



**PIOVAN S.p.A.**

**2019-2021 Long-Term Monetary Incentive Plan**

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**INFORMATION DOCUMENT**

*drawn up pursuant to Article 84-bis of the regulation adopted by Consob by resolution no. 11971 of 14 May 1999, as later amended and supplemented (the “**Issuers’ Regulation**”) and Article 114-bis of Italian legislative decree no. 58 of 24 February 1998 (the “**Consolidated Law on Finance**”)*

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Santa Maria di Sala (Venice), Italy, January 15, 2019

## INTRODUCTION

This information document (the “**Information Document**”) was drawn up pursuant to Article 114-*bis* of Italian legislative decree no. 58 of 24 February 1998, as later amended and supplemented (the “**Consolidated Law on Finance**”) and Article 84-*bis* of the Regulation adopted by Consob by resolution no. 11971 of 14 May 1999, as later amended and supplemented (the “**Issuers’ Regulation**”). The numbering of the sections of this Information Document are in line with the indications contained in Schema 7 of Schedule 3A of the Issuers’ Regulation.

The purpose of this Information Document is to provide information to the shareholders and the market on the key elements of the plan for the grant of monetary incentives headed “2019-2021 Long-Term Monetary Incentive Plan” (the “**Plan**”) reserved to the Beneficiaries (as defined hereinafter), in their capacities as persons playing a key role in achieving the objectives of the Group (as defined hereinafter).

The Plan was prepared in view of the ordinary Shareholders’ Meeting of Piovan to be convened on April 17, 2019 to resolve, in a consolidated meeting, *inter alia*, upon the Plan.

On January 15, 2019, the Board of Directors approved, upon a proposal of the Appointment and Remuneration Committee, subject to the opinion of the Board of Statutory Auditors, the proposal to submit to the approval of the Shareholders’ Meeting of the Company the adoption of the Plan, pursuant to Article 114-*bis* of the Consolidated Law on Finance, on the terms and conditions described in this Information Document and in the corresponding Regulation.

As of the date hereof, the proposal of adoption of the Plan has not yet been approved by the Shareholders’ Meeting of Piovan. It must therefore be noted that:

- i) this Information Document was drawn up solely on the basis of the content of the proposal of adoption of the Plan approved by the Board of Directors of the Company on January 15, 2019;
- ii) any reference to the Plan contained in this Information Document must be intended as referring to the proposal of adoption of the Plan.

It is hereby specified that the Plan must not be considered “of special importance” (*di particolare rilevanza*) in accordance with Article 84-*bis*(2) of the Issuers’ Regulation, because it is not addressed to the persons identified in Article 114-*bis* of the Consolidated Law on Finance.

Any information provided for in Schema 7 of Schedule 3A of the Issuers’ Regulation not contained in this Information Document will be provided, as soon as available in the framework of the implementation of the Plan, according to the mechanics set out in Article 84-*bis*(5)(a) of the Issuers’ Regulation.

This Information Document is made available to the public at the Company’s registered office, in Italy, Santa Maria di Sala (Venice), Via delle Industrie no. 16, as well as on the website <https://www.piovangroup.com/en>.

This Information Document was also sent to Consob and Borsa Italiana S.p.A. according to the procedures defined in the Issuers’ Regulation.

## DEFINITIONS

As required under Schema 7 of Schedule 3A of the Issuers' Regulation, this section provides a list of definitions of the uncustomary terms used in this Information Document:

<b>Appointment and Remuneration Committee</b>	means the Appointment and Remuneration Committee formed and appointed by the Board of Directors of the Company in adherence to the Corporate Governance Code.
<b>Associates</b>	means the persons having an existing direct or indirect collaboration and/or consultancy relationship with the Company or one of its Subsidiaries.
<b>Awarding</b>	means the awarding to each Beneficiary by the Board of Directors, subject to the opinion of the Appointment and Remuneration Committee, of the Rights to Receive the Incentive.
<b>Awarding Date of the Rights to Receive the Incentive</b>	means, with regard to each Beneficiary and for each Vesting Period, the date of the resolution passed by the Board of Directors upon the identification of that Beneficiary and the awarding in favor of that Beneficiary of the Rights to Receive the Incentive.
<b>Awarding Letter</b>	means the letter that the Company sends to each Beneficiary to inform them that they have been awarded the Rights to Receive the Incentive, to which the Regulation is attached forming an integral part thereof, whose signing and return to the Company by the Beneficiaries represent, for all purposes, their full and unconditional acceptance of the Plan.
<b>Bad Leaver</b>	means all the assumptions regarding the discontinuance of the Relationship other than the Good Leaver assumptions.
<b>Beneficiaries</b>	means the beneficiaries of the Plan, who are identified by name, possibly also in more than one occasion, by the Board of Directors, upon a proposal of the Chair of the Board of Directors subject to the opinion of the Appointment and Remuneration Committee, among the top managers, Employees or Associates of the Company or of its Subsidiaries for the strategic

importance of their roles.

**Board of Directors**

means the board of directors of the Company.

**Board of Statutory  
Auditors**

means the Board of Statutory Auditors of the Company.

**Business Day**

means any calendar day, except for Saturdays, Sundays and the other days on which banks are not generally open for business in Milan.

**Change of Control**

means: (a) the acquisition, either direct or indirect, by one or more third parties of the control of the Company under Article 93 of the Consolidated Law on Finance; (b) the acquisition, either direct or indirect, by one or more third parties of a number of shares or of a quota of any Subsidiary owning the Relationship of the Beneficiary, other than the Company, greater than 50% of its corporate capital, unless the Company continues to hold control thereof in accordance with Section 2359 of the Italian civil code; (c) the final transfer, at any title, to one or more third parties of the business or going concern owning the Relationship of the Beneficiary.

It is understood that the Change of Control scenarios described under letters (b) and (c) above apply only towards the Beneficiaries who have an ongoing Relationship with the Subsidiary, business or going concern affected by the Change of Control.

**Company or Piovan**

means Piovan S.p.A., with registered office in Italy, Santa Maria di Sala (Venice), Via delle Industrie no. 16, tax code and number of registration with the Company's Register of Venice 02307730289.

**Consolidated Law on  
Finance**

means Italian legislative decree no. 58 of 24 February 1998, as later amended and supplemented.

