

Annual Remuneration Report

in accordance with Article 123-*ter* of the CFA and 84-*quater* of the Issuers'
Regulation

Issuer: **Zignago Vetro S.p.A.**

Website: www.gruppozignagovetro.com

Date of approval of Report: 15/03/2018

CONTENTS

| | Pag. |
|---|-------------|
| Glossary | 3 |
| <u>SECTION I</u> | |
| Introduction | 4 |
| Objectives | 4 |
| Appointments and Remuneration Committee | 4 |
| Policies | 5 |
| Director Remuneration | 7 |
| Committee Remuneration | 7 |
| Remuneration policy for independent directors and senior directors | 7 |
| Non-monetary benefits | 7 |
| Incentive plans | 8 |
| Clauses for the maintenance in portfolio of financial instruments | 8 |
| <u>SECTION II – first part</u> | |
| Board of Directors’ fees | 9 |
| Board of Statutory Auditors’ fees | 12 |
| Senior executive remuneration | 13 |
| <u>SECTION II – second part</u> | |
| TABLE 1: Remuneration of the Board of Directors, Board of Statutory Auditors, General Managers and Senior Executives | 14 |
| Information on Shareholdings of the Board of Directors, Board of Statutory Auditors, General Managers and other Senior Executives | 15 |
| TABLE 2: Shareholdings of the Board of Directors and Statutory Auditors and General Managers | 15 |
| TABLE 3: Shareholdings of other Senior Executives | 16 |

GLOSSARY

Borsa Italiana: Borsa Italiana S.p.A.

Self-Governance Code: the Self-Governance Code of listed companies approved in March 2006 (as subsequently amended) by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, ANIA, Assogestioni, Assonime and Confindustria and available at www.borsaitaliana.it/committee-corporate-governance.

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

Issuer or the Company: Zignago Vetro S.p.A.

Year: the financial year ending December 31, 2017.

Issuers' Regulation: Consob Regulation 11971/99 and subsequent amendments and supplements.

Report: the present Remuneration Report prepared in accordance with Article 123-*ter* CFA and 84-*quater* of the Issuers' Regulation.

By-Laws: the By-Laws of Zignago Vetro S.p.A..

CFA or Legislative Decree 58/98: Legislative Decree of February 24, 1998, No. 58 and subsequent amendments and additions.

Section I

Introduction

The Company draws up and applies a general remuneration policy which attracts, motivates and retains individuals possessing the professional standards required to achieve Group objectives.

The policy was developed on the basis of a clear and transparent process and in which the Shareholders' Meeting, the Board of Directors of the Company, the Board of Statutory Auditors and the Remuneration Committee all play a central role.

In accordance with Article 17.9 of the By-laws, Directors remuneration for the duration of the mandate is established by the Shareholders' Meeting on their appointment, also through establishing a total amount in accordance with Article 2389, third paragraph of the civil code. This remuneration may also comprise a fixed part and a variable part, the latter based on the reaching of pre-set objectives. The By-laws, in addition, establish that the remuneration of Senior Directors is determined by the Board of Directors, after consulting with the Board of Statutory Auditors.

The Company has also appointed a Remuneration Committee.

The remuneration policies for Senior Directors, both concerning the fixed part and the variable part, are proposed annually by the Remuneration Committee and submitted for the approval of the Board of Directors of the Company, following approval by the Board of Statutory Auditors.

The objectives

The remuneration policy of the Company both recognises the contribution of Directors and personnel through a remuneration policy based in part on the reaching of company and individual performance objectives and also seeks to ensure the retention of Directors and strategic personnel.

Appointments and Remuneration Committee

The company, also in consideration of the results of the self-assessment process, decided not to set up an Appointments Committee, instead preferring to assign these functions to the Remuneration Committee, which therefore, from March 15, 2018, changed its name to the Appointments and Remuneration Committee.

At December 31, 2017 and until the date of the present report, the Committee was comprised of 3 non-executive members, of which two independent.

