



LANDI RENZO S.p.A.

**ANNUAL REPORT ON THE REMUNERATION POLICY AND COMPENSATION
PAID 2020**

provided pursuant to article 123-*ter* of the Consolidated Finance Act and article 84-*quater* of
the Issuers' Regulations

Issuer: **Landi Renzo S.p.A.**

Website: www.landirenzogroup.com/it/

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GLOSSARY

Adjusted EBITDA: the adjusted group EBITDA that will be proposed from the Remuneration Committee and defined by the Board of Directors for the purpose of the remuneration policy.

Audit and Risk Committee: means the audit and risk committee created by and within the Board of Directors.

Board or Board of Directors: the Company's Board of Directors.

Board of Statutory Auditors: the Company's Board of Statutory Auditors.

Borsa Italiana: Borsa Italiana S.p.A.

By-laws: means the currently applicable by-laws of Landi Renzo S.p.A.

Civil Code: the Italian Civil Code.

Consolidated Finance Act: Legislative Decree No. 58 of 24 February 1998, as amended.

Equity Value: the market value of the Net Equity, calculated as (Adjusted EBITDA x Multiple) + net financial position, the latter being the difference between the financial debts, regardless of the maturity date, short-term financial assets and available liquid cash.

Financial Year 2019: the financial period ending on 31 December 2019.

Financial Year 2020: the financial period ending on 31 December 2020.

Group: means the Landi Renzo Group.

Instructions to the Market Rules: the instructions accompanying the market rules applicable to the markets organised and operated by Borsa Italiana.

Issuer or Landi Renzo or the Company: Landi Renzo S.p.A.

Issuers' Regulations: the Regulations issued by Consob under its Resolution No. 11971 of 1999 (as amended) concerning the regulations on issuers.

Market Rules: the market rules applicable to the markets organised and managed by Borsa Italiana S.p.A..

Performance Shares Plan 2019-2021: indicates the long-term incentive scheme known as the "Performance Shares Plan 2019-2021", approved by the Shareholders' Meeting on 29 April 2019 pursuant to article 114-*bis* of the Consolidated Finance Act.

Plan Rules: means the terms and conditions setting out the implementing regulations and rules for the Performance Shares Plan 2019-2021 approved by the Board of Directors on 29 April 2019.

Remuneration Committee: means the remuneration committee created by and within the Board of Directors.

Report: this report on the remuneration policy and the compensation paid, prepared pursuant to article 123-*bis* of the Consolidated Finance Act, and article 84-*quater* of Issuers' Regulations.

Self-Regulatory Code: the self-regulatory code for listed companies approved by the Corporate Governance Committee in March 2006 (and subsequent amendments) and promoted by Borsa Italiana S.p.A., Abi, Ania, Assogestioni, Assonime and Confindustria, publicly available on the Corporate Governance Committee website at <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>.

Shareholders' Meeting: the meeting of the shareholders of the Issuer.

Total Shareholder Return: the indicator that represents the overall return for a shareholder given by the increase in the price of the security during a reference period and by the dividends paid during the same period.

SECTION I

1. INTRODUCTION

The Company establishes and applies a general remuneration policy with a view to attracting, motivating and retaining staff with the professional qualities required for the successful pursuit of the objectives of the Landi Renzo Group.

The policy is the product of a well-defined and transparent process in which a central role is played by the Shareholders' Meeting, the Board of Directors, the Board of Statutory Auditors, and the Remuneration Committee.

2. CORPORATE BODIES INVOLVED IN THE DRAFTING, APPROVAL, IMPLEMENTATION AND ANY REVIEW OF THE REMUNERATION POLICY

(a) *Shareholders' Meeting*

In respect of remuneration, the Shareholders' Meeting:

- at the time of their appointment, determines the compensation due to the members of the Boards of Directors (including by determining an overall amount pursuant to article 2389, third paragraph of the Civil Code) and of the Board of Statutory Auditors, pursuant to article 2364, first paragraph, part (3), of the Civil Code;
- pursuant to article 123-ter, third paragraph bis, of the Consolidated Finance Act, resolves on the first section of the Report concerning the remuneration policy for the members of the Board of Directors, general managers and other executives with strategic responsibilities, as determined by the Board of Directors (on proposal of the Remuneration Committee) and provides its non-binding advisory opinion on the second section of the Report, setting forth an adequate description of each of the items that comprise the remuneration and analytical description of the compensation paid during Financial Year 2019; and
- approves by resolution any compensation schemes based upon shares or other financial instruments that are addressed to members of the Board of Directors, employees and/or consultants, including executives with strategic responsibilities, pursuant to article 114-bis of the Consolidated Finance Act.

(b) *Board of Directors*

In respect of remuneration, the Board of Directors:

- establishes a Remuneration Committee from among its members, which must include one member with appropriate expertise and experience in financial matters or remuneration policies, the Board of Directors assessing the relevant individual's knowledge upon appointment of same;
- determines, and reviews where suitable, upon proposal of the Remuneration Committee, the policy regarding the remuneration of directors and executives with strategic responsibilities;

- determines the remuneration of those Directors holding particular duties, having consulted with the Board of Statutory Auditors and upon proposal of the Remuneration Committee;
- approves the Report prepared pursuant to article 123-ter of the Consolidated Finance Act;
- with the support of the Remuneration Committee, draws up the terms of any compensation schemes based upon shares or other financial instruments, and puts them to the Shareholders' Meeting for approval pursuant to article 114-bis of the Consolidated Finance Act; and
- with the support of the Remuneration Committee, implements any compensation schemes based upon shares or other financial instruments, in accordance with instructions delegated by the Shareholders' Meeting.

(c) ***Board of Statutory Auditors***

In relation to matters of remuneration, the Board of Statutory Auditors has an advisory role, under which it provides those opinions required by relevant legislation, in particular opinions on proposals for the remuneration of Executive Directors, and more generally of Directors with special responsibilities in accordance with article 2389, third paragraph of the Civil Code; as part of that process, the Board of Statutory Auditors assesses the proposals the Remuneration Committee submits to the Board of Directors for consistency with particular duties with the general remuneration policy.

(d) ***Remuneration Committee***

Proposals for the remuneration policy for the Directors with special responsibilities, both in relation to fixed compensation and variable compensation, are submitted each year by the Remuneration Committee for approval by the Board of Directors, after having received the favourable opinion of the Board of Statutory Auditors. Further information regarding the duties and the role of the Remuneration Committee may be found in paragraph 3 below.

(e) ***Executive Directors***

In respect of remuneration, the Executive Directors:

- submit any compensation schemes based upon shares or other financial instruments to the Remuneration Committee, and if appropriate assist the Remuneration Committee with the preparation of such schemes;
- provide the Remuneration Committee with such information as it requires for the purpose of assessing the appropriateness and effective application of the general remuneration policy, with regard in particular to the remuneration of executives with strategic responsibilities; and
- implement the Company's remuneration policies in a manner consistent with this Report.

Finally, the Board of Directors, the Board of Statutory Auditors and the Remuneration Committee are responsible for ensuring that the remuneration policy is properly implemented and appropriately applied.

3. REMUNERATION COMMITTEE

3.1 **Composition and functioning of the Remuneration Committee (pursuant to article 123-bis, second paragraph, item (d) of the Consolidated Finance Act)**

As at the date of this Report, the Remuneration Committee is composed of three Directors, namely Sara Fornasiero, chair of the Committee, and Vincenzo Russi, both Non-Executive Independent Directors of the Company, and Angelo Iori, Non-Executive Director.

Sara Fornasiero, Vincenzo Russi, and Angelo Iori have suitable knowledge and experience on accounting and financial matters. Upon their appointment, the Board of Directors evaluated and deemed adequate the background and experience of the Remuneration Committee's members.

The Remuneration Committee is governed by its own internal rules, which have been updated during the course of 2019, following the appointment of its new members.