**Corporate Governance  
Code**

means the Corporate Governance Code of listed companies as promoted by the Corporate Governance Committee, formed by Borsa Italiana S.p.A., to which the Company has adhered.

<b>Current Price</b>	means the official price of Piovan's Shares at the close of the Stock Exchange of each trading day.
<b>Granting</b>	means the actual grant of the Incentive to each Beneficiary at the end of the Vesting Period, according to terms and conditions set forth in the Regulation.
<b>Granting Date of the Incentive</b>	means, with regard to each Beneficiary and for each Vesting Period, the date of the resolution passed by the Board of Directors upon the actual granting of the Rights to Receive the Incentive to that Beneficiary.
<b>Distributed Dividends</b>	means the aggregated amount of the dividends per share distributed to the shareholders of the Company during the Performance Period.
<b>EBITDA</b>	means the adjusted and recurring EBITDA as resulting from the latest approved consolidated financial statements, calculated by subtracting the increases linked to Extraordinary Transactions that, when considered individually, have an impact on the EBITDA greater than or equal to EUR 800,000.
<b>Employees</b>	means senior managers and other employees having an existing open-ended or fixed-term relationship, excluding self-employed personnel and semi-subordinate workers, with the Company or a company of the Group.
<b>Executive Chair or Chair of the Board of Directors</b>	means the chair of the board of directors of the Company.
<b>Extraordinary Transactions</b>	means the transactions that do not entail an organic growth, such as, by way of example, acquisitions, mergers, purchase of stock in businesses and/or going concerns.
<b>Good Leaver</b>	means the below-listed assumptions of discontinuance of the Relationship: <ul style="list-style-type: none"> <li>(i) resignation, on the condition that the Beneficiary possesses the retirement requirements provided for by law and applies, within the following 30 days, for retirement;</li> </ul>

(ii) death or permanent invalidity.

**Gross Annual Salary** means each Beneficiary's gross annual fixed retribution, excluding the variable portion thereof, as of the Awarding Date of the Rights to Receive the Incentive.

**Gross Annual Salary Percentage** means the percentage determined at the Awarding Date of the Rights to Receive the Incentive, in reference to each Beneficiary, by the Board of Directors upon an opinion of the Appointment and Remuneration Committee while holding the interest of the Company in high regard and considering, *inter alia*, the Beneficiaries' roles, their retribution, the strategic importance of the role they play in the results achieved by the Company, their growth potential in the context of the Group and any other item that may be considered useful or relevant in relation to the value creation targets of the Company and of the Group, as detailed in the definition of the Performance Targets.

**Listing** means the process for the listing of the Shares of Piovan on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A., STAR Segment, which was completed with the admission to trade on 19 October 2018.

**Listing Price** means the price of placement of the Shares in the context of the Listing, equal to EUR 8.30 per share.

**Long-Term Monetary Incentive Plan or Plan** means the long-term monetary incentive plan, addressed to the Beneficiaries and regulated by the Regulation (as amended) and its schedules.

**Minimum Performance Target** means the achievement of 80% of any individual Performance Target, as identified in the Regulation.

**Monetary Incentive or Incentive** means the monetary amount to be granted to each Beneficiary at the end of the Vesting Periods, based on the achievement of the Performance Targets set out in the Regulation.

**MTA** means the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A.

<b>Performance Indicator</b>	means the Sales and EBITDA as performance indicators for the calculation of the Performance Targets.
<b>Performance Periods</b>	means the three financial years in which the Performance Targets are verified: (i) from January 2019 to December 2019 (the “ <b>2019 Performance Period</b> ”); (ii) from January 2020 to December 2020 (the “ <b>2020 Performance Period</b> ”) and (iii) from January 2021 to December 2021 (the “ <b>2021 Performance Period</b> ”).
<b>Performance Targets</b>	<p>means the performance targets applicable to each Performance Period and identified in Clause 9 of the Regulation, calculated with reference to the following indexes:</p> <ul style="list-style-type: none"> <li>(i) Sales (relative weight 40%)</li> <li>(ii) Group’s consolidated EBITDA (relative weight 60%)</li> </ul> <p>without prejudice to the right of the Board of Directors, having heard the Appointment and Remuneration Committee, to identify, for the Vesting Periods following the first, other and/or additional Performance Targets, even where not linked to financial indicators, and their relevant weight percentage.</p>
<b>Piovan Group or Group</b>	means the Company and its Subsidiaries.
<b>Plan Approval Date</b>	means the date of approval of the Plan by the ordinary Shareholders’ Meeting.
<b>Regulation</b>	means the Regulation of the plan headed “2019-2021 Long-Term Monetary Incentive Plan”, as approved by the Board of Directors of the Company on January 15, 2019, upon a proposal of the Appointment and Remuneration Committee, who met on that same date, and subject to the opinion of the Board of Statutory Auditors.
<b>Relationship</b>	means the employment and/or directorship and/or collaboration and/or consultancy relationship existing between each Beneficiary and the Company or one of its Subsidiaries.
<b>Rights to Receive the</b>	means the conditional rights, free of charge and non-transferable

<b>Incentive</b>	<i>inter vivos</i> , to receive the Incentive on the terms and conditions contained in the Regulation.
<b>Sales</b>	means the consolidated revenues as resulting from the latest consolidated financial statements, as from time to time approved, calculated by subtracting the increases linked to Extraordinary Transactions that, when considered individually, have an impact on the Sales greater than or equal to EUR 8,000,000.
<b>Shareholders' Meeting</b>	means the shareholders' meeting of the Company.
<b>Shares</b>	means the ordinary shares of Piovan S.p.A., traded on the STAR segment of the Mercato Telematico Azionario (MTA), organized and managed by Borsa Italiana S.p.A.
<b>Subsidiaries</b>	means, indiscriminately, each of the companies from time to time directly or indirectly controlled by the Company, in accordance with Section 2359 of the Italian civil code, with whom one or more of the Beneficiaries have a Relationship.
<b>Vesting Period</b>	means the three-year period divided into three "rolling" cycles at the end of which the Granting of the Incentive occurs, subject to the verification of the achievement of the Performance Targets, on the terms and conditions set out in the Regulation.

## 1. BENEFICIARIES OF THE PLAN

### 1.1 Indication by name of the beneficiaries of the Plan

As of the date hereof, the Plan has not yet been approved by the Shareholders' Meeting; therefore, the Beneficiaries may not yet be identified by name.