The Committee was appointed for the first time with Board motion of March 22, 2007. The Board of

Directors' meeting of April 28, 2016 re-elected the members of the Remuneration Committee, whose mandate expired, in the persons of Franco Moschetti (Non-Executive and Independent Director), Stefano Marzotto (Non-Executive Director) and Daniela Manzoni (Non-Executive and Independent Director). The Board, at the time of the appointment, evaluated and considered adequate the financial and accounting qualifications of the members of the Committee.

The Appointments and Remuneration Committee is assigned the duties to:

- play a consultative role in identifying directors of appropriate professional standing and expertise on the appointment of the Board of Directors, in order to improve the efficiency and functioning of the Board. It also has an investigative and consultative role with regards to matters presenting an increased risk of conflicts of interest;

and also has the duty to:

- draw up proposals for the Board of Directors in relation to the remuneration of executive directors and senior executives, in addition to the fixing of the performance objectives related to the variable component of this remuneration;
- monitor the application of the decisions of the Board of Directors concerning the remuneration policy and the effective reaching of the performance objectives;
- periodically evaluate the adequacy, the overall compliance and the application of the remuneration policy, including the remuneration criteria adopted, of directors and senior executives, also using information provided by the Chief Executive Officers and draw up for the Board of Directors general recommendations in this regard;

During the year, the Committee, among other matters, verified the application of the criteria regarding the variable remuneration paid to Senior Directors and Senior Executives, based on the results achieved in 2017.

In addition, the Committee proposed the amount of fixed remuneration, in addition to the criteria for the establishment of the variable part of the remuneration of the Chairman and the Chief Executive Officer for the year.

In the carrying out of its functions, the Committee has full access to the information and to the corporate functions necessary for the carrying out of its remit and does not require the use of external consultants, as availing of the support of internal structures.

Policies

The remuneration policy of the Company provides also that the remuneration of executive directors

and senior executives comprises both fixed and variable components, which are appropriately balanced on the basis of the strategic objectives and the risk management policy of the company, taking into account also the sector in which the Issuer operates. The fixed component of this remuneration should sufficiently remunerate the level of professional service of the beneficiary in the case in which the variable component was not paid due to the performance objectives not being met, indicated by the Board of Directors for the executive directors, or by the Chief Executive officer for the senior executives. For the variable component, the remuneration policy of the Company ensures that a significant part of the remuneration of Executive Directors and Senior Executives is incentive-based, subject to the achievement of company and individual performance objectives, and this remuneration is set so as to align the interests of executive directors and senior executives with the priority objective of the creation of value for shareholders over the medium/long-term.

On this basis the Committee drew up the proposal for the structure of the remuneration of directors and senior executives of the Company for the years 2016-2018. The Board of Directors on April 28, 2016 approved the remuneration policy for the directors of the company, in line with the proposal of the Committee, while the incentive policy is linked also to the medium/long-term objectives, as per the Self-Governance Code. In particular, a significant part of the remuneration of the Executive Directors and of Senior Executives is related to the economic results of the Group and/or the achievement of specific particularly challenging objectives indicated by the Board of Directors or, in the case of Senior Executives, by the CEO and is subject to the reaching of objectives, measured on the basis of economic-financial indicators for the Group, including revenues, EBITDA, EBIT and ROI.

The gross annual remuneration of other Non-Executive Directors will not be based on the achievement by the Company of financial targets and is, however, based on the commitment required of each in their respective roles.

Indemnity of directors and senior managers in the case of dismissal and termination of employment following a public purchase offer is not provided for.

Director Remuneration

On April 28, 2016, the Board of Directors established, among other issues, the breakdown among the members of the Board of Directors of the total gross annual remuneration of Euro 240,000 approved by the Shareholders' Meeting of April 28, 2016. In particular, the Board at the same meeting established a gross fixed annual remuneration of Euro 20,000 for each Director, in addition to Euro 2,000 as a fee for attendance at each Board meeting. In addition, the Lead Independent Director was assigned an additional pro-rata gross fixed remuneration of Euro 10,000.