3.2 **Duties of the Remuneration Committee**

The Remuneration Committee is responsible for:

- preparing proposals and providing opinions to the Board of Directors regarding the remuneration of the Chief Executive Officer and directors with specific duties, as well as the establishment of performance objectives in connection with the variable component of such remuneration,
- preparing proposals to the Board of Directors regarding a possible review of the remuneration policy if, for example, the criteria adopted to determine the remuneration of the Executive Directors are no longer current and a sufficient incentive;
- monitoring the application of decisions adopted by the Board of Directors relating to the remuneration policy, in particular with respect to the actual achievement of performance objectives; and
- periodically assessing the adequacy, overall consistency and the actual implementation of the remuneration policy, including the criteria adopted to determine the compensation of the Executive Directors and of the executives with strategic responsibilities, also on the basis of the information provided by the Chief Executive Officers, and proposing general recommendations on the matter to the Board of Directors.

In connection with the performance of its duties, the Remuneration Committee has access to such information and business departments as it may require, and it has not considered it necessary to rely on external advisors, drawing instead upon internal resources, except for a few induction training sessions concerning the legislative and regulatory amendments occurred in the course of Financial Year 2019, in relation to which the Committee was assisted by the legal advisors of the Company. The Remuneration Committee has not made use of the services of any advisor for the purposes of obtaining information on remuneration practices in the market.

In Financial Year 2019, the Remuneration Committee submitted proposals to the Board of Directors on the remuneration of the Chief Executive Officer and General Manager, Mr Cristiano Musi and of the Chairman of the Board of Directors, Mr Stefano Landi, and the establishment of performance objectives in connection with the variable component of such remuneration. It has also verified the application of the proposals previously put forward with regard to the remuneration of the Chief Executive Officer and General Manager and the other Executive Directors for the financial year ended 31 December 2019. During Financial Year 2019, the Remuneration Committee also submitted proposals to the Board of Directors with regard to the Performance Shares Plan 2019-2021.

4. REMUNERATION POLICY

4.1 Policies and objectives

The remuneration policy implemented by the Company reflects the criteria set out in the Consolidated Finance Act and the Issuers' Regulations. More in detail:

- (i) it contributes to the corporate strategy because it aims to attract, motivate and retain the human resources who have the professional skills required to profitably pursue the Group's objectives;
- (ii) it contributes to the pursuit of short- to medium- and long-term interests of the Issuer because (i): the variable part of the compensation of the Directors vested with special responsibilities and of the executives with strategic responsibilities has a considerable percentage of incidence on the overall compensation also in relation to the fixed component, and (ii) a major portion of the variable component of the compensation of the Directors vested with special responsibilities and of the executive managers with strategic responsibilities is linked to strategic, and highly challenging performance objectives, such as (a) Adjusted EBITDA and revenues, for the short-term variable compensation, and (b) Total Shareholder Return and the Equity Value for the Performance Shares Plan 2019-2021, all financial figures that can be clearly appreciated by the market;
 - the consistency with the pursuit of **short- to medium-term interests** of the Issuer is also guaranteed by the terms of payment of the variable component, which is paid according to progressive thresholds based on the performance objectives reached. Consequently, in the event that all the objectives are achieved, the maximum amount of the variable component is paid as variable remuneration; conversely if none of the performance objectives is achieved, no amount is paid as variable remuneration.
 - the consistency with the pursuit of the **long-term interests** of the Issuer is also guaranteed by the Performance Shares Plan 2019-2021, *i.e.* by a compensation plan based on the free allocation of ordinary shares of the Company in a single instalment at the end of a three-year vesting period, according to the level of achievement of the established performance targets;

- (iii) it contributes to the sustainability of the Company, because it provides for a large part of the remuneration to be dependent on the creation of long-term value for the shareholders and for the Company as a whole, thus promoting behaviour intended to increase the Company's overall value and to align the interests of the management to the interests of the shareholders, with a view of generating value over the medium to long term;
- (iv) it provides that all the Directors be paid compensation as determined upon appointment of the Shareholders' Meeting, which determines the gross amount payable to each Director or to the entire Board for the term of office. Such gross annual compensation is not linked to the achievement of economic results, but to the skills, professionalism and efforts requested from each Director to perform the duties of the office. The members of the Board of Directors also receive reimbursement for the documented costs incurred by them in the exercise of their duties;
- (v) it provides that the Executive Directors with special responsibilities, in addition to the fixed compensation due to them as members of the Board of Directors as determined by the Shareholders' Meeting at the time of their appointment, may receive, upon proposal of the Remuneration Committee, having heard the opinion of the Board of Statutory Auditors, additional compensation that includes a fixed component and a variable component, which are to be adequately balanced in light of the Company's strategic objectives and risk management policy, also taking into account the sector in which the Issuer operates:
- the **fixed component** of this compensation (the criteria for the quantification of which are proposed by the Remuneration Committee) is sufficient to compensate the performance of the beneficiary should the variable component not be paid because of non-achievement of the performance objectives set by the Board for Executive Directors;
 - the **variable component** is a significant portion of the Executive Directors' compensation and is an incentive, providing for compensation that is conditional upon the achievement of predefined, highly challenging, performance objectives (described in more detail in paragraph **Errore. L'origine riferimento non è stata trovata. Errore. L'origine riferimento non è stata trovata.** below) that take into account the role of the Executive Directors, the commitment requested for performance of their duties, as well as the Company's position in the market, size and prospects for development; moreover, the variable component is linked to the achievement of both short- to medium-term and long-term performance objectives (Performance Shares Plan 2019-2021);
- (vi) it provides that the executives with strategic responsibilities receive compensation that is composed of a fixed component and of a variable component (the latter being a significant part of the overall compensation), similarly to what is provided for the Executive Directors with special responsibilities, as described in more detail in paragraph **Errore. L'origine**

riferimento non è stata trovata. Errore. L'origine riferimento non è stata trovata. below;

- the **fixed component** of this remuneration (the criteria for the quantification of which are proposed by the Remuneration Committee) is sufficient to compensate the performance of the beneficiary should the variable component not be paid because of the non-achievement of the corporate performance objectives set by the Board or Chief Executive Officer for executives with special responsibilities;
 - the **variable component** is a significant portion of the compensation for executives with strategic responsibilities and is an incentive, providing for compensation that is conditional upon the achievement of predefined, highly challenging performance objectives (described in more detail in paragraph **Errore. L'origine riferimento non è stata trovata. Errore. L'origine riferimento non è stata trovata.** below) that take into account the role of the executives with strategic responsibilities, the commitment requested for performance of their duties, as well as the Company's position in the market, size and prospects for development; moreover, the variable component is linked to the achievement of both short to medium-term and long-term performance objectives (Performance Shares Plan 2019-2021);
- (vii) it provides that the Board of Directors has the right to adopt, by way of separate regulations, specific procedures to protect the Company as well as the Directors and the executives with strategic responsibilities in the event of early termination of their relationship for specific causes (for instance, resignation and/or revocation for cause or without cause, *force majeure* circumstances, etc.); currently, termination treatments are in place for the case of early termination of the office of the Chief Executive Officer, as described in more detail at paragraph **Errore. L'origine riferimento non è stata trovata. Errore. L'origine riferimento non è stata trovata.** below.

The Remuneration Committee was guided by the above criteria when it prepared the proposal on how to structure the compensation for the Company's Directors and executives for the financial years 2019–2021. At the meeting on 13 March 2020, the Board of Directors confirmed the remuneration policy applicable to the Company's Directors substantially consistently with the policy approved in Financial Year 2019, subject to the necessary updates and amendments in light of the evolution of the Company's business. For this purpose, the votes cast during the Shareholders' Meeting held on 29 April 2019, during which 99.9% of the Shareholders in attendance (equal to the 81.5% of the overall voting rights) voted favourably in relation to the first section of the Report, have been taken into account.

4.2 The components of the remuneration

The remuneration policy adopted by the Company follows different principles and modalities in relation to the fixed component and to the short-medium and long-term variable component for each type of addressee.

A Remuneration policy for the office as Director

Pursuant to article 20 of the By-laws and article 2389 of the Civil Code, the compensation for all the members of the Board of Directors is determined by the Shareholders' Meeting at the time the Directors are appointed.