The Plan is directed to the beneficiaries of the Rights to Receive the Incentive, who are identified by name, possibly also in more than one occasion, by the Board of Directors, upon a proposal of the Chair of the Board of Directors subject to the opinion of the Appointment and Remuneration Committee, among the top managers, Employees or Associates of the Company or of its Subsidiaries for the strategic importance of their roles.

To qualify as potential Beneficiaries, at the Awarding of the Incentive, they must meet the following requirements:

1. have a Relationship with the Company or one of its Subsidiaries;
2. not have communicated their willingness to withdraw from or terminate, as the case may be, the Relationship;
3. not have received, by the Company or any of its Subsidiaries, any letter of dismissal or termination, nor any letter of revocation of the Relationship;
4. not have agreed the mutual termination of the Relationship;
5. not be subject to disciplinary proceedings under, *inter alia*, the Code of Ethics and the Organization, Management and Control Model drawn up in accordance with Italian legislative decree no. 231/2001 adopted by the Company.

### 1.2 Indication of the categories of employees or associates of the financial instrument issuer and of its parent companies or Subsidiaries

As of the date hereof, the Plan has not yet been approved by the Shareholders' Meeting; no indication may therefore be provided on the categories of Employees or Associates included among the Beneficiaries.

The Plan is directed, *inter alios*, to top managers, Employees and/or Associates (including external consultants) of the Company and of its Subsidiaries, who are identified by name, possibly also in more than one occasion, by the Board of Directors, with the abstention of the Directors potentially included among the Beneficiaries, upon a proposal of the Chair of the Board of Directors subject to the opinion of the Appointment and Remuneration Committee, in consideration of the importance of their position within the Company or its Subsidiaries with regard to the development of the Company and of the Group.

The Chair of the Board of Directors may identify the other Beneficiaries and determine their respective

Rights to Receive the Incentive, subject to the opinion of the Appointment and Remuneration Committee, generally within 3 Business Days from such opinion, in consideration of the importance of their position within the Company or its Subsidiaries with regard to the development of the Company and of the Group.

In identifying the Beneficiaries, the Board of Directors or the Chair of the Board of Directors will be supported by the technical-administrative assistance of the Human Resources Office.

**1.3 Indication by name of the Beneficiaries of the Plan belonging to the following groups: general manager, top key managers and natural persons who control the issuer and qualify as Employees or Associates**

The Plan does not identify by name the Beneficiaries belonging to the groups mentioned under point 1.3(a), (b) and (c) of Schedule 3A, Schema 7, of the Issuers' Regulation.

The Plan is directed, *inter alios*, to top managers, Employees and/or Associates (including external consultants) of the Company and of its Subsidiaries, who are identified by name, possibly also in more than one occasion, by the Board of Directors, with the abstention of the Directors potentially included among the Beneficiaries, upon a proposal of the Chair of the Board of Directors subject to the opinion of the Appointment and Remuneration Committee, in consideration of the importance of their position within the Company or its Subsidiaries with regard to the development of the Company and of the Group.

The mechanics for the identification of the Beneficiaries are detailed in Paragraphs 1.1 and 1.2 above.

**1.4 Description and indication of the number, for each of the following categories:**

**a) Key Managers other than those indicated under letter b) of Paragraph 1.3**

The Plan does not describe nor does it indicate the number of Beneficiaries belonging to the categories mentioned under point 1.4(a), (b) and (c) of Schedule 3A, Schema 7, of the Issuers' Regulation.

The mechanics for the identification of the Beneficiaries are detailed in Paragraphs 1.1 and 1.2 above.

**b) in case of "smaller companies" (*società di minori dimensioni*), pursuant to Article 3(1)(f) of Consob's regulation no. 17221 of 12 March 2010, all key managers of the financial instrument issuer**

The mechanics for the identification of the Beneficiaries are detailed in Paragraphs 1.1 and 1.2 above.

**c) other categories of Employees or Associates, if any, with respect to whom the Plan has different features**

The characteristics of the Plan are the same for all Beneficiaries.

The mechanics for the identification of the Beneficiaries are detailed in Paragraphs 1.1 and 1.2 above.

The information required under Paragraphs 1.1, 1.2, 1.3 and 1.4 will be provided, if applicable, during the implementation phase of the Plan, in accordance with Article 84-*bis*(5)(a) of the Issuers' Regulation.

## 2. REASONS UNDERLYING THE ADOPTION OF THE PLAN

### 2.1 Description of the objectives expected to be reached with the Plan

The Plan is a valid instrument to incentivize and promote loyalty among the Beneficiaries, in their capacities as persons playing a key role in achieving the objectives of the Group, and to align the interests between the remuneration targets of the Beneficiaries and the value growth and return on investment targets of the shareholders.

The incentivization and promotion of loyalty among Beneficiaries also represents an essential instrument that enables the Company to proceed on its own route consistently with its preset targets.

In particular, by adopting the Plan, the Company proves to be willing to:

- align the interests of the Beneficiaries with those of the shareholders and investors and with the strategic plan of the Group as a whole;
- link the remuneration of the Beneficiaries, in their capacities as persons playing a key role in achieving the objectives of the Group, to the effective performance of the Company, to the creation of new value for the Group and to the achievement of medium to long-term preset objectives;
- guide key corporate resources towards the achievement of long-term objectives, thereby enabling the Company to pursue its primary value creation objective over the medium to long term;
- develop retention policies with the purpose of retaining key corporate resources and incentivize their stay in the Company or in the Group;
- develop attraction policies for talented managers and professionals on global markets, with the aim of developing and reinforcing the key and distinctive competences of the Company on a continuing basis;
- ensure flexibility in the management of the Plan so as to shape it to the future requirements of the Group.

#### 2.1.1 Reasons and criteria underlying the relation between the incentive retribution based on financial instruments and the other components of the Beneficiary's overall retribution

In defining the scope of the awardable Rights to Receive the Incentive, the appropriate balance between the variable component and the fixed component of the Beneficiary's remuneration is taken into due consideration.

Please refer to Paragraph 2.1 above.

The Incentive is expected to be conditional upon the verification by the Board of Directors of the fulfillment of the following conditions:

- as of the Granting Date of the Incentive the Beneficiaries must have a Relationship with the Company or the relevant Subsidiary and their condition as Beneficiaries with regard to their roles within the Company, the relevant Subsidiary or the Group must still be current;
- the Performance Targets must have been achieved.

