

*The present is the English translation of the Italian official report approved by the Board of Directors on July 19, 2018. For any difference between the two texts, the Italian text shall prevail.*

**Directors' Report drawn up pursuant to art. 114-ter and 125-ter of the Consolidated Finance Law and art.84-ter of the Regulations for Issuers on the only item of the agenda of the Ordinary Meeting of the Shareholders of SAES Getters S.p.A. convened on first call for 28 September 2018 at 10.30 at the registered office of the Company in Lainate, Viale Italia 77.**

**Approval of an incentive plan called "2018 Phantom Shares Plan".**

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Dear Shareholders,

The Board of Directors has convened the Meeting of Shareholders, in ordinary session on October 1, 2018 to submit the proposal of an incentive plan reserved for certain executive directors and managers and that hold organisational roles of strategic importance within the Company, called the "2018 Phantom Shares Plan" (the "Plan") for your approval, pursuant to art.114-bis of the Consolidated Finance Law.

The terms, conditions and methods for implementing the Plan are indicated in the draft regulations of the Plan (the "**Regulations**") that, to the extent of its responsibility, the previous Board of Directors, upon the proposal of the Remuneration and Appointment Committee of February 15, 2018 and having obtained the approval of the Board of Statutory Auditors, also pursuant to article 2389 of the Italian Civil Code, finalized on March 7 and March 14, 2018, and that the current Board of Directors approved on April 24, 2018, upon the proposal of the Remuneration and Appointment Committee and upon approval of the Board of Statutory Auditors, in the same date.

Today the Board approved the information document drawn up pursuant to art.84-bis of the Regulations for Issuers in accordance with the instructions contained in Schedule 7 of Annex 3 of the Regulations for Issuers (the "**Information Document**").

The draft Regulations and the Information Document are annexed to this report and are to be referred to for all information concerning: (a) the reasons for the adoption of the Plan; (b) the members of the Board of Directors of the Company that will benefit from the Plan; (b-bis) the categories of employees or partners of the Company that will benefit from the Plan; (c) the implementation methods and clauses of the Plan; (d) the possible support of the plan by the special Fund for encouraging the participation of workers in undertakings, referred to in article 4, paragraph 112, of Italian Law no.350 of 24 December 2003; (e) the methods for determining prices; and (f) possible restrictions on the availability of the shares or assigned rights.

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### **Resolution proposal**

For the reasons explained above, the Board of Directors invites you to pass the following resolution:

“The Ordinary Meeting of the Shareholders of SAES Getters S.p.A.,

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- having examined the report of the Board of Directors and related annexes, therein including the draft regulations of the incentive plan called "2018 Phantom Shares Plan" and the information document drawn up pursuant to art.84-*bis* of the Regulations for Issuers;
- having acknowledged the proposal of the Remuneration and Appointment Committee and having obtained the approval of the Board of Statutory Auditors, also pursuant to article 2389 of the Italian Civil Code;
- having regard to art.114-*bis* of the Consolidated Finance Law and the regulations issued by CONSOB,

resolves

- to approve, in accordance with and pursuant to art.114-*bis* of the Consolidated Finance Law, the adoption of an incentive plan based in phantom shares called the "2018 Phantom Shares Plan", directed at several executive managers and strategic directors, to be identified by the Board of Directors, the terms, conditions and implementation methods of which are described in the report of the Board of Directors, in the draft regulations and in the information document annexed to the latter, ranting the Board of Directors the mandate to finalise the draft regulations of the aforesaid incentive plan;
- to grant the Board of Directors, with the express power to sub-delegate, the most extensive powers necessary or appropriate for the adoption and complete and full implementation of the 2018 Phantom Shares Plan, therein including the power to: (i) adopt the regulations of the Plan, making the amendments and additions necessary for its finalisation to the draft regulations annexed to the aforesaid report of the Board of Directors; (ii) identify the names and beneficiaries of the plan; (iii) determine the number of Phantom Shares to assign free-of-charge to each beneficiary; (iv) establish all other terms and conditions, fulfil all obligations, formalities or make any notifications that are necessary or appropriate for the purposes of the management and/or implementation of the plan, in compliance with the terms and conditions described in the aforesaid report of the Board of Directors and related annexes; and (v) provide information to the market, draw up and/or finalise all other documents necessary or appropriate in relation to the latter, in accordance with applicable laws and regulations, as well as, in general, the implementation of these resolutions.

Lainate, 19 July 2018

For the Board of Directors  
Massimo della Porta

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**INCENTIVE PLAN RESERVED FOR SEVERAL EXECUTIVE DIRECTORS AND EXECUTIVES BASED ON  
THE ASSIGNMENT OF PHANTOM SHARES**

**CALLED:**

**“2018 PHANTOM SHARES PLAN”**

***1 General Provisions***

1.1 This strategic incentive plan (the "Plan") was adopted by SAES Getters S.p.A. (the "Company") with the resolution of the Board of Directors (the "Board") of [•] 2018. This resolution was passed following the approval of the Meeting of Shareholders of [October 1] 2018 of the draft regulations that, to the extent needed, the previous expired Board “froze” on March 7, 2018 and March 14, 2018 upon proposal of the Remuneration and Appointment Committee dated February 15, 2018, and with the approval of the Board of Statutory Auditors and the same draft that was finally approved by Board on April 24, 2018, upon the proposal of the Remuneration and Appointment Committee and approval of the Board of Statutory Auditors on the same date.

1.2 The Plan aims to reward the beneficiaries for the growth in the capitalisation of the Company upon the occurrence of predetermined events. At the same time, the Plan aims to retain the beneficiaries and to better align their performance with the interest of shareholders and the Company. The Plan constitutes an additional agreement that differs from the one for the consideration paid to directors and the remuneration of executives, not imposed by law but freely defined, aimed at creating an autonomous incentive system that takes into account the specific skills, seniority and experience of each beneficiary as added values in guiding and supporting the achievement of strategic, outstanding results for the Company. Furthermore, the Plan does not contribute to form an item of the compensation of the directors or of the salary of the executives and, consequently, does not contribute towards the calculation of the severance indemnity of the directors (“TFM”) nor that of employees (“TFR”) and, with regard to the latter, shall have no effect on direct or indirect institutions.

1.3 The Plan grants the beneficiaries exclusively the right to receive the payment of a cash incentive and does not grant or involve the assignment of any financial instruments or rights over Company shares.

