-year *Lock Up* period is provided for executive directors and is applied to 40% of the shares subject to assignment for each Vesting Period and 1-year *Lock Up* period is provided for the remaining beneficiaries and is applied to 20% of the shares assigned for each Vesting Period.

**L) Policy related to the indemnities envisaged in the event of termination of the office or termination of the employment relationship, with specification of the circumstances that determine the onset of the right and the possible link between these indemnities and the corporate performance**

According to the Company's Remuneration Policy, the signing of specific agreements with Directors and Executives with strategic responsibilities (and further than those provided for by the applicable collective agreements) which regulate ex ante the economic aspects in the event of termination of the office or relating to any early termination of the relationship on the initiative of the Company or the concerned party, is not envisaged.

As a condition to benefit from the Plan of *Performance Shares*, the latter provides for the existence and maintenance of an administrative, subordinate and/or collaborative relationship, self-employment or consultancy between the beneficiaries and the Company, or between these subjects and the Group. The termination of this relationship in the hypotheses envisaged by the Plan of *Performance Shares* affects the maintenance of rights to receive shares, resulting in the revocation and/or termination of the same, according to the methods, under the conditions and terms provided for in the Plan of *Performance Shares*.

As a condition to benefit from the Monetary Incentive Plan, the latter provides for the existence and maintenance of a subordinate and/or collaborative relationship between the beneficiaries and the Company, or between these subjects and the Group. The termination of this relationship in the cases envisaged by the Monetary Incentive Plan (as well as by the related regulation) affects the maintenance of the rights to receive the Incentive, resulting in the revocation and/or termination of the same, according to the methods, under the conditions and terms provided for in the Monetary Incentive Plan.

**M) Information on the presence of any insurance coverage, that is social security or pension, other than the mandatory ones**

As indicated in the previous paragraph F), non-monetary benefits may include life insurance policies, accident insurance policies and supplementary health insurance

policies other than the mandatory ones.

**N) Remuneration policy eventually followed with reference: (i) to the independent Directors, (ii) to the activity of participation in committees and (iii) to the performance of particular tasks (Chairman, Vice-president, etc.);**

On September 14, 2018, together with the integration of the administrative body, the Company's Ordinary Shareholders' Meeting resolved to set the total remuneration assigned to the Board of Directors at Euro 1,350,000.00, delegating to the Board of Directors the allocation thereof. On the same date, the Board of Directors, after consulting the Board of Statutory Auditors, resolved to allocate the remuneration determined by the Company's Ordinary Shareholders' Meeting, providing for the following remuneration:

- (i) Euro 20,000.00 for each director (including independent directors);
- (ii) Euro 5,000.00 for each member of the constituted executive committees (Nomination and Compensation Committee, Supervisory, Risk and Sustainability Committee), except for the members of the Related Parties Committee, for which no additional remuneration is provided;
- (iii) Euro 1,200,000.00 for the Executive Chairman.

**O) Indication of any remuneration policies of other companies used as a reference in defining the Remuneration Policy, and if so, the criteria used for choosing these companies**

In defining the Remuneration Policy, the Company has not used remuneration policies of other companies as a reference.

## SECTION II

### Section II - Part One - Items that make up the remuneration

#### Remuneration of the Board of Directors

On September 14, 2018, together with the integration of the administrative body, the Company's Ordinary Shareholders' Meeting resolved to set the total remuneration assigned to the Board of Directors at Euro 1,350,000.00, delegating to the Board of Directors the allocation thereof.

On the same date, the Board of Directors, after consulting the Board of Statutory Auditors, resolved to divide the remuneration determined by the ordinary Shareholders' Meeting as follows:

- (i) Euro 1,200,000.00 for the Executive Chairman;
- (ii) Euro 20,000.00 for each director;
- (iii) Euro 5,000.00 for each member of the constituted executive committees (Nomination and Compensation Committee, Supervisory, Risk and Sustainability Committee), except for the members of the Related Parties Committee, for which no additional remuneration is provided.

There are no agreements between the Company and the members of the Board of Directors which provide for compensation in the event of resignation or revocation without just cause or termination of the employment relationship following a takeover bid or change of control.