### 2.1.2 Objectives of the long-term incentive schemes

Please refer to Paragraph 2.1 above.

### 2.1.3 Criteria used to define the incentive schemes' timeline

The Plan has a multiannual duration and is subdivided into 3 (three) “rolling” awarding cycles (the “**Vesting Periods**”), each having a three-year duration. Vesting Periods mean the periods at the end of which the Incentive is granted, subject to the verification of the achievement of the Performance Targets by the Board of Directors for each Performance Period.

For additional details on the Vesting Period, please refer to Paragraph 4.2 below.

## 2.2 Key variables, including in the form of performance indicators, considered for the purpose of the assignment of the Plan

The Board of Directors determines the number of Rights to Receive the Incentive, with regard to each Beneficiary, based on the following formula:

$$\text{Rights to Receive the Incentive} = \text{Gross Annual Salary} \times \text{Gross Annual Salary Percentage} / \text{Listing Price}$$

in which

“Gross Annual Salary” means each Beneficiary’s gross annual fixed retribution, excluding the variable portion thereof, as of the Awarding Date of the Rights to Receive the Incentive.

“Gross Annual Salary Percentage” means the percentage determined at the Awarding Date of the Rights to Receive the Incentive, in reference to each Beneficiary, by the Board of Directors upon an opinion of the Appointment and Remuneration Committee while holding the interest of the Company in high regard and considering, *inter alia*, the Beneficiaries’ roles, their retribution, the strategic importance of the role they play in the results achieved by the Company, their growth potential in the context of the Group and any other item that may be considered useful or relevant in relation to the value creation targets of the Company and of the Group, as detailed in the definition of the Performance Targets.

“Listing Price” means the price of placement of the Shares in the context of the Listing, equal

to EUR 8.30 per share.

In particular, the actual Granting of the Incentive to each Beneficiary is conditional upon the achievement of the Performance Targets, which the Board of Directors verifies at the end of the relevant Performance Period, after approving the consolidated financial statements of the relevant financial year.

For additional details on Performance Targets, please refer to Paragraph 2.3 below.

#### **2.2.1 Detailed information on the factors, including in terms of performance, and criteria used to identify special features related to the retribution mechanics based on financial instruments**

Please refer to Paragraph 2.1 above.

#### **2.2.2 Detailed information on how such mechanics were identified in relation to directors, general managers, key managers and other specific categories of employees or associates subject to special condition plans or associates of the listed company and of its subsidiaries**

Please refer to Paragraph 2.1 above.

#### **2.2.3 Detailed information on the reasons underlying the choice of the specific retributions set out in the plans, including in relation to the achievement of the identified long-term objectives**

Please refer to Paragraph 2.1 above.

### **2.3 Elements underlying the determination of the amount of the retribution based on financial instruments, or criteria for the determination of such retribution**

With regard to each Vesting Period, each Beneficiary receives the Monetary Incentive, on the following conditions: (i) the Performance Targets applicable to the relevant Performance Period of each Vesting Period as fixed for each reference financial year by the Board of Directors, subject to the opinion of the Appointment and Remuneration Committee, have been achieved; and (ii) the Performance Indicators detected during the 2021 Performance Period are at least equal to the Performance Targets assigned for the 2019 Performance Period.

The procedures to calculate the Performance Targets are contained in the Regulation.

The Performance Targets are independent from one another and are therefore reported independently for each Vesting Period.

The actual assignment of 60% of the Rights to Receive the Incentive depends on the consolidated EBITDA results, whereas the remaining 40% of the Rights to Receive the Incentive is connected with the consolidated Sales performances.

Performance is measured as the difference between the defined Performance Target for each Performance Indicator and the corresponding value of the Performance Indicator defined for the

previous Performance Period or, for the first Performance Period, with respect to the financial year closed on 31 December 2018. Performance Targets are considered as not having been achieved whenever the relevant Performance Indicator is lower than the corresponding Performance Indicator measured during the previous financial year.

By way of example, the formula for the calculation of the performance percentage of each Performance Indicator with regard to the 2019 Performance Period is reported below.

$$\text{Performance (EBITDA)} = \frac{\text{2019 Performance Target (EBITDA)} - \text{2018 EBITDA}}{\text{2018 EBITDA}}$$

$$\text{Performance (Sales)} = \frac{\text{2019 Performance Target (Sales)} - \text{2018 EBITDA}}{\text{2018 EBITDA}}$$

in which

“Performance” means the absolute value of the Performance Indicator (EBITDA or Sales) with respect to which the achievement percentage is calculated based on the below table.

**Granting of the Monetary Incentive based on the level of consolidated EBITDA results and the Sales performance results**

Percentage increase of the Performance of each Performance Indicator	Monetary Incentive for each Performance Target (% of Rights to Receive the Incentive, for each Performance Period)
< 80%	0%
= 80%	80%
> 80% and ≤ 120%	80%-120% pro-quota
> 120% (overperformance)	120%

The failure to achieve the Minimum Performance Target, in reference to each Performance Target, does not entitle to the Granting of the Incentive related to the achievement of that Performance Target, except as otherwise resolved upon by the Board of Directors in more favorable terms for the Beneficiaries.

In case of achievement of the Performance Targets, individually considered, by more than 120%, the Beneficiary are entitled to a Monetary Incentive equal to, and never greater than, 120% of the Rights to Receive the Incentive.

With regard to each Vesting Period, the overall number of Rights to Receive the Incentive assignable to each Beneficiary is proportional to the level of achievement of each Performance Target.

The amount of the Monetary Incentive is determined according to the following formula:

$$\text{Monetary Incentive} = \text{Rights to Receive the Incentive} \times \text{Current Price}$$

in which

“Current Price” means the official price of Piovan’s Shares at the close of the Stock Exchange calculated as the average of the last 5 days of the Vesting Period for each assignment cycle.

The foregoing is without prejudice to the right of the Board of Directors, having heard the Appointment and Remuneration Committee, to identify, for the Vesting Periods following the first, other and/or additional Performance Targets, even where not linked to financial indicators, and the relevant weight percentage.

The Board of Directors verifies the Performance Targets at the end of the relevant Performance Period, after approving the consolidated financial statements of the relevant financial year. The Performance Targets are linked to Sales and connected with the EBITDA.