Committee Remuneration

In relation to Directors sitting on the Control and Risks Committee, the Board of Directors on April 28,

2016 allocated a *pro-rata* gross annual fixed remuneration of Euro 15,000 for the position.

In relation to Directors sitting on the Appointments and Remuneration Committee, the Board of Directors on April 28, 2016 allocated a *pro-rata* gross annual fixed remuneration of Euro 15,000 for the position.

In relation to Directors sitting on the Related Parties Committee, the Board of Directors on April 28, 2016 allocated a *pro-rata* gross annual fixed remuneration of Euro 15,000 for the position.

Remuneration policy for independent directors and senior directors

At the date of the present report, the company has not adopted any remuneration policy in relation to independent directors.

On April 28, 2016, the Board of Directors approved remuneration for senior directors for the years 2016, 2017 and 2018, and however until the Shareholders' Meeting which will be called to approve the 2018 Annual Accounts, of Euro 665,000 annually, as a gross fixed *pro-rata* amount.

Non-monetary benefits

The remuneration policy of the Company also establishes the recognition of certain non-monetary benefits to the Chairman of the Board of Directors, the Chief Executive Officer and Executives. This concerns in particular the provision of a company car and obligatory health insurance coverage. The remuneration policy approved by the Company does not provide for other insurance coverage, social security or pension provisions in addition to those obligatorily required.

Incentive plans

No share, option or financial instrument-based incentives are established, or systems for deferred payment.

Clause for the maintenance in portfolio of financial instruments

At the date of the present report, the Company has not signed agreements which include clauses for the maintenance in portfolio of financial instruments after their acquisition.

Section II

FIRST PART

1. **BOARD OF DIRECTORS' FEES**

Paolo Giacobbo, Chairman & Chief Executive Officer

The Board of Directors on April 28, 2016, on the basis of indications from the Re Committee, awarded to Mr. Paolo Giacobbo a *pro-rata* gross fixed annual remuneration of Euro 20,000 for the position of director, in addition to a fee of Euro 1,500 for attendance at each Board meeting. With the motion, the Board of Directors also allocated a *pro-rata* annual gross fixed remuneration of Euro 150,000 for the office of Chairman and, for the office of Chief Executive Officer a *pro-rata* gross fixed annual remuneration of Euro 335,000, in addition to variable remuneration with a reference base of Euro 165,000, based on economic-financial quantitative indicators concerning the Company, in addition to individual performance bonuses, on the basis of financial years 2016, 2017 and 2018 and however until the Shareholders' Meeting for the approval of 2018 Annual Accounts.

During the year, the Chairman and Chief Executive Officer Mr. Paolo Giacobbo, was also recognised non-monetary benefits of Euro 4,831, concerning the use of a company car and insurance coverage.

Nicolò Marzotto, Vice Chairman of the Board of Directors

The Board of Directors on April 28, 2016 allocated to the Director Mr. Nicolò Marzotto a gross fixed annual remuneration of Euro 20,000, in addition to a fee of Euro 2,000 for attendance at each Board meeting.

In addition, the Director received *pro-rata* gross annual remuneration of Euro 20,000 as the Vice Chairman of the Board of Directors for each of the years 2016, 2017 and 2018.

Alessia Antonelli, Non-Executive and Independent Director

The Board of Directors on April 28, 2016 allocated to the Non-Executive Director Ms. Alessia Antonelli a gross fixed annual remuneration of Euro 20,000, in addition to a fee of Euro 2,000 for attendance at each Board meeting.

The Director also received *pro-rata* gross annual remuneration of Euro 15,000 as a member of the Control and Risks Committee and *pro-rata* gross annual remuneration of Euro 15,000 as a member of the Related Parties Transactions Committee.