The Shareholders' Meeting on 29 April 2019 determined the annual, gross compensation payable to the Board currently in office as overall Euro 202,500, to be divided among all the members of the Board of Directors and to be on a *pro rata temporis* basis, and resolved that each Director would receive an attendance fee of Euro 500 for each meeting of the Board he or she attends, which is inclusive of any expense or cost that the Director may incur to attend the meeting.

On the same date, the meeting of the Board of Directors approved the break-down of the compensation among the members of the Board approved by the Shareholders' Meeting, thus attributing annual gross compensation of Euro 100,000 to the Chair of the Board of Directors, Stefano Landi; annual gross compensation of Euro 15,000 to the Honorary Chair of the Board, Giovannina Domenichini; and annual gross compensation of Euro 12,500 to each of the other Directors.

B Remuneration policy for Non-executive Directors

The compensation of the Non-executive Directors is not linked to the achievement, by the Company, of any economic result; on the other hand, it is linked to the skills, professionalism and commitment requested of each of these Directors to perform his or her office.

The Non-executive Directors are not addressees of any remuneration plans based on shares or other financial instruments-based.

C Remuneration policy in relation to membership in Committees

Non- Executive Directors who are members of Committees within the Board of Directors will receive further compensation for such role, in addition to the compensation for the office of Director.

With a resolution of the Board on 29 April 2019, the Company has determined to pay compensation of Euro 7,500 to Directors who are also members of an internal Committee within the Board of Directors, namely the Audit and Risk Committee and the Remuneration Committee.

D Remuneration policy for Independent Directors

As of the date of this Report, the Company has not approved any other remuneration policy in relation to Independent Directors.

E Compensation policy for the Executive Directors

Pursuant to the combined provisions of article 2389, third paragraph of the Civil Code and article 20 of the By-laws, the compensation for Directors with special responsibilities is determined by the Board of Directors, upon proposal of the

Remuneration Committee and after having heard the opinion of the Statutory Board of Auditors. The compensation is composed of:

- a **fixed component**, determined congruously in light of the special responsibilities and mandates accepted;
- a **variable component**, up to a pre-defined maximum amount, commensurate to the achievement of specific performance objectives and/or to the economic results achieved by the Company in the **short to medium term**; and
- a **variable component**, up to a pre-defined maximum amount, commensurate to the achievement of specific performance objectives and/or to the economic results achieved by the Company in the **long term** (Performance Shares Plan 2019-2021).

The *fixed component* of this compensation (the criteria for the quantification of which are proposed by the Remuneration Committee) is sufficient to compensate the performance of the beneficiary should the variable component not be paid because of the non-achievement of the performance objectives set by the Board for Executive Directors.

On 29 April 2019, the Board of Directors determined the fixed, annual, gross compensation payable in Financial Year 2019 to Directors with special responsibilities as Euro 387,500, divided as follows: to Stefano Landi, Euro 300,000; and to Cristiano Musi, Euro 87,500, in each case on a *pro rata temporis* basis. On 28 December 2018, the Board of Directors resolved to correspond to Cristiano Musi – in addition to the his compensation as Chief Executive Officer of the Company – an overall annual remuneration of 260,000, starting from 1 January 2019, as compensation for his office as manager and General Manager of the Company. This remuneration was confirmed by the Board of Directors on 29 April 2019.

The *variable component* of the compensation is an incentive, providing for compensation that is conditional upon the achievement of short-term and medium- to long-term performance objectives.

The financial performance objectives are measurable on the basis of quantitative economic and financial indicators relating to the Group, including revenues, Adjusted EBITDA, Total Shareholder Return and Equity Value.

In relation to the *short-term variable remuneration*, on 13 March 2020, the Board of Directors resolved, upon proposal of the Remuneration Committee and with the Board of Statutory Auditors' favourable opinion, in favour of the payment to each of the Executive Directors of a variable component of remuneration that would be subject to the achievement of specific objectives regarding the Group's revenues and the Group's Adjusted EBITDA laid down by the Board of Directors, with a margin of tolerance of 5% with respect to the Group's revenues and of 10% with respect to the Group's Adjusted EBITDA. In particular, the Board of Directors further established the following:

without prejudice to as provided in paragraph M below, a portion of the variable remuneration should be calculated as follows:

- (i) 20% upon achievement of the objective for the Group's revenues;
- (ii) 80% upon achievement of the objective for the Group's Adjusted EBITDA;

for the Chief Executive Officer, the maximum amount of said variable remuneration is equal to (i) 60% of the gross fixed annual remuneration for Financial Year 2020 due to the Chief Executive Officer (inclusive of the fixed compensation he earns as manager and General Manager of the Company, as well as the fixed remuneration he earns as Chief Executive Officer), in the event that the objectives are achieved at target level, or (i) 75% of the gross fixed annual remuneration for the Financial Year 2020 due to the Chief Executive Officer (inclusive of the fixed compensation he earns as manager and General Manager of the Company, as well as the fixed remuneration he earns as Chief Executive Officer) in the event of over performance (which is considered achieved when the Group's revenues and Adjusted EBITDA increase by more than 5% and 10%, respectively);

for the other Executive Directors, the maximum amount of said variable remuneration is equal to 40% of the relevant fixed gross annual remuneration for the financial year 2020, both in the event that the objectives are achieved at target level and in the event of over performance;

in the event that all two objectives (revenues and the Group's Adjusted EBITDA) are achieved at the target level or over performance has occurred, each Executive Director will receive the maximum amount of the variable component as variable remuneration, as indicated in paragraphs 0 and 0 above;

in the event that none of the two objectives (revenues and the Group's Adjusted EBITDA) is achieved, the Executive Directors will receive no amount as variable component; lastly

in the event that only one of the aforesaid objectives is achieved, each Executive Director will receive the corresponding percentage of the gross annual variable remuneration.

With regard to the *medium to long-term variable remuneration*, see paragraph G below, which includes a description of the Performance Shares Plan 2019-2021.

F Remuneration policy for executives with strategic responsibilities

The compensation for executives with strategic responsibilities who are not also Executive Directors is composed of a fixed component and a variable component, consistently with the responsibilities linked with the exercise of the operating mandates for the management of the Company.

The *fixed component* is sufficient to compensate the performance of the beneficiary should the variable component not be paid because of the non-achievement of the company performance objectives identified by the Board of Directors or of the individual objectives identified by the Chief Executive Officer for executives with strategic responsibilities. With respect to the remuneration paid to Cristiano Musi as General Manager of the Company, please see paragraph E above.

Also in this case, the *variable* component is linked to the achievement of short-term and medium- to long-term performance objectives.

The *financial performance* objectives are measurable on the basis of quantitative economic and financial indicators relating to the Group, including revenues, Adjusted EBITDA, Total Shareholder Return and Equity Value.

In relation to the *short-term variable component*, the Board of Directors resolved at its meeting of 13 March 2020 that the executives with strategic responsibilities, that could be identified from time to time, would receive a variable component of remuneration subject to the achievement of the specific objectives regarding the Group's revenues, and in the Group's Adjusted EBITDA laid down by the Board of Directors. At the same meeting, in particular, the Board of Directors further established that:

- (a) for the Financial Year 2020, the maximum amount of the remuneration attributable to each of the executives with strategic responsibilities would not be higher than 40% of the gross fixed component of their remuneration;

the maximum amount of the variable remuneration would be paid as follows:

- (i) 40% of the maximum under the variable component would be paid to each executive with strategic responsibilities upon achievement of the business objectives in terms of the Group's revenues and the Group's Adjusted EBITDA, in the manner and with the mechanisms established for the Executive Directors (other than the Chief Executive Officer); and thus, without prejudice to paragraph M below, (i) 20%, upon achievement of the objective relating to Group revenues (with a tolerance margin of 5%), and (ii) 80%, upon achievement of the objective relating to the Group's Adjusted EBITDA (with a tolerance margin of 10%); and
- (ii) 60% of the variable component of the remuneration payable to each executive with strategic responsibilities upon achievement of the individual objectives identified by the Chief Executive Officer (or from the other competent function);

in the event that all two business-wide objectives (the Group's revenues and the Group's Adjusted EBITDA) were achieved, and the particular executive with strategic responsibilities also achieved their specific individual objectives, then they will receive the whole of their annual gross variable remuneration, up to 40% of their gross fixed remuneration;

in the event that the two business-wide objectives (the Group's revenues and the Group's Adjusted EBITDA) were not achieved, and neither were the specific individual objectives of the particular executive with strategic responsibilities, nothing would be paid to such executive;

in the event that all two business-wide objectives (the Group's revenues and the Group's Adjusted EBITDA) are all achieved but the particular executive with strategic responsibilities has not also achieved their specific individual objectives as described above, then they receive 40% of the total amount of the variable component of remuneration;

in the event that the particular executives with strategic responsibilities have achieved their specific individual objectives as described above, but the two business-wide objectives (the Group's revenues and the Group's Adjusted EBITDA) are not all achieved, then they receive 60% of the total amount of the variable component of remuneration; lastly

in the event that the particular executives with strategic responsibilities have achieved their specific individual objectives as described above, and one of the two business-wide objectives (the Group's revenues and the Group's Adjusted EBITDA) are achieved, then they receive 60% of the total amount of the variable component of remuneration, and the percentage of the variable remuneration to which they are entitled for the achievement of those business-wide objectives.