### **2.3.1 Detailed information on the factors taken into account in deciding the amount of the retributions**

Please refer to Paragraph 2.1 above.

### **2.3.2 Detailed information on the elements considered to introduce amendments compared to similar former plans**

Not applicable.

### **2.3.3 Detailed information on the impact of the realizable retributions under similar former plans, if applicable, on the determination of the retributions under the Plan**

Not applicable.

### **2.3.4 Detailed information on the consistency between the elements underlying the determination of the retribution and the defined objectives**

Not applicable.

### **2.4 Reasons underlying the decision, if applicable, to award retribution plans based on financial instruments not issued by Piovan, such as financial instruments issued by subsidiaries or parent companies or third companies with respect to Piovan’s group of companies; if such instruments are not traded on regulated markets, provide information on the criteria used to**

## **determine the value of such instruments**

Not applicable.

### **2.5 Evaluations made in relation to significant tax and accounting implications, if any, that had an impact on the definition of the Plan**

The preparation of the Plan was not impacted by any significant tax or accounting evaluation.

### **2.6 Support, if any, received in relation to the Plan by the special fund to incentivize the participation of workers enterprises (*Fondo speciale per l'incentivazione della partecipazione dei lavoratori nelle imprese*), as referred to in Article 4(112) of Italian law no. 350 of 24 December 2003**

The Plan does not benefit from any support by the special fund to incentivize the participation of workers enterprises (*Fondo speciale per l'incentivazione della partecipazione dei lavoratori nelle imprese*), as referred to in Article 4(112) of Italian law no. 350 of 24 December 2003.

## **3. APPROVAL PROCEDURE AND TIMELINE FOR THE ASSIGNMENT OF THE INSTRUMENTS**

### **3.1 Scope of the powers and authorities delegated by the Shareholders' Meeting to the Board of Directors to implement the Plan**

On January 15, 2019, the Board of Directors resolved, upon a proposal of the Appointment and Remuneration Committee which met on that same date, to submit the approval of the Plan to the ordinary Shareholders' Meeting convened, in a consolidated meeting, on April 17, 2019.

The Shareholders' Meeting is thus also required to resolve upon the grant of powers to the management body, with the authority to sub-delegate, for the implementation and management of the Plan, including the identification of the Beneficiaries, the Awarding of the Rights to Receive the Incentive, the verification of the achievement of the Performance Targets and the actual granting to each Beneficiary of the Rights to Receive the Incentive.

### **3.2 Persons in charge of managing the Plan and their functions and competences**

Except as otherwise provided for in the Regulation, the body in charge of making decisions on the Plan, without prejudice to the competence of the Shareholders' Meeting, is the Board of Directors of the Company, which — with the authority to appoint delegates and with the inquiry and consultancy support of the Appointment and Remuneration Committee and the technical-administrative assistance of the Human Resources Office — approves the Regulation and passes resolutions on the matters relevant for the Plan. Any resolution passed by the Board of Directors regarding the interpretation and application of the Plan is final and binding for all interested parties.

The operational management and administration of the Plan are delegated to the Chair of the Board of Directors, who acts in accordance with the powers he or she is granted with by the dedicated Board proxy and the provisions of the Regulation.

### **3.3 Procedures in place, if any, to revise the Plan, including any variation of its core objectives**

The Plan develops over a multiannual timeframe; it is therefore possible that events (either external or internal to the Group) take place, thus impacting the consistency of the Plan's incentivization strategy and limiting the Plan's ability to achieve its core purpose.

In particular, such events generally qualify as either (i) Extraordinary Transactions, or (ii) amendments to the Company structure.

#### Extraordinary Transactions

In case of extraordinary transactions involving the Company, such as, without limitation,

- (i) extraordinary transactions on the Company's capital, including capital reductions due to losses by the cancellation of shares, capital increases, free of charge or against payment, with an option for the shareholders or with the exclusion of the right of option, that may also be paid in by contribution in kind, stock consolidations or splits that may have an impact on the shares,
- (ii) mergers or split-ups, purchases or sales of stock, businesses or going concerns, or
- (iii) amendments to laws or regulations or other events that may have an impact on the rights under the Plan, on the shares of the Company and on the Company,

the Board of Directors, autonomously and without requiring any other approval from the Shareholders' Meeting of the Company, subject to the opinion of the Appointment and Remuneration Committee, may amend and supplement the Regulation as it may deem necessary or appropriate to keep the material and economic content of the Plan unchanged, within the limits allowed under the regulations in force from time to time, in accordance with the objectives and purposes of the Plan itself.

#### Amendments to the Company Structure

In all instances where, prior to the Granting Date of the Incentive relating to the Vesting Period,

- (i) a Change of Control occurs,
- (ii) a purchase tender offer or an exchange tender offer regarding the shares of the Company is promoted, or
- (iii) the Shares are delisted from the MTA,

the Board of Directors, at its sole discretion, may allow the Beneficiaries to receive the Incentive,

regardless of the actual achievement of the expected Performance Targets, and determine the early end of the Plan. That decision is binding for the Beneficiaries.

**3.4 Mechanics to determine the availability and assignment of the financial instruments at the base of the Plan (e.g., assignment of shares free of charge, capital increase with exclusion of the right of option, sale and purchase of treasury shares)**

The Plan provides for the Granting of a Monetary Incentive and does not provide for the assignment of financial instruments.

**3.5 Role played by each director in determining the features of the Plan; describe the situations, if any, entailing a conflict of interest for the interested directors**

The features of the Plan, to be submitted to the approval of the Shareholders' Meeting pursuant to and in compliance with Article 114-*bis* of the Consolidated Law on Finance, were collectively determined by the Board of Directors, which approved to submit to the Shareholders' Meeting the proposal of adoption of the Plan, upon a proposal of the Appointment and Remuneration Committee, subject to the opinion of the Board of Statutory Auditors.

**3.6 Date of the resolution passed by the competent body to submit the approval of the Plan to the shareholders' meeting and of the proposal, if applicable, of the Appointment and Remuneration Committee, if formed**

In its meeting held on January 15, 2019, the Board of Directors approved — upon a proposal of the Appointment and Remuneration Committee which met on that same date, having heard the opinion of the Board of Statutory Auditors — the Plan and the proposal to submit the Plan to the approval of the Shareholders' Meeting of the Company.