1.4 Without prejudice to the provisions of the Plan, the rights granted to each beneficiary by virtue of the Plan cannot be assigned, transferred and more generally disposed of either partially or in full or as a guarantee.

1.5 The Plan is managed by the Board, which shall also have the power, having consulted the Remuneration and Appointment Committee, to interpret the provisions thereof and adopt all decisions considered useful or necessary for the implementation of the Plan. By way of example, the Board shall be responsible - with the involvement of the Remuneration and Appointment Committee (which, depending on the circumstances, shall act in an advisory or consultative capacity) - for the verification of the events that, under the terms and conditions of the Plan, may give rise to the payment of an incentive, the quantification of the incentive due to each beneficiary, and the performance of all deeds, obligations, and the formalities and notifications considered useful and necessary for the purposes of the implementation of the Plan and its provisions.

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## **2 Duration**

2.1 The Plan shall be effective starting from the date of its final approval by the Board, which shall take place on [•] 2018 (the "Approval Date of the Plan"), subsequent to the approval of the Meeting of Shareholders and, for each beneficiary, shall be of a determinable duration pursuant to section 7.

## **3 Recipients and beneficiaries**

3.1 The Plan is intended for:

(i) two executive directors that hold the office of Chairman of the Board of Directors and Deputy Chairman of the Board of Directors and that, also taking any renewals into consideration, have held the office of Chairman or Deputy Chairman for at least three financial years on the Approval Date of the Plan (the "Executive Directors" and, each one of them, an "Executive Director"); and

(ii) the executives, identified at the sole discretion of the Board from among those that report hierarchically to the Executive Directors that are members of the so-called *Corporate Management Committee* (a committee set up by the Company in which the Executive Directors provide guidelines and share objectives with those that from a hierarchical perspective report to them directly) and subsequent to the expiry of the time limit set forth in section 3.2 below, other executives that the Board, again at its sole discretion, consider to hold roles of strategic importance within the Company. In both these cases, the executives must, on the date of their identification by the Board, have a total of at least three years' seniority (meaning the seniority overall achieved by a manager during the work relationship with the Company – irrespective of the role or of the position held from time to time – and, in the event of more than one employment agreement over the years, the seniority achieved by summing up the duration of such employment and the seniority so accrued during each employment relationship with the Company) (hereinafter the "Strategic Executives" and, each one of them, the "Strategic Executive").

3.2 Within and no later than fifteen working days (meaning as such calendar days other than Saturday, Sunday and other days in which banks generally are not open in Milan for the exercising of their normal business) from the Approval Date of the Plan, the Board shall identify the recipients of the Plan by name and send the latter a letter of invitation to participate in the Plan, which must be returned to the Company, signed for acceptance, within the following fifteen days. It is clearly understood that, in this initial phase, the Strategic Executives can be chosen only from among those that, from a hierarchical perspective, report directly to the Executive Directors that are members of the so-called *Corporate Management Committee*.

3.3 The receipt, on the part of the Company, of the letter of invitation to participate in the Plan signed for acceptance by the recipient means that the latter has qualified as a beneficiary pursuant to the Plan.

3.4 Subsequent to the expiry of the time limit set forth in section 3.2 above for the identification of the names of the recipients of the Plan, if all the Phantom Shares that can be assigned pursuant to section 5 of the Plan have not yet been assigned (as defined below), the Board, on an annual basis and by 30 June each year, can select other Strategic Executives to be recipients of the Plan and send the latter the letter of invitation to participate in the Plan.

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3.5. Under no circumstances can the letter of invitation to participate in the Plan be sent (i) to the Executive Directors that have handed in their resignation or for whom the annulment (even if not yet resolved upon) of their role as Chairman or Deputy Chairman or office of director has been proposed; or (ii) to the Strategic Executives for whom the notice period is under way following their resignation or dismissal and, if sent to the aforesaid parties, shall be completely ineffective and under no circumstances shall enable the recipient to become a beneficiary pursuant to the Plan.

3.6. Directors of the Company are among the beneficiaries of the Plan. Therefore the board resolutions on the assignment of Phantom Shares to directors (as well as for all other decisions related to and/or connected to the management and/or implementation of the Plan concerning said directors or that in relation to which the directors of the Company find themselves in a situation of a conflict of interests) shall be made in compliance with the provisions of art. 2391 of the Italian Civil Code, after having consulted the Remuneration and Appointment Committee and, insofar as necessary, the Board of Statutory Auditors.

#### **4. *Events that may result in the payment of an incentive***

4.1 The following events, under the terms and conditions of the Plan, may result in the payment of an incentive in favour of, depending on the circumstances, the Executive Directors or one of the latter (or his heirs):

- (i) the change of control of the Company, meaning as such the acquisition of the control of the Company, pursuant to art.93 of Italian Legislative Decree no. 58/1998, directly or indirectly by one or several entities, also acting in concert (entity means: a natural person, a legal person, a partnership or limited company, an association, a foundation or any other entity other than a natural person that may hold rights) if this entity differs from - or in the event of multiple entities, none of these are - S.G.G. Holding S.p.A. or one or more Executive Directors (hereinafter the "Change of Control")
- (ii) the non-renewal of the office of director at the end of the mandate
- (iii) the revocation without just cause of the office of director by the Meeting of Shareholders
- (iv) the revocation of the office of Chairman or Deputy Chairman or substantial amendment to the related powers or a substantial amendment to the role or organisational placement of these offices, in all the previous cases without the occurrence of a just cause
- (v) resignation of the Executive Director for just cause, resulting from ,by way of example but not limited to, an amendment in the powers, organisational placement and role of the Executive Director without the occurrence of a just cause
- (vi) death of the Executive Director
- (vii) permanent invalidity such as to prevent the exercising of the office of Chairman of the Board of Directors or Deputy Chairman of the Board of Directors
- (viii) termination of the office due to reaching retirement age pursuant to the laws in force

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4.2 The events that, under the terms and conditions of the Plan, may result in the payment of an incentive in favour of, depending on the circumstances, Strategic Executives or one of them (or his/her heirs) are the following:

- (i) Change of Control
- (ii) resignation for just cause
- (iii) dismissal justified by objective reasons
- (iv) death
- (v) permanent invalidity such as to prevent the continuation of the employment relationship
- (vi) the delisting of the Shares (as defined hereafter) of the Company from the Electronic Stock Market (MTA) organised and managed by Borsa Italiana S.p.A.
- (vii) termination of the employment relationship due to reaching retirement age, pursuant to the laws in force