With regard to the *medium to long-term variable component of remuneration*, see paragraph G below, containing a description of the Performance Shares Plan 2019-2021.

In consideration of Landi Renzo's corporate and organizational structure, at the date of this Report, the Company didn't deem it necessary to identify as executives with strategic responsibilities, besides the Chief Executive Officer, Mr Cristiano Musi, and the Chairman of the Board of Directors, Mr Stefano Landi, or any other executives vested with powers or direct or indirect responsibilities in respect of the planning, management and control of the Company.

G Stock-based incentive plans for Executive Directors and executives with strategic responsibilities

Below is a detail description of the incentive plan titled "Performance Shares Plan 2019-2021" (the "Performance Shares Plan 2019-2021") approved by the Shareholders' Meeting on 29 April 2019, also pursuant to articles 123-ter, fifth paragraph, of the Consolidated Finance Act and 84-bis, fifth paragraph, of the Issuers' Regulation.

The Performance Shares Plan 2019-2021 shall be considered of "particular relevance" pursuant to article 114-bis, third paragraph, of the Consolidated Finance Act and article 84-bis, second paragraph, of the Issuers' Regulation, as it is addressed, among others, to the Chief Executive Officer of the Company, as well as to other managers identified on the basis of the contribution to the business, degree of autonomy and complexity of the role.

For further information in this respect, please refer to the information document prepared in accordance with article 84-bis and Scheme 7 of Annex 3A of the Issuers' Regulation, as well as the communication provided by article 84-bis, fifth paragraph, of the Issuers' Regulation, available on the Company's website at <http://www.landirenzogroup.com/it/>, *Investors* section.

(a) Addressees of the plan, reasons supporting adoption of the plan, and main characteristics

On 29 April 2019, the Shareholders' Meeting approved, pursuant to article 114-bis of the Consolidated Finance Act, the Performance Shares Plan 2019-2021 as a further component of the medium-long remuneration of executive directors and, possibly, of executives with strategic responsibilities. On the same date, the Board of Directors has also approved the regulation containing the implementation rules, as well as the principles and the functioning, of the Performance Shares Plan 2019-2021 (the "**Plan Rules**").

The Company believes that stock-based compensation plans are an effective instrument to incentivise and to retain loyalty of those persons who serve in key roles so as to

maintain and improve a high-level and to contribute to the growth and success of the Company and the Group.

The Performance Shares Plan 2019-2021 has the following main objectives: (i) to reward the achievement of the targets set out in the business plan; (ii) to prepare a medium- to long- term variable incentive policy in line with market practice, so as to retain key personnel; (iii) to ensure the medium-term sustainability of the Company and of the Group, promoting conduct that aims to increase the Company's overall value; and (iv) to incentive the interest of the management with the interest to the interest of the shareholders over the medium-long period in accordance with the Self-Governance Code.

The Performance Shares Plan 2019-2021 provides – if the performance objectives are achieved and on the terms and conditions set out in the Plan Rules – the assignment for no consideration of an aggregate of up to 3,200,000 ordinary shares of the Issuer, to be assigned to the Chief Executive Officer and General Manager of the Company Cristiano Musi, and other executives identified upon proposal of the Chairman of the Board, by the Board of Directors having heard the opinion of the Remuneration Committee, on the basis of the contribution to the business, degree of autonomy and complexity of the role.

As of today, only the Chief Executive Officer and General Manager Cristiano Musi has been identified as beneficiary of the Performance Shares Plan 2019-2021, according to which he has been assigned for no consideration with no. 912,300 rights to receive Landi Renzo ordinary shares on the terms and conditions provided by the Plan Rules.

The Performance Shares Plan 2019-2021 has been structured over a three-year time horizon (2019-2021) and provides for the shares to be assigned in one single occurrence at the end of the three-year vesting period. Specifically, by no later than the 60th calendar day following the approval by the Board of Directors of the draft financial statements of the Company as at 31 December 2021, the Company will provide to the beneficiaries the number of shares determined in accordance with the Plan Rules, provided that the conditions provided therein are met.

The Performance Shares Plan 2019-2021 will be serviced with own shares to be purchased pursuant to any authorisation under article 2357 of the Civil Code that may be granted from time to time by the Shareholders' Meeting.

The right to receive the shares is granted to each beneficiary personally and can neither be transferred *inter vivos* nor encumbered and cannot be otherwise disposed of. No other restrictions are envisaged to encumber the shares.

The Performance Shares Plan 2019-2021 does not provide for any specific revocation or return clauses. However, the Company has the right to unilaterally obtain the restitution, in whole or in part, of the shares assigned to the beneficiary (or of the relevant value at the time of the assignment), if it ascertained that the assignment was made in breach of the corporate or legal rules or by virtue of an intentional or grossly negligent behaviour aimed to alter the data used for the obtainment of the performance objectives.

The Board of Directors is competent for the implementation of the Performance Shares Plan 2019-2021 and, as determined by the Shareholders' Meeting held on 29 April 2019, the Board is in charge of the management and implementation of the plan, availing itself of the procedural and advisory support of the Remuneration Committee.

(b) ***Performance objectives***

The assignment of Landi Renzo ordinary shares is subject to the achievement of at least one of the performance objectives set out below. The achievement of these performance objectives will be ascertained by the Board of Directors, having heard the opinion of the Remuneration Committee, upon expiry of the vesting period on the terms provided by the Plan Rules. In particular, the Board of Directors, having heard the opinion of the Remuneration Committee, will determine, upon expiry of the vesting period, the actual number of shares to be assigned in a lump sum to each beneficiary, based on the achievement of the performance objectives.

The performance objectives set out in the Performance Shares Plan 2019-2021 are calculated on the basis of the following parameters:

- (i) Total Shareholder Return for the 2019-2021 three-year period (related pondered weight 50%);
- (ii) Equity Value for the 2019-2021 three-year period (related pondered weight 50%).

The Total Shareholder Return of the Company will be compared to that of the companies that are included, for the entire term of the related performance period, in the STOXX Europe 600 Automobiles & Parts index. The price of the shares used will be the arithmetic average of the stock exchange price in the 90 days preceding the date of execution of the plan (Bloomberg certification).

The objective related to the Total Shareholder Return will be deemed:

- (i) Achieved at the **minimum level** – access threshold – if both of the following events occur at the same time:
 - the value of Total Shareholder Return is greater than zero (the failure to achieve this indicator will imply the assignment of 50% of the rights that are to be assigned);
 - the value of Total Shareholder Return is within the first quartile and lower than the median position of the companies in the STOXX Europe 600 Automobiles & Parts index;
- (ii) Achieved at the **target level** if both of the following events occur at the same time:
 - the value of Total Shareholder Return is greater than zero (the failure to achieve this indicator will imply the assignment of 50% of the rights that are to be assigned);

- the value of Total Shareholder Return is in the median position and lower than the third quartile for the companies in the STOXX Europe 600 Automobiles & Parts index;
- (iii) Achieved at the **maximum level** if both of the following events occur at the same time:
- the value of Total Shareholder Return is greater than zero (the failure to achieve this indicator will imply the assignment of 50% of the rights that are to be assigned);
 - the value of Total Shareholder Return is in the third quartile of the companies in the STOXX Europe 600 Automobiles & Parts index.