The Shareholders' Meeting for the approval of the Plan will be convened on April 17, 2019, in a consolidated meeting.

**3.7 Date of the resolution passed by the competent body on the assignment of the instruments and of the proposal, if any, to the above-referred body as expressed by the Appointment and Remuneration Committee, if formed**

The Shareholders' Meeting for the approval of the Plan will be convened on April 17, 2019, in a consolidated meeting.

If the ordinary Shareholders' Meeting approves the Plan, the Board of Directors will meet, on a case-by-case basis, to pass the relevant resolutions relating to the implementation of the Plan.

**3.8 Market price, registered as of the above-mentioned dates, of the financial instruments at the base of the Plan, if traded on regulated markets**

As of the date of the resolution passed by the Board of Directors on January 15, 2019, the official price of the Shares was EUR 7.9 per Share.

**3.9 In case of plans based on financial instruments traded on regulated markets, describe in which terms and to what extent the issuer took into account, in identifying the timeline for the assignment of the instruments in implementation of the plans, the potential time concurrence between (i) the above assignment or the resolutions, if any, passed by the Appointment and Remuneration Committee, and (ii) the disclosure of any information relevant under Article 17 of Regulation (EU) no. 596/ 2014**

Concurrently with the resolution passed by the Board of Directors on January 15, 2019 and pertaining to the Plan, the appropriate market notice were made pursuant to and in compliance with the applicable laws and regulations in force.

During the implementation phase of the Plan, the appropriate market disclosures will be made, as provided for by the applicable laws and regulations in force from time to time.

**4. FEATURES OF THE AWARDED INSTRUMENTS**

**4.1 Description of the structure of the Plan**

The Rights to Receive the Incentive are considered to be awarded, effective retroactively from the Awarding Date of the Rights to Receive the Incentive, following the receipt by the Company of the Awarding Letter duly filled-in and signed, as indicated in the document signed by the Company in acknowledgment and confirmation of the receipt of the Awarding Letter. By undersigning the Letter of Acceptance, the Beneficiaries fully approve any and all provisions, terms and conditions set forth and provided for in the Regulation.

The Rights to Receive the Incentive are personally awarded to each Beneficiary and may not be transferred by agreement *inter vivos* nor may they be submitted to liens or subjected to other acts of disposal at any title.

**4.2 Indication of the actual implementation period of the Plan in reference to different cycles, if relevant**

The Plan has a multiannual duration and is subdivided into 3 (three) “rolling” awarding cycles (the “Vesting Periods”), each having a three-year duration. Vesting Periods mean the periods at the end of which the Incentive is granted, subject to the verification of the achievement of the Performance Targets by the Board of Directors for each Performance Period.

Below is a summary table of each Performance Period and Vesting Period.

Vesting Period	Performance Period
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2019-2021 Vesting Period	2019 Performance Period
2020-2022 Vesting Period	2020 Performance Period
2021-2023 Vesting Period	2021 Performance Period

Vesting Period					
Rights to Receive the Incentive relating to 2019 Performance Period	2019-2021 Vesting Period			2022 (Granting of the Monetary Incentive)	
	2019 2019 Performance Period	2020	2021		
Rights to Receive the Incentive relating to 2020 Performance Period	2020-2022 Vesting Period			2023 (Granting of the Monetary Incentive)	
	2020 2020 Performance Period	2021	2022		
Rights to Receive the Incentive relating to 2021 Performance Period	2021-2023 Vesting Period			2024 (Granting of the Monetary Incentive)	
	2021 2021 Performance Period	2022	2023		

Without prejudice to the fact that the Beneficiaries may be identified (jointly with the relevant number of awardable Rights to Receive the Incentive) *en bloc* after the Plan Approval Date, the Beneficiaries (jointly with the relevant number of awardable Rights to Receive the Incentive) must be identified within 31 December of the first financial year of the reference three-year period of the Vesting Period.

The Board of Directors — subject to the opinion of the Appointment and Remuneration Committee and conditionally upon the definition of the relevant Performance Targets — reserves the right to set up additional Vesting Periods in the following financial years, that must be made within 30 June of each of the above financial years.

#### 4.3 Duration of the Plan

The Plan is effective from the Plan Approval Date until 31 December 2021, with the last Vesting Period ending in 2023. The Regulation is effective until the last Granting Date of the Incentive.

If any Beneficiary takes on a new job role within the Company or is transferred to another company of the Group, the Human Resources Office provides support to the Chair of the Board of Directors in adjusting, if required, the premium assigned to that Beneficiary, subject to the favorable opinion of the Appointment and Remuneration Committee.

It is understood that, in case of transfer of the Relationship to another company of the Group and/or in case of discontinuance of the Relationship, and concurrently with the creation of a new Relationship within the Group, the Beneficiaries keep, *mutatis mutandis*, any right assigned to them under the Regulation.

In case of discontinuance of the Relationship following a Bad Leaver assumption before the Granting Date of the Incentive for each Vesting Period, Beneficiaries definitely and fully lose their Rights to Receive the Incentive.

In case of discontinuance of the Relationship following a Good Leaver assumption before the Granting Date of the Incentive for each Vesting Period, Beneficiaries (or their heirs) keep the right to receive a prorated number of Rights to Receive the Incentive, based on the irrevocable decision of the Board of Directors depending on the achievement of the Performance Targets.

#### **4.4 Maximum number of assignable financial instruments, including options, on a yearly basis in relation to the parties identified by name or the indicated categories**

Beneficiaries receive a Monetary Incentive which cannot exceed 120% of the Rights to Receive the Incentive.

#### **4.5 Mechanics and clauses for the implementation of the Plan, specifying whether the actual awarding of the instruments is conditional upon the occurrence of certain conditions or the achievement of certain results, including performance results; description of any such conditions and results**

The Board of Directors, according to the procedure set out in Paragraph 4.2 hereof, identifies the Beneficiaries who receive the Awarding Letter, which must indicate, among other things, the number of Rights to Receive the Incentive and the Performance Targets for each Performance Period of each Vesting Period.

Each Beneficiary may adhere to the Plan by duly filling-in, signing and returning the received Awarding Letter to the Company within 10 (ten) calendar days from its receipt, under penalty of forfeiture of the right of adherence to the Plan itself.