Ferdinando Businaro, Non-Executive and Independent Director

The Board of Directors on April 28, 2016 allocated to the Non-Executive Director Mr. Ferdinando Businaro a gross fixed annual remuneration of Euro 20,000, in addition to a fee of Euro 2,000 for attendance at each Board meeting.

The Director also received *pro-rata* gross annual remuneration of Euro 12,000 as a member of the Related Parties Transactions Committee.

Giorgina Gallo, Non-Executive and Independent Director

The Board of Directors on April 28, 2016 allocated to the Non-Executive Director Ms. Giorgina Gallo a gross fixed annual remuneration of Euro 20,000, in addition to a fee of Euro 2,000 for attendance at each Board meeting.

The Director also received *pro-rata* gross annual remuneration of Euro 15,000 as a member of the Control and Risks Committee.

Franco Grisan, Non-Executive Director

The Board of Directors on April 28, 2016 allocated to the Non-Executive Director Mr. Franco Grisan a gross fixed annual remuneration of Euro 20,000, in addition to a fee of Euro 2,000 for attendance at each Board meeting.

Ms. Daniela Manzoni Suppiej, Non-Executive and Independent Director

The Board of Directors on April 28, 2016 allocated to the Non-Executive Director Ms. Daniela Manzoni Suppiej *pro-rata* gross fixed annual remuneration of Euro 20,000, in addition to a fee of Euro 2,000 for attendance at each Board meeting.

The Director also received *pro-rata* gross annual remuneration of Euro 15,000 as a member of the Remuneration Committee.

Gaetano Marzotto, Non-Executive Director

The Board of Directors on April 28, 2016 allocated to the Non-Executive Director Mr. Gaetano Marzotto a gross fixed annual remuneration of Euro 20,000, in addition to a fee of Euro 2,000 for attendance at each Board meeting.

Luca Marzotto, Non-Executive Director

The Board of Directors on April 28, 2016 allocated to the Non-Executive Director Mr. Luca Marzotto a gross fixed annual remuneration of Euro 20,000, in addition to a fee of Euro 2,000

for attendance at each Board meeting.

The Director also received *pro-rata* gross annual remuneration of Euro 15,000 as a member of the Internal Control Committee.

Stefano Marzotto, Non-Executive Director

The Board of Directors on April 28, 2016 allocated to the Non-Executive Director Mr. Stefano Marzotto a gross fixed annual remuneration of Euro 20,000, in addition to a fee of Euro 2,000 for attendance at each Board meeting.

The Director also received *pro-rata* gross annual remuneration of Euro 15,000 as a member of the Remuneration Committee.

Franco Moscetti, Non-Executive Director and Lead Independent Director

The Board of Directors on April 28, 2016 allocated to the Non-Executive Director Mr. Franco Moscetti a gross fixed annual remuneration of Euro 20,000, in addition to a fee of Euro 2,000 for attendance at each Board meeting.

The Director also received *pro-rata* gross annual remuneration of Euro 15,000 as a member of the Remuneration Committee.

Finally, the Director was also appointed Lead Independent Director and for this role is recognised *pro-rata* gross annual remuneration of Euro 10,000.

Ms. Manuela Romei Pasetti, Non-Executive and Independent Director

The Board of Directors on April 28, 2016 allocated to the Non-Executive Director Ms. Manuela Romei Pasetti a gross fixed annual remuneration of Euro 20,000, in addition to a fee of Euro 2,000 for attendance at each Board meeting.

The Director also received *pro-rata* gross annual remuneration of Euro 15,000 as a member of the Related Parties Transactions Committee.

2. **BOARD OF STATUTORY AUDITORS FEES**

Alberta Gervasio, Chairman of the Board of Statutory Auditors

The Shareholders' Meeting of April 28, 2016 allocated to the Chairman of the Board of Statutory Auditors Ms. Alberta Gervasio *pro-rata* gross annual remuneration of Euro 22,500, in addition to the reimbursement of expenses incurred for the discharge of office.