In case of achievement of levels that are between the threshold, target and maximum level, the percentage of rights will be accrued on the basis of a progression criterion and linear interpolation between the above values.

The actual number of shares to be attributed to each beneficiary if the objective relating to Total Shareholder Return is achieved, on the terms and conditions set out in the Plan Rules, will be determined in both cases as follows:

Total Shareholder Return Landi Renzo > 0	Percentage of accrued rights (over 50% of the total)
Lower than the first quartile	0%
In the first quartile (threshold)	50%
Between the first quartile and the median value	Linear interpolation
Equal to the median	100%
Between the median value and the third quartile	Linear interpolation
In the third quartile (cap)	130%
Higher than the third quartile	130%

Total Shareholder Return Landi Renzo < 0	Percentage of accrued rights (over 50% of the total)
Lower than the first quartile	0%
In the first quartile (threshold)	25%
Between the first quartile and the median value	Linear interpolation
Equal to the median	50%
Between the median value and the third quartile	Linear interpolation
In the third quartile (cap)	65%
Higher than the third quartile	65%

With regards to the objective relating to Equity Value, for the purposes of the accrual of rights, the target Equity Value for the vesting period is identified as Euro 210,410,000.

The actual number of shares to be attributed to each beneficiary if the objective relating to Equity Value is achieved, on the terms and conditions set out in the Plan Rules, will be determined as follows:

Equity Value of Landi Renzo	Percentage of accrued rights (over 50% of the total)
Lower than 90% of the Target value	0%
Equal to 90% of the Target value (threshold)	50%
Between 90% and the Target value	Linear interpolation
Equal to the Target value	100%
Between the Target value and 120% of the Target value	Linear interpolation
Equal to 120% of the Target value (cap)	130%
Higher than 120% of the Target value	130%

(c) ***Effects due to the termination of directorship / employment relationship of the beneficiaries***

The Performance Shares Plan 2019-2021 provides as a condition for the participation to the plan the existence, as at the date of assignment of the shares, of an employment and/or directorship relationship between the beneficiary and the Company or the relevant subsidiary.

For this purpose, we distinguish between:

- the "**Good Leaver**" scenario, *i.e.* any termination of employment relationship due to: (i) dismissal without cause; (ii) revocation or lack of renewal of the office as director without cause pursuant to article 2383, third paragraph, of the Civil Code; (iii) voluntary resignation, if the beneficiary meets the statutory pension requirements and in the following 30 days has submitted a request for the access to the relevant treatment; (iv) resignation for cause pursuant to article 2119 of the Civil Code; (v) mutual termination of the relationship; or (vi) death or permanent invalidity;
- the "**Bad Leaver**" scenario, *i.e.* all termination scenarios other than the Good Leaver scenarios.

In case of termination in a Bad Leaver scenario during the vesting period or in any case before the shares are delivered, the beneficiary will fully and irrevocably lose the right to receive shares.

On the other hand, in case of termination in a Good Leaver scenario during the vesting period or in any case before the shares are delivered, the beneficiary or his/her successors (without prejudice to the obligations, modality and terms set out in the Performance Shares Plan 2019-2021) will keep the right to receive a pro-rata amount of the shares assigned before the termination date.

H Benefits in kind

Under the Company's compensation policy, some members of the Board of Directors and the executives with strategic responsibilities receive benefits in kind, such as a company car and mandatory insurance and social security coverage. The terms of such arrangements are agreed with the personnel department. The Company's remuneration policy does not provide for any insurance or pension provision in addition to those mandatory by law.

I Lock-up agreements regarding financial instruments

As at the date of this Report, the Company has not entered into any agreements with provisions that restrict the sale or disposal of financial instruments following their acquisition.

J Policy relating to the remuneration provided for in the event of termination of office or employment relationship and non-competition agreements (including indemnities for directors in the event of resignation, dismissal or termination of

employment following a tender offer, pursuant to article 123-bis, first paragraph, letter i) of the Consolidated Finance Act

Currently there are pre-determined end-of-service treatments in place for the Chief Executive Officer and General Manager of the Company Cristiano Musi, in the event of termination of his office as Chief Executive Officer and/or his managerial employment relationship with the Company (i) at the initiative of the Company without just cause, or (ii) in the event of resignation of the Chief Executive Officer for just cause, and (iii) in the event of the resignation of the Chief Executive Officer for cause, if after written notice of the Chief Executive Officer this is not remedied in the following 60 days and provided that the resignation are given in the 70 days following such notice, as well as, (iii) in the event of resignation of the Chief Executive Office within 180 days from the completion of an extraordinary operation that results in a change of control of the Company affecting the position of the Chief Executive Officer resulting in a situation of actual professional detriment.

Specifically, if, between 31 December 2018 and the approval of the financial statements as at 31 December 2021 by the Shareholders' Meeting, one of the above hypotheses of early termination occurs, the Chief Executive Officer will be entitled to a total lump sum of 24 months of the fixed remuneration (including (i) the fixed remuneration received as a manager and General Manager, annually equal to Euro 260,000, and (ii) the fixed emolument received as Chief Executive Officer annually equal to Euro 100,000) and the short-term variable remuneration (calculated at the target value).

In addition, in case of revocation and/or non-renewal of the office by the Shareholders' Meeting that approves the financial statements as at 31 December 2021, the Chief Executive Officer will be entitled to a total lump sum of 12 (twelve) months of fixed remuneration (including (i) the fixed remuneration received as a manager and General Manager, annually equal to Euro 260,000, and (ii) the fixed emolument received as Chief Executive Officer annually equal to Euro 100,000) and the short-term variable remuneration (calculated at the target value).

Against the non-competition commitments undertaken by the Chief Executive Officer in the event of termination of the relationship with the Company and for a period of 12 months from the date of termination, the Company has undertaken to pay the Chief Executive Officer a gross amount equal to 12 months of the fixed remuneration (including (i) the fixed remuneration received as manager and General Manager equal to Euro 260,000 on an annual basis, and (ii) the fixed compensation received as Chief Executive Officer, equal to Euro 100,000 on an annual basis) and the short-term variable compensation (calculated at target value) at the date of termination, payable in 12 deferred monthly instalments starting from the date of termination.

In the event of termination of the relationship with the Company, regardless of the relevant reasons and timing, the Chief Executive Officer has undertaken to remain available in the best interests of the Company, for a reasonable period of time to be agreed between the Chief Executive Officer and the Company and in any case for maximum 6 months, for the purposes of the activities he may be required to perform in connection with the handover to his successor.

With regard to the effects deriving from the termination of the directorship and/or employment relationship of the beneficiaries of the Performance Shares Plan 2019-2021, please refer to section G (c) above.

As at the date of this Report, there are no other agreements in place between the Company and the members of its Board of Directors that provide for pre-determined treatments in case of termination of office or resignation, nor non-compete agreements.

K Remuneration policies of other companies potentially used as reference and criteria used for the choice of such companies. Independent experts who have contributed to the definition of the remuneration policy

In defining the general remuneration policy, the Company has not used as reference the remuneration policies of other companies.

For the definition of the long-term policy (and, in particular, in relation to the Performance Shares Plan 2019-2021), the Company has been assisted by independent experts in the field.

L Remuneration of the Board of Statutory Auditors

Pursuant to article 2402 of the Civil Code the annual compensation of all members of the Board of Statutory Auditors is determined by the Shareholders' Meeting, for the entire duration of the term of the appointment, at the time when the members of the Board of Statutory Auditors.

For the 2019-2021 period, the Shareholders' Meeting on 29 April 2019 determine annual, gross compensation, *pro rata temporis*, as follows: Euro 35,000 for the Chair of the Board of Statutory Auditors, Euro 25,000 for the standing members of the Board of Statutory Auditors, for the financial years ending on 31 December 2019, 2020 and 2021, plus reimbursement of documented expenses incurred during exercise of their office, in accordance with the By-laws. The compensation was determined taking into account criteria such as the professional skills and experience of each member and of the commitment, in terms of time, required to perform the duties of the office.