The Rights to Receive the Incentive are considered to be awarded, effective retroactively from the Awarding Date of the Rights to Receive the Incentive, following the receipt by the Company of the Awarding Letter duly filled-in and signed, as indicated in the document signed by the Company in acknowledgment and confirmation of the receipt of the Awarding Letter. By undersigning the Letter of Acceptance, the Beneficiaries fully approve any and all provisions, terms and conditions set forth and provided for in the Regulation.

The Incentive is conditional upon the verification by the Board of Directors of the fulfillment of the following conditions:

- as of the Granting Date of the Incentive the Beneficiaries must have a Relationship with the Company or the relevant Subsidiary and their condition as Beneficiaries with regard to their roles within the Company, the relevant Subsidiary or the Group must still be current;
- the Performance Targets must have been achieved.

The Board of Directors is responsible for verifying the achievement of the Performance Targets following the approval by the same Board of the consolidated financial statements relating to each Performance Period.

For additional information, please refer to Paragraph 2.3 above.

**4.6 Indication of the restrictions in terms of availability, if any, on the awarded instruments or on the instruments resulting from the exercise of the options, with reference in particular to the time limits within which the transfer of such instruments to the Company or to third parties is permitted or prohibited**

The Rights to Receive the Incentive are personally awarded to each Beneficiary and may not be transferred by agreement *inter vivos* nor may they be submitted to liens or subjected to other acts of disposal at any title.

**4.7 Description of the conditions subsequent, if any, to the awarding of the plans in the event in which the Beneficiaries carry out hedging transactions enabling the neutralization of any restriction on the sale of the assigned financial instruments, including options, or of the financial instruments resulting from the exercise of such Shares**

Not applicable.

**4.8 Description of the effects of the termination of the work Relationship**

The discontinuance of the Relationship between any Beneficiary and the Company or its Subsidiaries before the Granting Date of the Incentive of each Vesting Period, except as otherwise resolved upon by the Board of Directors in more favorable terms for the Beneficiaries, is regulated as detailed below.

In case of discontinuance of the Relationship following a Bad Leaver assumption before the Granting Date of the Incentive for each Vesting Period, Beneficiaries definitely and fully lose their Rights to Receive the Incentive.

In case of discontinuance of the Relationship following a Good Leaver assumption before the Granting Date of the Incentive for each Vesting Period, Beneficiaries (or their heirs) keep the right to receive a prorated number of Rights to Receive the Incentive, based on the irrevocable decision of the Board of Directors depending on the achievement of the Performance Targets.

The terms and conditions regulating the relations between the Company and the Beneficiaries in case of discontinuance of the Relationship are detailed hereinafter.

If a person has multiple legal relationships with the companies of the Group (e.g., employment and directorship) and only one of those relationships is discontinued, such person is not subject to the below conditions applicable in case of discontinuance of the Relationship:

**A) Employment Relationship**

**i. Termination of the Employment Relationship**

Only if the Beneficiary is an Employee of the Company or of one of the Subsidiaries, the Relationship is considered to be discontinued in the following particular instances:

- a) dismissal of the Beneficiary by the Company or another company of the Group;
- b) resignation by the Beneficiary;
- c) agreed termination of the employment Relationship;
- d) expiry of the fixed-term employment contract.

If the discontinuance of the Relationship (i.e., the receipt of the letter of dismissal (assumption a above) or the notification of the resignation (assumption b above) or the agreed termination of the employment relationship (assumption c above)) occurs prior to the Granting Date of the Incentive, Beneficiaries have no rights with respect to the Rights to Receive the Incentive they were awarded with.

Upon the occurrence of any such assumptions, the Company or the relevant Subsidiary may not be held liable for the compensation and/or indemnification of any damage and/or prejudice suffered by the Beneficiaries. In the framework of this Information Document, the notice period is not taken into consideration with respect to the possibility of granting the Incentive at the Granting Date of the Incentive.

**ii. Unpaid Leave**

Beneficiaries keep all their rights under the Plan, provided that they resume their work in accordance with the provisions contained in the agreement regulating the leave and that the leave does not exceed 18 months. If Performance Targets are met, Beneficiaries are not entitled to receive the Incentive prorated to the duration of the leave, based upon a *pro rata temporis* criteria.

**iii. Early Pension or Retirement Pension**

If the Relationship terminates because the Beneficiary meets the early retirement or pension retirement conditions, he or she is entitled to receive the Incentive prorated to his or her awarded Rights to Receive the Incentive, in accordance with the Regulation, within one year from the termination of the

Relationship and on the condition that the Performance Targets are achieved. If the termination of the Relationship occurs during the Vesting Period, the Incentive is granted according to the normal Vesting Period.

**iv. Disability Pension**

If the Relationship terminates because the Beneficiary is granted with a disability pension, he or she is entitled to the Granting of the Incentive at the achievement of the Performance Targets in accordance with the Regulation, prorated to the period in which the Relationship was actually current during the Vesting Period. The Incentive is granted according to the timeline set out for that Vesting Period.

**v. Death**

In case of death of a Beneficiary, his or her heirs are entitled to the Granting of the Incentive at the achievement of the Performance Targets in accordance with the Regulation, prorated to the period in which the Relationship was actually current during the Vesting Period. The Incentive is granted according to the timeline set out for that Vesting Period.

**B) Directorship Relationship**

If the Beneficiary is a director of the Company or of one of the Subsidiaries, the Relationship is considered to be discontinued in the following particular instances:

- a) revocation of the Beneficiary's office by the Company or another company of the Group;
- b) waiver of the directorship;
- c) death of the Beneficiary;
- d) expiry of the mandate, except in case of reappointment.

If the discontinuance of the Relationship (in case of office revocation (assumption a above) or resignation (assumption b above)) occurs prior to the Granting Date of the Incentive, Beneficiaries have no rights with respect to their Rights to Receive the Incentive, which will in turn be considered as extinguished.

If the Relationship is terminated because of the Beneficiary's death, the provisions under point A(v) above apply.

Upon the occurrence of any such assumptions, the Company or the relevant Subsidiary may not be held liable for the compensation and/or indemnification of any damage and/or prejudice suffered by the Beneficiaries.