4.3 For the purposes of the Plan, the date on which the event is understood to have occurred is:

- (i) for the Change of Control, the date of the transaction that results in the Change of Control
- (ii) for the non-renewal of the office at the end of the mandate, the date of the meeting of shareholders that, in appointing the directors, has not renewed the office of the Executive Director(s)
- (iii) for the revocation without just cause of the office by the meeting of shareholders, the date of the meeting that has passed the related resolution
- (iv) for the revocation without just cause of the office of Chairman or Deputy Chairman or the substantial amendment without just cause of the powers or the substantial amendment of the role or organisational placement of these offices, the date of the meeting of the company body that has passed the related resolution or the date of the other decision that results in the substantial amendment, without just cause, of the role or the organisational placement of these offices
- (v) for a resignation for just cause, the date on which the related notification is received by the Company
- (vi) for a dismissal justified by objective reasons, the date on which the related notification is received by the recipient
- (vii) for death, on the date of the death

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- (viii) for the permanent invalidity such as to prevent the exercising of the office of Chairman of the Board of Directors or Deputy Chairman of the Board of Directors, the date of receipt, on the part of the recipient, of the notification with which, following verification by an expert, the Company or Executive Director informs the other party of the impediment to the exercising of the office or, if prior to this, the date of the meeting of the company body that, following the verification, acknowledges the occurrence of the impediment to the exercising of the office of Executive Director
- (ix) for permanent invalidity such as to prevent the continuation of the employment relationship, the date of effectiveness of the termination of the employment relationship
- (x) for the delisting, the date of the last open stock exchange day on which the Shares (as defined hereafter) have been traded on the MTA prior to the delisting
- (xi) for the annulment of the office or the employment relationship due to reaching retirement age pursuant to the laws in force, the date that the retirement requirements are met under the laws in force or, if subsequent to this, the date of termination of the office or the employment relationship

## **5. Phantom Shares**

5.1 For the purposes of the quantification of the incentive, the Plan sets forth the assignment of a certain number of Phantom Shares to each beneficiary. The Phantom Shares are virtual units of measurement that virtually represent the ordinary shares of the Company (hereinafter the "Shares") and reflect their value over time under the terms and conditions of the Plan. The Phantom Shares are not financial instruments, they do not grant the beneficiaries any rights over the Shares and do not, more generally, grant the beneficiaries anything other than the right to receive an incentive under the terms and conditions of the Plan.

5.2 The total maximum number of Phantom Shares that can be assigned on the basis of the Plan shall be **1,760,562**, corresponding to 12% of the number of Shares on the Approval Date of the Plan.

5.3 The Board, with the same resolution that identifies certain parties as recipients of the Plan, upon the proposal of the Remuneration and Appointment Committee, also determines the number of Phantom Shares that can be assigned to the recipient and the related assignment price, equal to the weighted average of the official prices of the Shares recorded in the 36 month period prior to the date of identification of the aforesaid party as a recipient of the Plan pursuant to section 3.2 or 3.4. (the "Assignment Value"). The Board can also, upon the proposal of the Remuneration and Appointment Committee, assign further Phantom Shares to individuals that are already Beneficiaries only in the circumstances set forth by following section 7.3.

5.4 A maximum number of [880,281] Phantom Shares are reserved for the Executive Directors, of which up to [513,497.5] can be assigned to the Chairman and up to [366,783.5] can be assigned to the Deputy Chairman.

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5.5 A maximum number of [586,854] Phantom Shares are reserved for the Strategic Executives identified according to section 3.2. above. The number that can be assigned to each Strategic Executive shall be determined by the Board, upon the proposal of the Remuneration and Appointment Committee, having taken into account the requirement to assign, to individuals having same company seniority, an equal number of Phantom Shares to those Strategic Executives that are invited to participate in the Plan at the same time.

5.6 The Strategic Executives that are identified by the Board of Directors as recipients of the Plan following the above time window (fifteen Working Days after the Approval Date) are reserved the Phantom Shares that were not previously assigned to other Strategic Executives, together with the Phantom Shares that become newly assignable after a Beneficiary lost his/her rights under the Plan (see below section 7.3.) and a number up to [293.427] Phantom Shares. These Phantom Shares can be assigned to each Strategic Executive in a number determined by the Board of Directors, upon the proposal of the Remuneration and Appointment Committee, having taken into account the requirement to assign, for Strategic Executives with the same Seniority, an equal number of Phantom Shares to those Strategic Executives that are invited to participate in the Plan at the very same time.

5.7. It is however understood that the [293.427] Phantom Shares referred in section 5.6. above cannot be assigned to the Strategic Executives that are identified according to section 3.2. above while they can be assigned to the Strategic Executives that are identified according to section 3.4., as needed, to the extent, upon assignment, Phantom Shares referred to in section 5.5. are entirely assigned or however not enough for further assignment to Strategic Executives.

## 6. *Calculation criteria and payment of the incentive*

6.1 Upon the occurrence of one of the events referred to in sections 4.1 and 4.2 above, the beneficiary to whom the specific event refers shall have - or, depending on the circumstances, all the beneficiaries shall have - the right to receive a gross incentive calculated using the following formula

$$\text{Incentive} = N \times (V_{ER} - V_0)$$

where N is the number of Phantom Shares assigned to each beneficiary,

$V_0$  is the Assignment Value of the *Phantom Shares*, and

$V_{ER}$  is the price of the Shares determined as follows: (i) in the event of a Change of Control following a voluntary or mandatory takeover bid,  $V_{ER}$  shall be the price of the takeover bid; (ii) in all the other cases set forth in sections 4.1 and 4.2 above,  $V_{ER}$  shall be the weighted average of the official prices in the trading days that fall in the 90 calendar days period prior to the date identified pursuant to section 4.3 above.

For Strategic Executives alone that shall benefit from the Plan, the gross amount obtained by multiplying N by the difference between  $V_{ER}$  and  $V_0$  shall be:

- (i) reduced by 50% if the beneficiary has a company seniority of less than 10 years with regard to the date identified pursuant to section 4.3;

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- (ii) increased by 10% if the beneficiary has a company seniority of more than 15 years with regard to the date identified pursuant to section 4.3;
- (iii) increased by 20% if the beneficiary has a company seniority of more than 20 years with regard to the date identified pursuant to section 4.3;
- (iv) increased by 30% if the beneficiary has a company seniority of more than 25 years with regard to the date identified pursuant to section 4.3;
- (v) increased by 50% if the beneficiary has a company seniority of more than 30 years with regard to the date identified pursuant to section 4.3;

6.2 Consistently with its own goals, the Plan does not grant the right to receive any incentive if the difference between  $V_{ER}$  and  $V_0$  is less than or equal to zero.