M Exceptional circumstances

The Board of Directors believes that, in case of exceptional circumstances, it is possible to depart from the remuneration policy described in this section, on the terms described below.

Exceptional circumstances are situations in which the departure from the remuneration policy is necessary to pursue the long-term interests and sustainability of the Company as a whole or to ensure its ability to stay in the market, including, but not limited to, situations related to or due to the COVID-19 epidemic.

These exceptions, while not requiring a resolution of the Shareholders' Meeting, must be approved by the Board of Directors, upon the favourable opinion of the Remuneration Committee and of the Board of Statutory Auditors.

In any case, without prejudice to the provisions of paragraphs E and F above and the margins of tolerance indicated therein, the Company may only derogate from the following items of the short-term variable compensation policy:

- the Group's revenues objective;
- the Adjusted EBITDA objective; and

- the portion of the variable remuneration to be paid upon achievement of, respectively, the Group's revenues objective (equal to 20%) and the Adjusted EBITDA objective (equal to 80%).

SECTION II

FIRST PART

5. COMPENSATION TO THE BOARD OF DIRECTORS

Stefano Landi, Chairman of the Board of Directors and Executive Director

The Board of Directors on 29 April 2019 resolved to award to Mr Stefano Landi a gross fixed annual compensation of Euro 100,000 for his role as Chairman of the Board of Directors, as well as - pursuant to the combined provisions of articles 2389, third paragraph of the Civil Code and article 20 of the By-laws - gross fixed compensation of Euro 300,000 for Financial Year 2019, on a *pro rata temporis* basis, for his role as Director with special responsibilities.

During Financial Year 2019, the Chairman of the Board of Directors, Mr Stefano Landi, received compensation of Euro 400,000, non-monetary benefits for Euro 3,826 and Euro 2,500 as attendance fees for his attendance at the meetings of the Board of Directors.

In consideration of the achievement of the performance objectives set for the Financial Year 2019, the Chairman of the Board of Directors, Mr Stefano Landi, has been awarded for Financial Year 2019 a variable short-term compensation of Euro 120,000 (i.e. the amount equal to 40% of the annual fixed remuneration for Financial Year 2019). In particular, for the allocation of the variable compensation in his capacity as Chairman of the Board of Directors and Executive Director, the following performance objectives were achieved: (i) revenues of Euro 191.8 million (compared to a target level of Euro 185 million with a tolerance margin of 5%) and (ii) Adjusted EBITDA of Euro 26.3 million (compared to a target level of Euro 27 million with a tolerance margin of 5%).

The amount of the variable compensation received by the Chairman of the Board of Directors, Mr. Stefano Landi, for Financial Year 2019, amounting to Euro 120,000, constitutes 23% of the total remuneration paid to him during Financial Year 2019 (considering fixed remuneration of Euro 400,000, plus non-financial benefits and attendance fees).

Cristiano Musi, Executive Director, Chief Executive Officer and General Manager

The Board of Directors on 29 April 2019 resolved to award to Cristiano Musi a gross fixed annual compensation of Euro 12,500 for his office as director, as well as gross fixed compensation for the Financial Year 2019 of Euro 87,500 on a *pro rata temporis* basis, as Director with special responsibilities.

During Financial Year 2019, the Chief Executive Officer, Mr Cristiano Musi, received compensation of Euro 100,000, non-monetary benefits for Euro 3,787, and Euro 2,500 as attendance fees for his attendance at the meetings of the Board of Directors.

In consideration of the achievement of the performance objectives set for the Financial Year 2019, Chief Executive Officer Cristiano Musi has been awarded a variable remuneration for Financial Year 2019 equal to Euro 216,000 (equal to 60% of the annual fixed remuneration for Financial Year 2019). In particular, for the allocation of

the variable compensation in his capacity as Chief Executive Officer, the following performance objectives were reached: (i) revenues of Euro 191.8 million (compared to a target level of Euro 185 million with a margin tolerance of 5%) and (ii) Adjusted EBITDA of Euro 26.3 million (compared to a target level of Euro 27 million with a tolerance margin of 5%).

During Financial Year 2019, Mr Cristiano Musi received also a compensation of Euro 260,000 for his role as executive of the Company.

The amount of variable compensation received by the Chief Executive Officer, Cristiano Musi, for Financial Year 2019, amounting to Euro 216,000, constitutes 37% of the total remuneration paid to him during Financial Year 2019 (given a fixed remuneration of Euro 100,000 for his role as Director and a fixed remuneration of Euro 260,000 for his role as manager and General Manager, plus non-financial benefits and attendance fees).

Giovanna Domenichini, Honorary Chair and Non-Executive Director

The Board of Directors' meeting of 29 April 2019 resolved to award to Non-Executive Director and Honorary Chair of the Board of Directors, Ms Giovanna Domenichini, gross fixed annual compensation of Euro 15,000.

During Financial Year 2019, Non-Executive Director Giovanna Domenichini received compensation of Euro 15,000, as well as Euro 1,000 as attendance fees for her attendance at the meetings of the Board of Directors.

Silvia Landi, Non-Executive Director

The meeting of the Board of Directors of 29 April 2019 resolved to award to Non-Executive Director, Ms Silvia Landi, gross fixed annual compensation of Euro 12,500.

During Financial Year 2019, Non-Executive Director Silvia Landi received compensation of Euro 12,500 and Euro 2,000 as attendance fees for her attendance at the meetings of the Board of Directors.

Vincenzo Russi, Independent and Non-Executive Director

The Board of Directors on 29 April 2019 resolved to award to Independent and Non-Executive Director, Vincenzo Russi, gross fixed annual compensation of Euro 12,500.

Starting from his appointment on 29 April 2019, during Financial Year 2019, Independent Director Vincenzo Russi received a compensation of Euro 8,459, Euro 2,000 as attendance fees for his attendance at the meetings of the Board of Directors, and Euro 5,075 as compensation for his role as member of the Audit and Risk Committee and the Remuneration Committee.

Sara Fornasiero, Independent and Non-Executive Director and Lead Independent Director

The Board of Directors' meeting of 29 April 2019 resolved to award to Independent Director, Ms Sara Fornasiero, gross fixed annual compensation of Euro 12,500.

During Financial Year 2019, Independent Director Ms Sara Fornasiero received compensation of Euro 12,500, Euro 2,500 as attendance fees for her attendance at the meetings of the Board of Directors, as well as Euro 15,000 as compensation for her role as member of the Audit and Risk Committee and the Remuneration Committee and Euro 5,000 for her role as member of the Supervisory Body of the Company.

Furthermore, Ms Sara Fornasiero received compensation of Euro 5,000 as attendance fees for her attendance at the meetings of the Supervisory Body (*Organismo di Vigilanza*) of the controlled company Safe S.p.A.

Paolo Emanuele Maria Ferrero, Non executive Director

The Board of Directors' meeting of 29 April 2019 resolved to award to the Non-Executive Director, Paolo Emanuele Maria Ferrero, gross fixed annual remuneration equal to Euro 12,500.

Starting from his appointment on 29 April 2019, during Financial Year 2019, the non-executive director, Mr. Paolo Emanuele Maria Ferrero, received compensation of Euro 8,459, non-financial benefits equal to Euro 3,564, as well as Euro 2,000 as attendance fees for participation in the meetings of the Board of Directors.

During Financial Year 2019, Paolo Emanuele Maria Ferrero has also received a gross remuneration of Euro 332,117 for his position as manager of the Company.

Angelo Iori, Non-Executive Director

The meeting of the Board of Directors of 29 April 2019 resolved to award to Non-Executive Director Mr Angelo Iori gross fixed annual compensation of Euro 12,500.

During Financial Year 2019, Non-executive Director Angelo Iori received compensation of Euro 12,500, Euro 3,000 as attendance fees for his attendance at the meetings of the Board of Directors, and Euro 15,000 as compensation as member of the Audit and Risk Committee and the Remuneration Committee.

Anton Karl, Independent Director

The meeting of the Board of Directors of 29 April 2019 resolved to award to the Independent Director, Mr Anton Karl, a gross fixed annual compensation of Euro 12,500.