Please note that in accordance with the principles of the Remuneration Policy the ordinary shareholders' meeting scheduled on 17 April 2019 must approve the adoption of the regulations relating to:

- (i) a plan for the free allocation of ordinary shares of the Company, called the "Plan of *Performance Shares* 2019-2021" and
- (ii) a plan for the provision of monetary incentives, called the "Long-Term Monetary Incentive Plan 2019-2021".

Without prejudice to what is indicated in the following section "Remuneration of executives with strategic responsibilities", the Company has no non-competition agreements with members of the Board of Directors or with the executives with strategic responsibilities of the Group.

#### Remuneration of the Board of Statutory Auditors

On September 14, 2018, the Company's Ordinary Shareholders' Meeting set the annual gross remuneration of the Board of Statutory Auditors appointed on the same date at Euro 39,100.00 in total per year, of which Euro 16,700.00 for the President and Euro 11,200.00 for each Effective Auditor.

### Remuneration of executives with strategic responsibilities

The remuneration paid by the Group for any reason and in any form to executives with strategic responsibilities of the Company for the year ended December 31, 2018, amounts to a total of Euro 819,021 inclusive of overtime *bonus*, equal to, in aggregate to gross values, Euro 113,925.

The non-monetary benefits paid to the main managers consist in the use of the company car (in line with the provisions of the criteria of the company *policy* and in the employment contract).

Some of the executives with strategic responsibilities, based on the responsibilities assigned as key managers of the Group, benefit from an MBO plan and/or an LTI plan (for more information on these plans, see point D) of the Section I).

Three executives with strategic responsibilities, in particular *Chief Financial Officer* Luca Sabadin, *Chief Technology & Innovation Officer* Davide Cappellini and *Chief Commercial Officer* Peter Dal Bo signed non-competition agreements for consideration, pursuant to Article 2125 of the Civil Code. In particular, the three managers will receive a monthly amount for the entire duration of the employment relationship (but not during the non-competition period) of Euro 1,500.00, Euro 1,000.00 and Euro 1,700.00 as a consideration for non-competition commitments.

### **Section II - Second part - Analytical representation of the remuneration paid during the year**

The second part reports analytically the remuneration paid during the reference year for any reason and in any form by the Company and by its subsidiaries and associated companies, using the tables prepared below and reported in the appendix to the second part of this Section II.

This Report also includes Table no. 1 and Table no. 2, as per Annex 3A, Scheme 7-ter, of the Regulation on Issuers, which report the shareholdings held in the Company and its subsidiaries, by the directors, statutory auditors and executives with strategic responsibilities, in compliance with art. 84-quater, paragraph 4, of the Regulation on Issuers.



**TABLE 1 - envisaged by Annex 3A, scheme 7-bis, of the Regulation on Issuers - Remunerations paid to the members of the administrative and supervisory bodies and to the executives with strategic responsibilities in the fiscal year 2018.**

VALUES IN €/1000														
Name and Surname	Office	Period during which the office was held	Office end date	Fixed remunerations	Remuneration for the participation in committees	Non-equity variable remuneration		Non-monetary benefits	Other remunerations	Total	Equity remuneration fair value	Office or employment termination severance pay		
Nicola Piovan	Sole Director	01/01/2018-28/06/2018	until the approval of the financial statements as of 31.12.2020	1,200	0	-	-	-	-	1,200	-	-		
	Executive Chairman	29/06/2018-31/12/2018											Bonus for others	Sharing
													incentives	of profits
(I) Remunerations in the company that draws up the financial statements				1,200	-	-	-	-	-	-	-	-		
(II) Remunerations from subsidiaries and associates				-	-	-	-	-	-	-	-	-		
(II I) Total				1,200	-	-	-	-	-	1,200 (*)	-	-		
Name and Surname	Office	Period during which the office was held	Office end date	Fixed remunerations	Remuneration for the participation in committees	Non-equity variable remuneration		Non-monetary benefits	Other remunerations	Total	Equity remuneration fair value	Office or employment termination severance pay		
Filippo Zuppichin	Group Managing Director	01/01/2018-28/06/2018	until the approval of the financial statements as of 31.12.2020	325(**)	0	-	-	23	-	448	-	-		
	Managing Director	29/06/2018-31/12/2018											Bonus for others	Sharing
													incentives	of profits
(I) Remunerations in the company that draws up the financial statements				325	-	100	-	23	-	448	-	-		
(II) Remunerations from subsidiaries and associates				5	-	-	-	-	-	5	-	-		
(II I) Total				330	-	100	-	23	-	453	-	-		