Stefano Meneghini, Statutory Auditor

The Shareholders' Meeting of April 28, 2016 allocated to the Statutory Auditor Mr. Stefano Meneghini *pro-rata* gross annual remuneration of Euro 15,000, in addition to the reimbursement of expenses incurred for the discharge of office.

Carlo Pesce, Statutory Auditor

The Shareholders' Meeting of April 28, 2016 allocated to the Statutory Auditor Ms. Carlo Pesce *pro-rata* gross annual remuneration of Euro 15,000, in addition to the reimbursement of expenses incurred for the discharge of office.

3. **REMUNERATION OF SENIOR EXECUTIVES**

In relation to Senior Executives, during the year overall gross remuneration was allocated of Euro 1,575,745.

SECOND PART

TABLE 1: Remuneration of the Board of Directors, Board of Statutory Auditors, General Managers and Senior Executives

| Name | Office | Period of office | Fixed Remuner. | Remun. for comm. participation | Non-equity variable remuneration | | Non-mon. benefits | Other remuneration | Total remuneration | Fair Value of equity remuneration | Post-employment benefits |
|--|----------------|-------------------|------------------|--------------------------------|----------------------------------|----------------|-------------------|--------------------|--------------------|-----------------------------------|--------------------------|
| | | | | | Bonuses & other incen. | Profit sharing | | | | | |
| Board of Directors in office until the approval of the 2018 Annual Accounts | | | | | | | | | | | |
| Paolo Giacobbo | Chairman & CEO | 01.01.17-31.12.17 | 528,875 | | 165,000 | | 3,560 | | 697,435 | - | - |
| Nicolò Marzotto | Vice Chairman | 01.01.17-31.12.17 | 52,000 | | | | | | 52,000 | - | - |
| Ferdinando Businaro | Director | 01.01.17-31.12.17 | 32,000 | 15,000 | | | | | 47,000 | - | - |
| Alessia Antonelli | Director | 01.01.17-31.12.17 | 32,000 | 30,000 | | | | | 62,000 | - | - |
| Giorgina Gallo | Director | 01.01.17-31.12.17 | 32,000 | 15,000 | | | | | 47,000 | - | - |
| Franco Grisan | Director | 01.01.17-31.12.17 | 32,000 | | | | 935 | | 32,935 | - | - |
| Daniela Manzoni | Director | 01.01.17-31.12.17 | 32,000 | 15,000 | | | | | 47,000 | - | - |
| Gaetano Marzotto | Director | 01.01.17-31.12.17 | 32,000 | | | | | | 32,000 | - | - |
| Luca Marzotto | Director | 01.01.17-31.12.17 | 32,000 | 18,125 | | | | | 50,125 | - | - |
| Stefano Marzotto | Director | 01.01.17-31.12.17 | 32,000 | 15,000 | | | | | 47,000 | - | - |
| Franco Moscetti | Director | 01.01.17-31.12.17 | 32,000 | 25,000 | | | | | 57,000 | - | - |
| Manuela Romei | Director | 01.01.17-31.12.17 | 32,000 | 15,000 | | | | | 47,000 | - | - |
| Total remuneration 2017 | | | 900,875 | 148,125 | 165,000 | - | 4,495 | - | 1,218,495 | - | - |
| Total remuneration 2016 | | | 898,320 | 140,667 | 479,959 | - | 6,997 | - | 1,525,943 | - | - |
| Total remuneration 2015 | | | 873,400 | 108,000 | 100,000 | 61,378 | 9,859 | - | 1,152,637 | - | - |
| Total remuneration 2017 senior executives (7) | | | 948,553 | | 551,366 | | 75,826 | | 1,575,745 | - | - |
| of which remuneration from company preparing the financial statements | | | 948,553 | | 551,366 | | 75,826 | | 1,575,745 | - | - |
| of which remuneration from subsidiaries and associates | | | - | | - | | - | | - | - | - |
| Total remuneration 2016 (7 executives) | | | 917,922 | - | 421,304 | - | 77,830 | - | 1,417,056 | - | - |
| Total remuneration 2015 (9 executives) | | | 1,248,004 | - | 279,770 | - | 71,264 | - | 1,599,038 | - | - |

SCHEDULE No. 7-ter: Information on Holdings of the Board of Directors and Statutory Auditors, General Managers and Senior Executives.