During Financial Year 2019, Non-Executive Director Mr Anton Karl received compensation of Euro 12,500 and Euro 2,500 as attendance fees for his attendance at the meetings of the Board of Directors.

Ivano Accorsi, independent director (vacated office during Financial Year 2019)

The Board of Directors' meeting of 29 April 2016 had resolved to award to Independent Director, Ivano Accorsi, gross fixed annual compensation of Euro 12,500.

Non-executive Director Mr Ivano Accorsi vacated office at the natural expiry of the term of his appointment on 29 April 2019, and for the time he was in office during

Financial Year 2019 Mr Ivano Accorsi received compensation of Euro 4,041, and Euro 5,000 as attendance fees for his attendance at the meetings of the Board of Directors.

6. **COMPENSATION TO THE BOARD OF STATUTORY AUDITORS**

Fabio Zucchetti, Chair of the Board of Statutory Auditors

The ordinary Shareholders' Meeting of 29 April 2019 resolved to award to the Chair of the Board of Statutory Auditors Fabio Zucchetti gross annual compensation of Euro 35,000 and to provide reimbursement of the documented expenses incurred in the performance of his duties.

Starting from his appointment on 29 April 2019, during Financial Year 2019, Mr Fabio Zucchetti received compensation of Euro 23,685.

Diana Rizzo, Standing Statutory Auditor

The ordinary Shareholders' Meeting of 29 April 2019 resolved to award to standing Statutory Auditor Ms Diana Rizzo gross annual compensation of Euro 25,000 and to provide reimbursement of the documented expenses incurred in the performance of her duties.

During Financial Year 2019, Ms Diana Rizzo received compensation of Euro 25,000.

Domenico Sardano, Standing Statutory Auditor

The ordinary Shareholders' Meeting of 29 April 2017 resolved to award to standing Statutory Auditor Mr Domenico Sardano gross annual compensation of Euro 25,000 and to provide reimbursement of the documented expenses incurred in the performance of his duties.

During Financial Year 2019, Mr Domenico Sardano received compensation of Euro 25,000, as well as Euro 5,000 as attendance fees for his attendance at the meeting of the Supervisory Body (*Organismo di Vigilanza*) of the Company.

Furthermore, Mr Domenico Sardano for his role as standing statutory auditor of the controlled companies Lovato Gas S.p.A, Safe S.p.A., and Safe&Cec S.r.l. has received compensations of, respectively, Euro 5,000, Euro 15,000 and Euro 15,000.

Eleonora Briolini, Chair of the Board of Statutory Auditors (vacated office during Financial Year 2019)

The meeting of the Board of Directors held on 29 April 2016 resolved to assign to the Chair of the Board of Statutory Auditors, Ms Eleonora Briolini, an annual gross compensation equal to Euro 35,000, and to provide reimbursement for the documented expenses incurred in the performance of her duties.

The Chair of the Board of Statutory Auditors, Ms Eleonora Briolini, vacated office at the natural end of the mandate on 29 April 2019 and received for her time in office during Financial Year 2019 compensation amounting to Euro 11,472.

7. COMPENSATION TO EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

In consideration of Landi Renzo's corporate and organisational structure, the Company did not deem it necessary to identify any other executives with strategic responsibilities, in addition to Chief Executive Officer and General Manager Cristiano Musi, and Chairman of the Board of Directors, Mr Stefano Landi, as no other executives are vested with powers or direct or indirect responsibilities in respect of the planning, management and control of the Issuer.

SECTION II

SECOND PART

The following tables set forth details of compensation paid in Financial Year 2019, on any basis and in any form, by the Company or subsidiaries and affiliates of the Issuer.

TABLE 1 (Form 7-bis): Compensation paid to members of the Board of Directors and Board of Auditors, the General Manager and other executives with strategic responsibilities¹

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Full name	Office held	Period for which office is held	Expiry of term of office	Fixed compensation	Compensation for participation in committees	Variable <i>non-equity</i> compensation	Non-monetary benefits	Other compensation	Fair value of equity compensation	Total	Ratio of fixed compensation to variable compensation	Compensation at end of office or upon termination of employment
Board of Directors												
Giovanna Domenichini	Honorary Chair	01/01/2019 - 31/12/2019	Approval of financial statements 2021			Bonus and other incentives	Profit sharing				% fixed remuneration	% variable remuneration
	Compensation from the company preparing the financial statements			15,000 (emoluments)						16,000	100%	0%
	Compensation from subsidiaries and affiliates											
	Total			16,000						16,000	100%	0%
Stefano Landi	Chairman of the Board of Directors	01/01/2019 - 31/12/2019	Approval of financial statements 2021			Bonus and other incentives	Profit sharing				% fixed remuneration	% variable remuneration
	Compensation from the company preparing the financial statements			400,000 (emoluments)		120,000	3,826			526,326	77%	23%
	Compensation from subsidiaries and affiliates											
	Total			402,500		120,000	3,826			526,326	77%	23%

¹ Figures shown in the tables are in Euro.

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)		(9)
Full name	Office held	Period for which office is held	Expiry of term of office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Fair value of equity compensation	Total	Ratio of fixed compensation to variable compensation		Compensation at end of office or upon termination of employment
Cristiano Musi	Chief Executive Officer and General Manager	28/04/2019-31/12/2019	Approval of financial statements 2021			Bonus and other incentives	Profit sharing					% fixed remuneration	% variable remuneration	
	Compensation from the company preparing the financial statements				100,000 (emoluments) 26,000 (compensation as employee) 2,500 (attendance fees)		216,000	3.787			582.287	63%	37%	
	Compensation from subsidiaries and affiliates													
	Total				362,500		216,000	3.787			582.287	63%	37%	
Silvia Landi	Director	01/01/2019-31/12/2019	Approval of financial statements 2021			Bonus and other incentives	Profit sharing					% fixed remuneration	% variable remuneration	
	Compensation from the company preparing the financial statements				12,500 (emoluments) 2,000 (attendance fees)						14,500	100%	0%	
	Compensation from subsidiaries and controlled companies													
	Total				14,500						14,500	100%	0%	
Angelo Iori	Director	01/01/2019-31/12/2019	Approval of financial statements 2021			Bonus and other incentives	Profit sharing					% fixed remuneration	% variable remuneration	

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)		(9)
Full name	Office held	Period for which office is held	Expiry of term of office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Fair value of equity compensation	Total	Ratio of fixed compensation to variable compensation		Compensation at end of office or upon termination of employment
	Compensation from the company preparing the financial statements			12,500 (emoluments) 2,000 (att. fees)	15,000 ²						29,500	100%	0%	
	Compensation from subsidiaries or controlled companies													
	Total			14,500	15,000						29,500	100%	0%	
Anton Karl	Independent Director	01/01/2019-31/12/2019	Approval of financial statements 2019			Bonus and other incentives	Profit sharing					% fixed remuneration	% variable remuneration	
	Compensation from the company preparing the financial statements			12,500 (emoluments) 2,500 (attendance fees)							15,000	100%	0%	
	Compensation from subsidiaries and affiliates													
	Total			15,000							15,000	100%	0%	
Sara Fornasiero	Independent Director	01/01/2019-31/12/2019	Approval of financial statements 2021			Bonus and other incentives	Profit sharing					% fixed remuneration	% variable remuneration	
	Compensation from the company preparing the financial statements			12,500 (emoluments)	15,000 ⁴						35,000	100%	0%	

² Director Mr Angelo Iori is a member of (i) the Audit and Risk Committee (for this office he receives annual gross compensation of Euro 7,500) and (ii) the Remuneration Committee (for this office he receives annual gross remuneration of Euro 7,500).

⁴ Independent Director Ms Sara Fornasiero is a member of (i) the Audit and Risk Committee (for this office he receives annual gross compensation of Euro 7,500) and (ii) the Remuneration Committee (for this office he receives annual gross remuneration of Euro 7,500) and (iii) the Committed for transactions with related parties.