Name and Surname	Office	Period during which the office was held	Office end date	Fixed remunerations	Remunerations for participation in committees (**)	Non-equity variable remuneration		Non-monetary benefits	Other remunerations	Total	Equity remuneration fair value	Office or employment termination severance pay
						Bonus for others	Sharing of profits					
Marco Maria Fumagalli	Independent director	19/10/2018 -	until the approval of the financial statements as of 31.12.2020	4	2			-	-	6	-	-
		31/12/2018										
(I) Remunerations in the company that draws up the financial statements				4	2	-	-	-	-	6	-	-
(II) Remunerations from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(II I) Total				4	2	-	-	-	-	6	-	-

  

Name and Surname	Office	Period during which the office was held	Office end date	Fixed remunerations	Remunerations for participation in committees (**)	Non-equity variable remuneration		Non-monetary benefits	Other remunerations	Total	Equity remuneration fair value	Office or employment termination severance pay
						Bonus for others	Sharing of profits					
Lucia Giancaspro	Independent director	29/06/2018 -	until the approval of the financial statements as of 31.12.2020	12	5			-	-		-	-
		31/12/2018										
(I) Remunerations in the company that draws up the financial statements				12	5	-	-	-	-	-	-	-
(II) Remunerations from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(II I) Total				12	5	-	-	-	-	-	-	-

  

Name and Surname	Office	Period during which the office was held	Office end date	Fixed remunerations	Remunerations for participation in committees (**)	Non-equity variable remuneration	Non-monetary benefits	Other remunerations	Total	Equity remuneration fair value	Office or employment termination severance pay
Marco Milani		29/06/2018 -		12	1		-	-	-	-	-

	Independent director	31/12/2018	until the approval of the financial statements as of 31.12.2020			Bonus for others	Sharing					
						incentives	of profits					
(I) Remunerations in the company that draws up the financial statements				12	1	-		-	-	-	-	-
(II) Remunerations from subsidiaries and associates				-	-	-		-	-	-	-	-
(II I) Total				12	1	-		-	-	-	-	-

Name and Surname	Office	Period during which the office was held	Office end date	Fixed remunerations	Remunerations for participation in committees (**)	Non-equity variable remuneration		Non-monetary benefits	Other remunerations	Total	Equity remuneration fair value	Office or employment termination severance pay
Chiara Mio	Independent director	19/10/2018	until the approval of the financial statements as of 31.12.2020	4	2			-	-	-	-	-
		31/12/2018				Bonus for others	Sharing					
						incentives	of profits					
(I) Remunerations in the company that draws up the financial statements				4	2	-		-	-	-	-	-
(II) Remunerations from subsidiaries and associates				-	-	-		-	-	-	-	-
(II I) Total				4	2	-		-	-	-	-	-

Name and Surname	Office	Period during which the office was held	Office end date	Fixed remunerations	Remunerations for participation in committees (**)	Non-equity variable remuneration		Non-monetary benefits	Other remunerations	Total	Equity remuneration fair value	Office or employment termination severance pay
Marco Stevanato	Director	19/10/2018	until the approval of the financial statements as of 31.12.2020	4	0			-	-	-	-	-
		31/12/2018				Bonus for others	Sharing					
						incentives	of profits					
(I) Remunerations in the company that draws up the financial statements				4	-	-		-	-	-	-	-

(II) Remunerations from subsidiaries and associates	-	-	-	-	-	-	-	-	-
(II I) Total	4	-	-	-	-	-	-	-	-