6.3 The incentive is paid by the Company, following the request of the beneficiary or, in the cases referred to in sections 4.1 (vi) and 4.2. (iv) of his/her heirs, within 60 days from the date identified pursuant to section 4.3 above.

## **7. Termination of the Plan**

7.1 Each beneficiary irrevocably forfeits all rights under the Plan and, therefore irrevocably loses the right to receive an incentive if, prior to the payment of the incentive:

- (i) the Executive Director
  - a. hands in his voluntary resignation
  - b. his office as director is revoked, for just cause, by the meeting of shareholders of the Company
  - c. in the event of just cause, his office as Deputy Chairman or Chairman has been revoked or the powers connected to these offices have been substantially amended or the role or organisational placement of these roles has been substantially amended
- (ii) the Strategic Executive
  - a. hands in his/her voluntary resignation
  - b. is dismissed for just cause
  - c. is dismissed for a subjective justified reason

7.2 For all beneficiaries (be they employees or directors of the Company), the Plan, furthermore, ceases or loses all effects at the time of payment of an incentive under the terms and conditions of the Plan (without prejudice in any case to the provisions of subsequent section 8.4) or upon the occurrence of one of the events referred to in sections 4.1 and 4.2 above, if the difference between  $V_{ER}$  and  $V_0$  is less than or equal to zero.

7.3 The Phantom Shares assigned to the beneficiaries that have lost the right to receive an incentive under section 7.1 shall be considered to have not been assigned and therefore can, at the discretion of the Board, be (i) offered to new recipients under the provisions of section 3.4, in compliance with the limits referred to in section 5.6; or (ii) offered to people that are already beneficiaries, in compliance with the provisions of sections 5.4., 5.5. and 5.6., where it is clearly understood that in this case, for each beneficiary, the Assignment Value shall be the same as the one of the Phantom Shares previously assigned.

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## **8. Final provisions**

8.1 In the event of transactions using the Shares or affecting the capital of the Company, such as, by way of example, the conversion of ordinary shares into other share categories, groupings or share splits, capital increases, mergers, demergers, reduction in capital, cancellation of shares or reduction in the par value of shares, the Board, with the support of the Remuneration and Appointment Committee, shall make all the amendments and additions considered necessary or appropriate to the Plan, autonomously and without the need for the further approval of the meeting of shareholders, in order to ensure that the substantial and economic contents of the Plan remain unchanged. The same principle shall be applied in the event of amendments to laws and regulations and other events that may alter the substantial and economic contents of the Plan, with the advisory support of the Remuneration and Appointment Committee.

8.2 All amendments to the Plan shall be valid only if expressly approved by the Board and made in writing.

8.3 If a time limit set forth in the Plan falls on a public holiday, this time limit will be extended to the first following working day.

8.4 The Company reserves the right for the incentive to be paid back if, following the payment of the incentive, circumstances arise that would have led to non-payment, such as - by way of example - the intentional non-fulfilment of or unjustifiable failure to fulfil legal or contractual obligations on the part of the beneficiary applicable, depending on the circumstances, to the office or employment relationship, or the wilful or negligent breach of company rules or procedures, Code of Ethics and organisation, management and control model adopted by the Company pursuant to Italian Legislative Decree no. no. 231/2001.

8.5 These regulations are governed by Italian law.

8.6 Any disputes that may arise shall be referred to the exclusive jurisdiction of the Courts of Milan.

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**SAES GETTERS S.p.A.**

**INFORMATION DOCUMENT**

*(drawn up pursuant to article 84-bis of CONSOB Resolution no. 11971 of 14 May 1999 and subsequent amendments and additions)*

**ON**

**THE INCENTIVE PLAN RESERVED TO CERTAIN EXECUTIVE DIRECTORS AND  
EXECUTIVES BASED ON THE ASSIGNMENT OF PHANTOM SHARES**

**CALLED:**

**“2018 PHANTOM SHARES PLAN”**

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## **Introduction**

On 24 April 2018, the Board of Directors of Saes Getters S.p.A. ("**Saes Getters**" or the "**Company**"), upon the proposal of the Remuneration and Appointment Committee and with the approval of the Board of Statutory Auditors, also pursuant to article 2389 of the Italian Civil Code, approved - within the terms and conditions described hereafter - the draft regulations of the incentive plan reserved to certain executive directors and executives that hold roles of strategic importance within the Company, called the "**2018 Phantom Shares Plan**" (the "**Plan**"), to be submitted for the approval of the shareholders' meeting convened at the registered office of the Company, in Lainate, Viale Italia 77, on September 28 2018.

This information document, approved by the Board on July 19 2018, has been drawn up pursuant to art. 84-*bis* of the regulations adopted by CONSOB with resolution no.11971 of 14 May 1999, as subsequently amended (the "**Regulations for Issuers**") and in accordance with the indications contained in Schedule 7 of Annex 3A of the Regulations for Issuers.

The information set forth in Schedule 7 of Annex 3A of the Regulations for Issuers that is not contained in this information document shall be provided, if available, during the implementation phase of the Plan, pursuant to art.84-*bis*, paragraph 5, letter a), of the Regulations for Issuers.

It is to be specified that, for the purposes of the detailed information contained herein, the Plan is to be considered "of particular relevance" pursuant to art.114-*bis*, paragraph 3, of the Consolidated Finance Law and art.84-*bis*, paragraph 2, of the Regulations for Issuers.

This information document, as well as the directors' report prepared pursuant to articles 114-*bis* and 125-*ter* of the Consolidated Finance Law and art.84-*ter* of the Regulations for Issuers, can be viewed by the public at the registered office of the Company, as well as on the Company website [www.saesgetters.com](http://www.saesgetters.com).