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)		(9)
Full name	Office held	Period for which office is held	Expiry of term of office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Fair value of equity compensation	Total	Ratio of fixed compensation to variable compensation		Compensation at end of office or upon termination of employment
				2,500 (attendance fees) 5,000 ³ (supervisory body)										
	Compensation from subsidiaries and affiliates			5,000							5,000	100%	0%	
	Total			25,000	15,000						40,000	100%	0%	
Vincenzo Russi	Independent Director	29/04/2019-31/12/2019	Approval of financial statements 2021			Bonus and other incentives	Profit sharing					% fixed remuneration	% variable remuneration	
	Compensation from the company preparing the financial statements			8,459 (emoluments) 2,000 (attendance fees)	15,000 ⁵						25,459	100%	0%	
	Compensation from subsidiaries and affiliates													
	Total			10,459	15,000						25,459	100%	0%	
Paolo Emanuele Maria Ferrero	Director	29/04/2019 – 31/12/2019	Approval of financial statements 2021			Bonus and other incentives	Profit sharing					% fixed compensation	& variable compensation	
	Compensation from the company preparing the financial statements			8,459 (emoluments)				3,564			346,140	100%	0%	

³ Independent Director Ms Sara Fornasiero is a member of the Supervisory Body and for this office she receives annual gross compensation of Euro 5,000.

⁵ Independent Director Mr Ivano Accorsi is a member of (i) the Audit and Risk Committee (for this office he receives annual gross compensation of Euro 7,500) and (ii) the Remuneration Committee (for this office he receives annual gross remuneration of Euro 7,500) and (iii) the Committed for transactions with related parties.

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)		(9)
Full name	Office held	Period for which office is held	Expiry of term of office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Fair value of equity compensation	Total	Ratio of fixed compensation to variable compensation		Compensation at end of office or upon termination of employment
				332,117 (compensation as employee) 2,000 (attendance fees)										
	Compensation from subsidiaries and affiliates													
	Total			342,576				3,564			346,140	100%	0%	
Ivano Accorsi	Independent Director	01/01/2019 – 29/04/2019	Approval of financial statements 2018									% fixed compensation	% variable compensation	
	Compensation from the company preparing the financial statements			4,041 (emoluments) 500 (attendance fees)							4,541	100%	0%	
	Compensation from subsidiaries and affiliates													
	Total			4,541							4,541	100%	0%	
Board of Statutory Auditors														
Fabio Zucchetti	Chair of the Board of Statutory Auditors	29/04/2019 – 31/12/2019	Approval of financial statements 2021			Bonus and other incentives	Profit sharing					% fixed compensation	% variable compensation	
	Compensation from the company preparing the financial statements			23,685							23,685	100%	0%	
	Compensation from subsidiaries and affiliates													

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)		(9)
Full name	Office held	Period for which office is held	Expiry of term of office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Fair value of equity compensation	Total	Ratio of fixed compensation to variable compensation		Compensation at end of office or upon termination of employment
	Total			23,685							23,685	100%	0%	
Diana Rizzo	Standing Statutory Auditor	01/01/2019 - 31/12/2019	Approval of financial statements 2021			Bonus and other incentives	Profit sharing					% fixed compensation	% variable compensation	
	Compensation from the company preparing the financial statements				25,000						25,000	100%	0%	
	Compensation from subsidiaries and affiliates													
	Total				25,000						25,000	100%	0%	
Domenico Sardano	Standing statutory auditor	01/01/2019 - 31/12/2019	Approval of financial statements 2021			Bonus and other incentives	Profit sharing					% fixed compensation	% variable compensation	
	Compensation from the company preparing the financial statements				25,000 (emoluments) 5,000 ⁶ (supervisory body)						30,000	100%	0%	
	Compensation from subsidiaries and affiliates				35,000						35,000			
	Total				65,000						65,000	100%	0%	
Eleonora Briolini	Chairman of the Board of Statutory Auditors	01/01/2019 - 29/04/2019	Approval of financial statements 2018									% fixed compensation	% variable compensation	

⁶ The statutory auditor Domenico Sardano is a member of the Supervisory Board and receives a yearly gross compensation of Euro 5,000.

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)		(9)
Full name	Office held	Period for which office is held	Expiry of term of office	Fixed compensation	Compensation for participation in committees	Variable <i>non-equity</i> compensation		Non-monetary benefits	Other compensation	Fair value of equity compensation	Total	Ratio of fixed compensation to variable compensation		Compensation at end of office or upon termination of employment
	Compensation from the company preparing the financial statements			11,472							11,472	100%	0%	
	Compensation from subsidiaries and affiliates													
	Total			11,472							11,472	100%	0%	

TABLE 3A (Form 7-bis): Incentive plans based on financial instruments other than stock options for members of the management body, of general managers and other executives with strategic responsibilities

A	B	(1)	Financial instruments assigned in the prior financial years <i>not</i> vested during the financial year		Financial instruments assigned during the financial year					Financial instruments vested During the financial year and/or not assigned	Financial instruments vested during the financial year that cannot be assigned		Financial instruments relating to the financial year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)	(10)	
Full name	Office held	Plan and date of the relevant resolution	Number and type of financial instruments	Vesting period	Number and type of financial instruments	<i>Fair value</i> when assigned (€)	Vesting period	Date assigned	Market value when assigned	Number and type of financial instruments	Number and type of financial instruments	Value of vesting	<i>Fair value</i>
Cristiano Musi	Chief Executive Director and General Manager												
Compensation from the company preparing the financial statements		Performance Shares Plan 2019-2021 (resolution 29/04/2019)			912.300 <i>performance shares</i>	472.227	18/11/2019–31/12/2021	18/11/2019	825.632				
Compensation from subsidiaries and affiliates													
Total					912.300	472.227			825.632				

TABLE 3B (Form 7-bis): Cash-based incentive schemes for members of the Board of Directors, general managers and other executives with strategic responsibilities⁷

A	B	(1)	(2)			(3)			(4)
Full name	Office held	Programme	Bonus for the year			Bonus for previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/paid	Deferred	Deferral period	No longer payable	Payable/paid	Deferred and unpaid	
Stefano Landi	Chair of the Board of Directors								
(I) Compensation from the company preparing the financial statements		Programme A (under resolution of 14 March 2019)	120,000						
		Programme B (under resolution of 15 March 2018)					545,000		
		Programme C (under resolution of 27 March 2017)					120,00		
		Programme D (under resolution of 14 March 2016)					0		
		Programme E (under resolution of 14 March 2015)					0		
		Programme F (under resolution of 13 March 2014)					0		
		Programme G (under resolution of 14 March 2013)					0		
		Programme H (under resolution of 15 March 2012)					0		
		Programme I (under resolution of 15 March 2011)					0		
(II) Compensation from subsidiaries and affiliates									

⁷ The following tables reflect all cash-based incentive programmes, both short- and medium-to-long-term, and the figures are in Euro.

A	B	(1)	(2)			(3)			(4)
Full name	Office held	Programme	Bonus for the year			Bonus for previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
(III) Total			120,000				665,000		
Cristiano Musi	Chief Executive Officer and General Manager		Payable/paid	Deferred	Deferral period	No longer payable	Payable/paid	Still deferred	
(I) Compensation from the company preparing the financial statement		Programme A (under resolution of 14 March 2019)	216,000						
		Programme B (under resolution of 15 March 2018)					716,000		
		Programme C (under resolution of 27 March 2017)					120,000		
(II) Compensation from subsidiaries and associates									
(III) Total			216,000				836,000		

TABLE 1 (Form 7-ter): Shares owned by members of the Board of Directors and the Board of Statutory Auditors

FULL NAME	OFFICE HELD	COMPANY IN WHICH SHARES ARE HELD	NUMBER OF SHARES HELD AT END OF PREVIOUS FINANCIAL PERIOD	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT END OF CURRENT FINANCIAL PERIOD
Angelo Iori	Director	Landi Renzo S.p.A.	1,000			1,000
Anton Karl	Director	Landi Renzo S.p.A.	890.393		351,468	538.925 ⁸
Cristiano Musi	Chief Executive Officer and General Manager	Landi Renzo S.p.A.	20,000			20,000

⁸ Based on the internal dealing communications, after the end of Financial Year 2019, Mr Anton Karl has sold no. 40,000 shares and, therefore, as at the date of this Report, he holds no. 498,925 shares.