TABLE 2: Shareholdings of the Board of Directors, Board of Statutory Auditors and General Managers

Company: Zignago Vetro SpA

| Name | Office | Number | Number | Number | Number | Number | Type | Manner |
|---|--|---------------------------------|-----------------------------------|--------------------|----------------|---------------------------------|-------|--------------|
| | | shares held at 31.12.2016 | shares acquired/ subscribed | shares assigned | shares sold | shares held at 31.12.2017 | | |
| <i>Alessia Antonelli</i> | <i>Director</i> | --- | --- | --- | --- | --- | | |
| <i>Bedei Chiara</i> | <i>Alternate Auditor</i> | --- | --- | --- | --- | --- | | |
| <i>Businaro Ferdinando</i> | <i>Director</i> | 266,750 | --- | --- | --- | 266,750 | Owner | Indirect (1) |
| <i>Conti Cesare</i> | <i>Alternate Auditor</i> | --- | --- | --- | --- | --- | | |
| <i>Gervasio Alberta</i> | <i>Chair - Board of Stat. Auditors</i> | --- | --- | --- | --- | --- | | |
| <i>Giorgina Gallo</i> | <i>Director</i> | --- | --- | --- | --- | --- | | |
| <i>Giacobbo Paolo</i> | <i>Chief Executive Officer</i> | 51,250 | --- | --- | --- | 51,250 | Owner | Direct |
| <i>Grisan Franco</i> | <i>Chairman of the Board of Directors</i> | 74,790 | --- | --- | --- | 74,790 | Owner | Direct |
| <i>Manzoni Daniela</i> | <i>Director</i> | --- | --- | --- | --- | --- | | |
| <i>Marzotto Gaetano</i> | <i>Director</i> | 632,500 | --- | --- | --- | 632,500 | Owner | Indirect (1) |
| <i>Marzotto Luca</i> | <i>Director</i> | --- | --- | --- | --- | --- | | |
| <i>Marzotto Nicolò</i> | <i>Vice Chairman of the Board of Directors</i> | 200,000 | --- | --- | --- | 200,000 | Owner | Indirect (1) |
| <i>Marzotto Stefano</i> | <i>Director</i> | 30,000 | --- | --- | --- | 30,000 | Owner | Spouse |
| | | 1,225,000 | --- | --- | (55,000) | 1,170,000 | Owner | Indirect (1) |
| | | 1,255,000 | --- | --- | (55,000) | 1,200,000 | | |
| <i>Meneghini Stefano</i> | <i>Statutory Auditor</i> | --- | --- | --- | --- | --- | | |
| <i>Moscetti Franco</i> | <i>Director</i> | --- | --- | --- | --- | --- | | |
| <i>Pesce Carlo</i> | <i>Statutory Auditor</i> | --- | --- | --- | --- | --- | | |
| <i>Romei Manuela</i> | <i>Director</i> | --- | --- | --- | --- | --- | | |
| | | | | | | | | |
| (1) Through subsidiaries, trust companies or nominees | | | | | | | | |

TABLE 3: Shareholdings of other Senior Executives**Company: Zignago Vetro SpA**

| | Number shares held at 31.12.2016 | Number shares acquired/ subscribed | Number shares assigned | Number shares sold | Number shares held at 31.12.2017 | Type of holding | Manner of holding |
|-----------------------------|---|---|------------------------------|--------------------------|---|-----------------------|-------------------------|
| <i>Total (7 executives)</i> | 41,370 | --- | --- | --- | 41,370 | Owner | Direct |