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## **Definitions**

For the purposes of this information document, the terms stated below shall have the following meaning:

<b>Directors</b>	The directors of the Company.
<b>Executive Directors</b>	The two executive directors that hold the offices of Chairman of the Board of Directors and Deputy Chairman of the Board of Directors and that, also taking possible renewals into consideration, have held the office of Chairman or Deputy Chairman for at least three financial years on the Approval Date of the Plan.
<b>Seniority</b>	For the Strategic Executives, the seniority overall achieved by a manager during the work relationship with the Company – irrespective of the role or of the position held from time to time – and, in the event of more than one employment agreement over the years, the seniority achieved by summing up the duration of such employment and the seniority so accrued during each employment relationship with the Company.
<b>Shareholders Meeting</b>	The meeting of shareholders of the Company.
<b>Shares</b>	The ordinary shares of the Company.
<b>Beneficiaries</b>	The recipients of the Plan to whom the Phantom Shares have been assigned.
<b>Change of Control</b>	The acquisition of the control of the Company pursuant to art. 93 of the Consolidated Finance Law, directly or indirectly, by one or several entities, also acting in concert (entity means: a natural person, a legal person, a partnership or limited company, an association, a foundation or any other entity other than a natural person that may hold rights) if this entity differs from - or in the event of multiple entities, none of these are - S.G.G. Holding S.p.A. or one or more Executive Directors.

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<b>Italian Civil Code</b>	The Italian civil code, approved with Royal Decree no.262 of 16 March 1942 - XX, and subsequent amendments and additions.
<b>Board of Statutory Auditors</b>	The <i>pro tempore</i> board of statutory auditors of the Company.
<b>Remuneration and Appointment Committee</b>	The <i>pro tempore</i> remuneration and appointment committee of the Company.
<b>Board of Directors</b>	The <i>pro tempore</i> board of directors of the Company.
<b>Date of the Event</b>	<ul style="list-style-type: none"><li>(i) for the Change of Control, the date of the transaction that results in the Change of Control;</li><li>(ii) for the non-renewal of the office at the end of the mandate, the date of the Shareholders Meeting that, in appointing the directors, has not renewed the office of the Executive Director(s);</li><li>(iii) for the revocation without just cause of the office by the Shareholders Meeting, the date of the meeting that has passed the related resolution;</li><li>(iv) for the revocation without just cause of the office of Chairman or Deputy Chairman or the substantial amendment without just cause of the powers or the substantial amendment of the role or organisational placement of these offices, the date of the meeting of the company body that has passed the related resolution or the date of the other decision that results in the substantial amendment, without just cause, of the role or the organisational placement of these offices;</li><li>(v) for a resignation for just cause, the date on which the related notification is received by the Company;</li><li>(vi) for a dismissal justified by objective reasons, the date on which the related</li></ul>

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notification is received by the recipient;

- (vii) for death, on the date of the death;
- (viii) for the permanent invalidity such as to prevent the exercising of the office of Chairman of the Board of Directors or Deputy Chairman of the Board of Directors, the date of receipt, on the part of the recipient, of the notification with which, following verification by an expert, the Company or Executive Director informs the other party of the impediment to the exercising of the office or, if prior to this, the date of the meeting of the company body that, following the verification, acknowledges the occurrence of the impediment to the exercising of the office of Executive Director;
- (ix) for permanent invalidity such as to prevent the continuation of the employment relationship, the date of effectiveness of the termination of the employment relationship;
- (x) for the delisting, the date of the last open stock exchange day on which the Shares have been traded on the MTA prior to the delisting;
- (xi) for the annulment of the office or the employment relationship due to reaching retirement age pursuant to the laws in force, the date that the retirement requirements are met under the laws in force or, if subsequent to this, the date of termination of the office or the employment relationship.

### **Approval Date**

The date, subsequent to the approval date of the draft regulations of the Plan by the Shareholders Meeting, in which the Board of Directors approved the Plan and related Regulations definitively.

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**Delisting**

The delisting of the Shares from the Electronic Stock Market (MTA) organised and managed by Borsa Italiana S.p.A.

**Strategic Executives**

The executives, identified at the sole discretion of the Board among those that report hierarchically to the Executive Directors that are members of the so-called *Corporate Management Committee* (a committee set up by the Company in which the Executive Directors provide guidelines and share objectives with those that from a hierarchical perspective report to them directly) and subsequent to the expiry of the first time limit for the identification of the names of the Beneficiaries (i.e. fifteen Working Days from the Approval Date) other executives that the Board, again at its sole discretion, consider to hold roles of strategic importance within the Company. In both these cases, the executives must, on the date of their identification by the Board, have a total of at least three years' Seniority.

**Working Day**

Each calendar day except Saturdays, Sundays and other days on which banks, usually, are not open in Milan for the exercising of their normal business.

**Letter of Invitation**

Each letter sent to the recipients of the Plan with which the Board of Directors invites the Beneficiaries to participate in the Plan.

**Incentive**

The gross incentive that, under the terms and conditions of the Plan, the Beneficiary is entitled to receive, calculated using the following formula

$$\mathbf{Incentive = N \times (V_{ER} - V_0)}$$

where

N is the number of Phantom Shares assigned to each beneficiary,

$V_0$  is the Assignment Value of the *Phantom Shares*, and

$V_{ER}$  is the price of the Shares determined as follows: (i) in the event of a Change of Control following a voluntary or mandatory takeover bid,  $V_{ER}$  shall be the price of the takeover bid; (ii) in

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all the other cases,  $V_{ER}$  shall be the weighted average of the official prices in the trading days that fall within 90 calendar days prior to the Date of the Event.

**Phantom Shares**

The Phantom Shares are virtual units of measurement that virtually represent the Shares and reflect their value over time under the terms and conditions of the Plan. The Phantom Shares are not financial instruments, they do not grant the beneficiaries any rights over the Shares and do not, more generally, grant the beneficiaries anything other than the right to receive an incentive under the terms and conditions of the Plan.

**Plan**

The 2018 Phantom Shares Plan.

**Regulations**

The regulations of the Plan that define the criteria, methods and terms of implementation of the Plan that will be adopted by the Board of Directors on the basis of the draft that will be approved by the Shareholders Meeting.

**Regulations for Issuers**

The regulations adopted by CONSOB with resolution no.11971 of 14 May 1999, as subsequently amended.

**Saes Getters or Company**

Saes Getters S.p.A., with registered office in Viale Italia, 77 – 20020 Lainate (Milan), registration number in the Register of Companies and VAT no. 00774910152.

**Consolidated Finance Law**

Legislative Decree no. 58 of 24 February 1998, as subsequently amended.