**(\*) the remuneration is also related to the amounts received as Sole Director of the Company**

**(\*\*) the fixed remuneration includes the amount of Euro 313 as salary paid as an employee of the Company**

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Office	Period during which the office was held	Office end date	Fixed remunerations €	Remuneration for the participation in committees	Non-equity variable remuneration		Non-monetary benefits	Other remunerations	Total	Equity remuneration on fair value	Office or employment termination severance pay
						Bonuses and other incentives	Profit sharing					
<b>Executives with Strategic Responsibilities (4)</b>												
(I) Remunerations in the company that draws up the financial statements				<b>639</b>		<b>113</b>		<b>65</b>		<b>819</b>		
(II) Remunerations from subsidiaries and associates												
(III) Total				<b>639</b>		<b>113</b>		<b>65</b>		<b>819</b>		

Name and Surname	Office	Period during which the office was held	Office end date	Fixed remuneration (***)	Remunerations for participation in committees (**)	Non-equity variable remuneration	Non-monetary benefits	Other remunerations	Total	Equity remuneration fair value	Office or employment termination severance pay
Carmen Pezzuto	President of the Board of Statutory Auditors	25/09/2018	Approval of the financial statements as of 31.12.2020	4							
Luca Bassan	Statutory Auditor	14/09/2018	Approval of the financial statements as of 31.12.2020	3							
Patrizia Santonocito	Statutory Auditor	14/09/2018	Approval of the financial statements as of 31.12.2020	3							
Cristina Targa	Alternate Auditor	14/09/2018	Approval of the financial statements as of 31.12.2020								
Kristian Sartor	Alternate Auditor	14/09/2018	Approval of the financial statements as of 31.12.2020								

(\*\*\*) the amounts are indicated on an accrual basis

**TABLE 2 - envisaged by Annex 3A, scheme 7-bis, of the Regulation on Issuers - Stock Options assigned to members of the administrative body, general managers and other executives with strategic responsibilities as of 31.12.2018 \***

\* - On 31.12.2018 there were no stock options assigned to members of the administrative body, general managers and other executives with strategic responsibilities

**TABLE 3B: Monetary incentive plans for members of the administrative body, general managers and other executives with strategic responsibilities**

A	B	(1)	(2)			(3)			(4)
Name and Surname	Office	Plan	Annual bonus			Bonus of previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/paid	Deferred	Deferral period	No longer payable	Payable/paid	Deferred again	
Filippo Zuppichin	Managing Director	MBO 2017							
(I) Remunerations in the company that draws up the financial statements			100		From 1/1/2017 - to 31/12/2017				
(II) Remunerations from subsidiaries and associates									
(III) Total			100						
Executives with Strategic Responsibilities (4)		MBO 2017							
(I) Remunerations in the company that draws up the financial statements			113		From 1/1/2017 - to 31/12/2017				
(II) Remunerations from subsidiaries and associates									
(III) Total			113						



**TABLE No. 1 - envisaged by Annex 3A, Scheme 7-ter, of the Regulation on Issuers - Information on the shareholdings of the members of the administrative and supervisory bodies**

Name and Surname	Office	Investee company	Number of shares owned at the end of the previous year	Number of shares purchased	Number of shares sold	Number of shares owned at the end of the current year
<i>Filippo Zuppichin</i>	<i>Managing Director</i>	<i>Piovan S.p.A.</i>	<i>509,300</i>			<i>509,300</i>
<i>Nicola Piovan (indirectly held through Pentafin S.p.A.)</i>	<i>Executive Chairman</i>	<i>Piovan S.p.A.</i>	<i>50,420,000</i>		<i>20,551,621 (*)</i>	<i>29,868,379</i>

(\*) related to shares sold during the PO

**TABLE No. 2 - envisaged by Annex 3A, Scheme 7-ter, of the Regulation on Issuers - Information on the shareholdings of Executives with Strategic Responsibilities**

Number of Executives with strategic responsibilities	Investee company	Number of shares owned at the end of the previous year	Number of shares purchased	Number of shares sold	Number of shares owned at the end of the current year
<i>Filippo Zuppichin</i>	<i>Piovan S.p.A.</i>	<i>509,300</i>			<i>509,300</i>

Santa Maria di Sala, 14 March 2019

The Chairman of the Board of Directors

Nicola Piovani



Report on the remuneration of Piovan S.p.A.

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