**C) Association, Self-Employment or Consultancy Relationship**

If the Beneficiary is an associate, self-employed professional or consultant of the Company or of one of the Subsidiaries, the Relationship is considered to be discontinued in the following particular instances:

- a) withdrawal from the association, self-employment or consultancy agreement by the Company or another company of the Group;
- b) termination (including agreed termination) of the association, self-employment or consultancy Relationship;
- c) any other case of discontinuance of the association, self-employment or consultancy Relationship;
- d) death of the Beneficiary.

In case of termination of the partnership, self-employment or consultancy Relationship with the Company or the Subsidiaries, the provisions set out for the termination of a directorship relationship as described under point B above apply *mutatis mutandis*.

All the foregoing is without prejudice to the right of the Board of Directors — subject to the opinion of the Appointment and Remuneration Committee and in certain individual cases where a company interest and a relevant contribution by the Beneficiary in accordance with the purpose of the Plan are identified — to grant more favorable derogations to any of the above conditions, thereby setting out that each Beneficiary or his or her heirs, in case of termination of the Relationship, may receive all or part of the Incentive upon the achievement of the Performance Targets under the Regulation.

#### **4.9 Indication of the other causes of cancellation of the Plan, if any**

Without prejudice to the indications contained in the above paragraphs, no causes of cancellation of the Plan are foreseen.

However, where, prior to the Granting Date of the Incentive relating to the Vesting Period,

- (i) a Change of Control occurs,
- (ii) a purchase tender offer or an exchange tender offer regarding the shares of the Company is promoted, or
- (iii) the Shares are delisted from the MTA,

the Board of Directors, at its sole discretion, may allow the Beneficiaries to receive the Incentive, regardless of the actual achievement of the expected Performance Targets, and determine the early end of the Plan. That decision is binding for the Beneficiaries.

#### **4.10 Description of the reasons relating to any provisions of “redemption”, by the Company, of the financial instruments under the Plan, as provided for by Sections 2357 *et seq.* of the Italian**

**civil code; indicate the beneficiaries of the redemption, specifying if such redemption is reserved only to certain categories of Employees; description of the effects of the termination of the work Relationship on such redemption**

The Plan contains claw-back clauses.

In particular, if within 3 years from the Granting Date of the Incentive the Performance Targets are proved to have been verified by the Board of Directors on the basis of manifestly wrong data, where the Beneficiary is responsible for calculation errors in the determination of one or more Performance Targets or in case of willful alteration of the data used for any such determination or in case of determination of one or more Performance Targets by means of behaviors contrary to the law and/or corporate rules (breach of the Organization, Management and Control Model and Code of Ethics drawn up pursuant to Italian legislative decree no. 231/2001 or other internal procedures adopted by the Company or the Subsidiaries) and/or to the Regulation of the Plan, the Beneficiary is required to return to the Company the received Monetary Incentive.

Should the above circumstance apply, the Company may hold the Incentive that is yet to be granted from any amount owed to the Beneficiary, including, without limitation, any retribution, premium or end-of-service gratuity owed to the Beneficiary, who, in turn, must expressly authorize any such equalization.

**4.11 Loans or other facilities, if any, that the Company is willing to grant for the purchase of the Shares under Section 2358 of the Italian civil code**

Not applicable.

**4.12 Indication of the assessments on the expected charges for the Company as of the relevant assignment, as it may be determined based on the defined terms and conditions, by overall amount and in relation to each instrument of the Plan**

The maximum charges expected for the Company may not be quantified.

In any event, Beneficiaries receive a monetary incentive which cannot exceed 120% of the Rights to Receive the Incentive.

**4.13 Indication of dilutive effects on the capital, if any, caused by the Plan**

Not applicable.

**4.14 Limitations, if any, in terms of exercise of the voting rights and of awarding of property rights**

Not applicable.

**4.15 If Shares are not traded on regulated markets, provide any information useful to correctly**

**assess the value of such Shares**

Not applicable.

**4.16 Number of financial instruments underlying each option**

Not applicable.

**4.17 Date of expiry of the options**

Not applicable.

**4.18 Mechanics (American/European), timeline (e.g., valid period for the exercise) and exercise clauses (e.g., knock-in and knock-out clauses)**

Not applicable.

**4.19 Strike price of the option or mechanics and criteria used to determine such price, in particular with regard to: (a) the formula to calculate the strike price in relation to a specific market price (the so-called “fair market value”) (e.g., strike price amounting to 90%, 100% or 110% of the market price), and (b) the mechanics to determine the market price taken as a reference to determine the strike price (e.g., last price of the day prior to the assignment, average price of the day, average price of the last 30 days, etc.)**

Not applicable.

**4.20 Reasons of the differences in the strike price with respect to the market price determined as indicated under point 4.19 (fair market value)**

Not applicable.

**4.21 Criteria based on which different strike prices are expected among different Beneficiaries or different categories of Beneficiaries**

Not applicable.

**4.22 If the financial instruments underlying the options are not traded on regulated markets, indicate the value assigned to the underlying instruments or describe the criteria used to determine such value**

Not applicable.

**4.23 Criteria used for adjustments that become necessary following extraordinary transactions on the capital and other transactions entailing a variation in the number of underlying instruments (capital increase, extraordinary dividends, consolidation or split of the underlying shares, merger or split-up, conversion into other categories of shares, etc.)**

In case of events involving the Company, such as,

- (i) extraordinary transactions on the Company's capital, including capital reductions due to losses by the cancellation of shares, capital increases, free of charge or against payment, with an option for the shareholders or with the exclusion of the right of option, that may also be paid in by contribution in kind, stock consolidations or splits that may have an impact on the shares,
- (ii) mergers or split-ups, purchases or sales of stock, businesses or going concerns, or
- (iii) amendments to laws or regulations or other events that may have an impact on the rights under the Plan, on the shares of the Company and on the Company,

the Board of Directors, autonomously and without requiring any other approval from the Shareholders' Meeting of the Company, subject to the opinion of the Appointment and Remuneration Committee, may amend and supplement the Regulation as it may deem necessary or appropriate to keep the material and economic content of the Plan unchanged, within the limits allowed under the regulations in force from time to time, in accordance with the objectives and purposes of the Plan itself.

#### **4.24 Retribution plans based on financial instruments**

As of the date of this Information Document, the Plan has not yet been approved by the Shareholders' Meeting of the Company.

Information under Table 1 attached to Schema 7 of Schedule 3A of the Issuers' Regulation, as applicable, will be provided from time to time pursuant to Article 84-*bis*(5)(a) of the Issuers' Regulation.