**Assignment Value**

The weighted average of the stock exchange prices of the Shares recorded in the 36 (thirty-six) months prior to the date of identification by the Board of Directors of each individual recipient of the Plan, as determined by the Board of Directors, upon the proposal of the Remuneration and Appointment Committee, with the same resolution with which the Board of Directors identifies certain individuals as recipients of the Plan.

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## **The recipients**

The Plan is intended for the Executive Directors and Strategic Executives.

The Board of Directors shall identify the names of the recipients of the Plan by and no later than fifteen Working Days from the Approval Date of the Plan. It is clearly understood that, in this initial phase, the Strategic Executives can be chosen only from among those that, from a hierarchical perspective, report directly to the Executive Directors that are members of the so-called *Corporate Management Committee*.

Subsequent to the expiry of this time limit, the Board, on an annual basis and by 30 June each year (if all the Phantom Shares that can be assigned under the Plan have not yet been assigned), can select other Strategic Executives to be recipients of the Plan and send the latter the letter of invitation to participate in the Plan.

The indication of the names of the Beneficiaries and the other information set forth in paragraph 1 of Schedule 7 of Annex 3A of the Regulations for Issuers shall be provided afterwards, if available, during the implementation phase of the Plan, according to the methods set forth in art.84-*bis*, paragraph 5, letter a) of the Regulations for Issuers.

**1.1. Indication of the names of the recipients that are members of the board of directors or the management board of the issuer of financial instruments, the parent companies of the issuer and the direct or indirect subsidiaries of the latter.**

The Plan does not identify the names of the Beneficiaries that are members of the Board of Directors.

The Executive Directors are among the recipients of the Plan.

**1.2. Categories of employees or partners of the issuer of financial instruments and the parent companies or subsidiaries of this issuer.**

Strategic Executives are among the Beneficiaries of the Plan, as identified by the Board of Directors.

The Beneficiaries shall be identified by name by the Board of Directors after the Approval Date. In this regard, please refer to previous paragraph 1.

**1.3. Indication of the names of the beneficiaries that belong to the groups specified in point 1.3, letters a), b) and c) of Annex 3a, Schedule 7, of the Regulations for Issuers.**

The Plan does not indicate the names of the Beneficiaries belonging to the groups indicated in point 1.3, letters a), b) and c) of Annex 3a, Schedule 7, of the Regulations for Issuers.

With regard to the methods for identifying the Beneficiaries, please refer to previous paragraph 1.

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**1.4. Description and indication of the number of beneficiaries, divided into the categories indicated in point 1.4, letters a), b) and c) of Annex 3a, Schedule 7, of the Regulations for Issuers.**

The Plan does not describe and/or indicate the number of Beneficiaries belonging to the categories indicated in point 1.4, letters a), b) and c) of Annex 3a, Schedule 7, of the Regulations for Issuers.

With regard to the methods for identifying the Beneficiaries, please refer to previous paragraph 1.

The information set forth in points 1.1, 1.2, 1.3 and 1.4 above shall be provided, if applicable, during the implementation phase of the Plan, pursuant to art.84-*bis*, paragraph 5, letter a), of the Regulations for Issuers.

**2. Reasons for the adoption of the Plan**

**2.1. Objectives to be reached through the assignment of the plans**

The Plan has been adopted in order to motivate Executive Directors and Strategic Executives with a view to creating value and the growth in the capitalisation of the Company.

The Plan is a tool that is additional to the compensation paid to Executive Directors and the remuneration of executives aimed at creating an autonomous incentive system that takes into account the specific skills, seniority and experience of each Beneficiary as added values in guiding and supporting the achievement of strategic, outstanding results for the Company.

At the same time, the Plan aims to retain the beneficiaries and to better align their performance with the interest of shareholders and the Company.

**2.2. Key variables, also in the form of performance indicators taken into consideration for the purposes of the assignment of the plans based on financial instruments.**

The Plan provides for the assignment of the Phantom Shares at no cost and is unconnected to the achievement of specific performance goals.

**2.3. Basis for the determination of the size of the payment based on financial instruments, or the criteria or its determination.**

The Incentive that the Beneficiaries are entitled to receive under the terms and conditions of the Plan is based on a number of Phantom Shares assigned to each Beneficiary and on the increase in the market price of the Shares registered on the Date of the Event (or, in the case of a Change of Control following a takeover bid, the price of the takeover bid) compared to the Assignment Value.

The total maximum number of Phantom Shares that can be assigned to the Beneficiaries on the basis of the Plan shall be 1,760,562, corresponding to 12% of the number of Shares on the Approval Date of the Plan.

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The Board of Directors, with the same resolution with which certain individuals are identified as recipients of the Plan, upon the proposal of the Remuneration and Appointment Committee, also determines the number of Phantom Shares that can be assigned to the aforesaid parties. The Board can, upon the proposal of the Remuneration and Appointment Committee, assign further Phantom Shares to whom is already a Beneficiary of the Plans only in the event other Beneficiaries lose their rights under the Plan (see below and in particular in section 4.3.).

A maximum number of 880,281 Phantom Shares are reserved for the Executive Directors, of which up to 513,497.5 can be assigned to the Chairman and up to 366,783.5 to the Deputy Chairman.

A maximum number of 586,854 Phantom Shares are reserved for the Strategic Executives that are identified as recipients of the Plan within and no later than fifteen Working Days from the Approval Date of the Plan. The number that can be assigned to each Strategic Executive shall be determined by the Board, upon the proposal of the Remuneration and Appointment Committee, having taken into account the requirement to assign, for Strategic Executives with the same Seniority, an equal number of Phantom Shares to those Strategic Executives that are invited to participate in the Plan at the very same time.

The Strategic Executives that are identified by the Board of Directors as recipients of the Plan following the above time window are reserved the Phantom Shares that were not previously assigned to other Strategic Executives, together with the Phantom Shares that become newly assignable after a Beneficiary lost his/her rights under the Plan (see below) and a number up to 293.427 Phantom Shares. These Phantom Shares can be assigned to each Strategic Executive in a number determined by the Board of Directors, upon the proposal of the Remuneration and Appointment Committee, having taken into account the requirement to assign, for Strategic Executives with the same Seniority, an equal number of Phantom Shares to those Strategic Executives that are invited to participate in the Plan at the very same time.

In the event a Beneficiary lose his/her rights pursuant to the Plan (see section 4.3.), the Phantom Shares previously assigned to him/her are no longer deemed assigned and, at discretion of the Board, within the overall quantity limits above indicated, they can be newly offered to new Beneficiaries or individuals that are already Beneficiaries provided that, in the latter case, the Assignment Value is the same of the Phantom Shares already assigned.

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- 2.4. The reasons underlying any decision to assign payment plans based on financial instruments not issued by the issuer of financial instruments, such as financial instruments issued by subsidiaries or parent companies or third-party companies to the group to which it belongs; in the event that the aforesaid instruments are not traded on regulated markets, information on the criteria used to determine the value that can be assigned to them.**

Not applicable.

- 2.5. Considerations on the subject of significant tax and accounting implications that affected the definition of the plan.**

There are no significant tax and accounting implications that affected the definition of the Plan.

- 2.6. Possible support for the plan by the special Fund for encouraging the participation of workers in undertakings, referred to in article 4, paragraph 112, of Italian Law no.350 of 24 December 2003**

The plan does not receive any support from the special Fund for encouraging the participation of workers in undertakings, referred to in article 4, paragraph 112, of Italian Law no.350 of 24 December 2003.

### **3. Approval process and timing of the assignment of instruments**

- 3.1. Scope of powers and functions delegated the Shareholders Meeting to the board of directors for the purposes of the implementation of the plan.**

The draft regulations of the Plan were definitely approved by the Board of Directors on April 24, 2018, upon the proposal of the Remuneration and Appointment Committee of same date, and with the approval of the Board of Statutory Auditors pursuant to and in accordance with art.2389 of the Italian Civil Code.

The previous Board of Directors defined on March 7, 2018 and March 14, 2018, upon the proposal of the Remuneration and Appointment Committee of February 15, 2018, the draft approved by the Board in charge on April 24, 2018.

During the meeting of July 19, the Board of Directors resolved to submit the following resolution proposal to the Shareholders Meeting, in ordinary session:

- to approve, in accordance with and pursuant to art.114-*bis* of the Consolidated Finance Law, the adoption of an incentive plan based in phantom shares called the "2018 Phantom Shares Plan", directed at several executive managers and strategic directors, to be identified by the Board of Directors, the terms, conditions and implementation methods of which are described in the report of the Board of Directors, in the draft regulations and in the information document annexed to the latter, granting the Board of

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Directors the mandate to finalise the draft regulations of the aforesaid incentive plan;

- to grant the Board of Directors, with the express power to sub-delegate, the most extensive powers necessary or appropriate for the adoption and complete and full implementation of the 2018 Phantom Shares Plan, therein including the power to: (i) adopt the regulations of the Plan, making the amendments and additions necessary for its finalisation to the draft regulations annexed to the aforesaid report of the Board of Directors; (ii) identify the names and beneficiaries of the plan; (iii) determine the number of Phantom Shares to assign free-of-charge to each beneficiary; (iv) establish all other terms and conditions, fulfil all obligations, formalities or make any notifications that are necessary or appropriate for the purposes of the management and/or implementation of the plan, in compliance with the terms and conditions described in the aforesaid report of the Board of Directors and related annexes; and (v) provide information to the market, draw up and/or finalise all other documents necessary or appropriate in relation to the latter, in accordance with applicable laws and regulations, as well as, in general, the implementation of these resolutions.

The information on the criteria that shall be adopted by the Board of Directors for the purposes of the decisions to be made for the implementation of the Plan and the content of these decisions shall be communicated according to the methods referred to in art.84-*bis*, paragraph 5, letter a) of the Regulations for Issuers or, in any event, pursuant to the applicable laws and regulations in force at the time.

### **3.2. Parties appointed to manage the Plan and their tasks and competences.**

The Plan is managed by the Board, which shall also have the power, having consulted the Remuneration and Appointment Committee, to interpret the provisions thereof and adopt all decisions considered useful or necessary for the implementation of the Plan.

By way of example, the Board shall be responsible - with the involvement of the Remuneration and Appointment Committee (which, depending on the circumstances, shall act in an advisory or consultative capacity) - for the verification of the events that, under the terms and conditions of the Plan, may give rise to the payment of an incentive, the quantification of the incentive due to each beneficiary, and the performance of all deeds, obligations, and the formalities and notifications considered useful and necessary for the purposes of the implementation of the Plan and its provisions.

### **3.3. Existing procedures for the revision of the plans also in relation to any changes in basic objectives.**

In the event of transactions using the Shares or affecting the capital of the Company, such as, by way of example, the conversion of ordinary shares into other share categories, groupings or share splits, capital increases, mergers, demergers, reduction in capital, cancellation of shares or reduction in the par

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value of shares, the Board, with the advisory support of the Remuneration and Appointment Committee, shall make all the amendments and additions considered necessary or appropriate to the Plan, autonomously and without the need for the further approval of the Shareholders Meeting, in order to ensure that the substantial and economic contents of the Plan remain unchanged.

The same principle shall be applied in the event of amendments to laws and regulations and other events that may alter the substantial and economic contents of the Plan.

**3.4. Description of the methods used to determine the availability and assignment of the financial instruments on which the plans are based.**

As this is a phantom shares plan, the Plan does not provide for the assignment or acquisition of Shares in favour of the Beneficiaries.

On the other hand, the Plan provides for the assignment of Phantom Shares to the Beneficiaries, which, under the terms and conditions of the Plan, determines the right to the payment of the Incentive to the Beneficiary.

**3.5. Role played by each director in defining the characteristics of the aforesaid plans; possible instances of conflicts of interest with regard to the directors involved.**

The Remuneration and Appointment Committee has been involved in the various stages of the preparation of the Plan, and as the aforesaid committee is composed exclusively of non-executive Directors, no instances of conflicts of interest arise, as no non-executive Director is a recipient of the Plan.

Directors of the Company are among the beneficiaries of the Plan. Therefore the board resolutions on the assignment of Phantom Shares to directors (as well as for all other decisions related to and/or connected to the management and/or implementation of the Plan concerning said directors or that in relation to which the directors of the Company find themselves in a situation of a conflict of interests) shall be made in compliance with the provisions of art. 2391 of the Italian Civil Code, after having consulted the Remuneration and Appointment Committee and, insofar as necessary, the Board of Statutory Auditors.

**3.6. For the purposes of the requirements of art.84-bis, paragraph 1, the date the decision was taken by the management body responsible for proposing the approval of the plans to the Shareholders Meeting and the date of any proposal to the Remuneration Committee, where existing.**

The Remuneration and Appointment Committee proposed the adoption of the Plan to the previous Board of Directors in the meeting of 15 February 2018. The Remuneration and Appointment Committee appointed on April 24, 2018 approved the proposal itself and proposed the adoption of the Plan to the previous Board of Directors in the meeting of 24 April 2018.

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On the basis of the proposal of the Remuneration and Appointment Committee, the Board of Directors with its resolution of 24 April 2018 definitely approved the submission of the Plan and, in the meeting of July 19, 2018 resolved to submit it to the approval of the ordinary Shareholders Meeting convened on September 28, 2018. The previous expired Board froze the draft on March 7, 2018 and March 14, 2018 upon proposal of the Remuneration and Appointment Committee dated February 15, 2018, the same draft that was finally approved by Board on April 24, 2018.

**3.7. For the purposes of the requirements of art.84-bis, paragraph 5, letter a), the date the decision was taken by the management body responsible for the assignment of the instruments and the date of any proposal made by the remuneration committee, where existing, to the aforesaid body.**

The Shareholders Meeting called to approve the Plan shall be held on September 28, 2018. If the Plan is approved by the Shareholders Meeting, the Board of Directors shall first of all approve the Regulations, then it shall meet, on each occasion, to take the decisions relevant for the purposes of the implementation of the Plan and, in particular, for the purpose of the assignment of the Phantom Shares. The Board of Directors, with the same resolution with which certain individuals are identified as recipients of the Plan, shall determine, upon the proposal of the Remuneration and Appointment Committee, also the number of Phantom Shares that can be assigned to the aforesaid parties and the related Assignment Value.

The date of the decision taken by the Board of Directors regarding the assignment of the Phantom Shares and the date of the related proposal of the Remuneration and Appointment Committee are not available at the moment and therefore shall be communicated at a later date pursuant to art.84-bis, paragraph 5, letter a), of the Regulations for Issuers.

**3.8. Market price, registered on the aforesaid dates, for the financial instruments on which the plans are based, if traded on regulated markets.**

The reference price of the Shares on the electronic stock market organised and managed by Borsa Italiana S.p.A., as at July 19, 2018, the day on which the Board of Directors met to call the Shareholders Meeting is EUR 15,91.

The reference price of the Shares on the electronic stock market organised and managed by Borsa Italiana S.p.A., on the date on which the Phantom Shares shall be assigned, shall be provided on each individual occasion in compliance with the laws in force.

**3.9. In the case of plans based on financial instruments traded on regulated markets, in which terms and according to which methods has the issuer, within the context of the identification of the timing for the assignment of the instruments in the implementation of the plan, taken into account the possible coincidence in time between: (i) the aforesaid assignment or the possible decisions taken in this regard by the remuneration committee; and (ii) the disclosure of any relevant information pursuant to art.17 of (EU)**

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**regulation no.596/2014; for example, in the case in which this information is: (a) not already published and capable of positively influencing the market listings; or (b) already published and capable of negatively influencing the market prices.**

The decisions on the assignment of the Phantom Shares shall be made by the Board of Directors upon the proposal of the Remuneration and Appointment Committee.

Furthermore, the Assignment Value and the price of the Shares on the Date of the Event to consider to measure the increase shall be respectively equal to (i) the weighted average of the market price recorded in the 36 months prior to the date of identification of the individual recipients of the Plan by the Board of Directors; and (ii) the weighted average of the official prices in the trading days that fall within 90 calendar days prior to the Date of the Event (except in the case of the Change of Control following a voluntary or mandatory takeover bid). In both cases, therefore, reference is to be made to the time periods prior to the Assignment Date or the Date of the Event.

#### **4. The characteristics of the assigned instruments**

##### **4.1. Description of the forms in which the payment plans based on financial instruments are structured.**

The Plan does not provide for the assignment of financial instruments or rights over the Shares of the Company.

The Plan is based on the assignment at no cost of Phantom Shares to the Beneficiaries that, under the terms and conditions of the Plan, grant the right to receive the payment of a cash Incentive based on the increase in the market price of the Shares on the Date of the Event compared to the Assignment Value.

##### **4.2. Indication of the implementation period of the plan with reference also to any other cycles envisaged.**

The Board of Directors shall identify the names of the recipients of the Plan by and no later than fifteen Working Days from the Approval Date of the Plan and send each of the Beneficiaries the Letter of Invitation, which must be returned to the Company, signed for acceptance, within the following fifteen days. It is clearly understood that, in this initial phase, the Strategic Executives can be chosen only from among those that, from a hierarchical perspective, report directly to the Executive Directors that are members of the so-called *Corporate Management Committee*.

Subsequently, the Board, on an annual basis and by 30 June each year, if all the Phantom Shares that can be assigned under the Plan have not yet been assigned, can select other Strategic Executives to be recipients of the Plan and send the latter the Letter of Invitation to participate in the Plan.

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The receipt, on the part of the Company, of the Letter of Invitation to participate in the Plan signed for acceptance by the recipient means that the latter has qualified as a Beneficiary pursuant to the Plan and is therefore entitled to receive the Incentive, under the terms and conditions of the Plan.

#### **4.3. The term of the plan.**

The Plan is effective starting from the Approval Date of the Plan and has a determinable duration for each Beneficiary according to the provisions below.

Each beneficiary irrevocably forfeits all rights under the Plan and, therefore irrevocably loses the right to receive an incentive if, prior to the payment of the Incentive:

- (i) the Executive Director
  - a. hands in his voluntary resignation;
  - b. his office as director is revoked, for just cause, by the Shareholders Meeting of the Company;
  - c. in the event of just cause, his office as Deputy Chairman or Chairman has been revoked or the powers connected to these offices have been substantially amended or the role or organisational placement of these roles has been substantially amended;
- (ii) the Strategic Executive
  - a. hands in his voluntary resignation;
  - b. is dismissed for just cause;
  - c. is dismissed for a subjective justified reason.

#### **4.4. Maximum number of financial instruments, also in the form of options, assigned in each tax year to the parties identified by name or to the indicated categories.**

The maximum total number of Phantom Shares that can be assigned to the Beneficiaries on the basis of the Plan shall be 1,760,562, corresponding to 12% of the number of Shares on the Approval Date of the Plan.

A maximum number of 880,281 Phantom Shares are reserved for the Executive Directors, of which up to 513,497.5 can be assigned to the Chairman and up to 366,783.5 to the Deputy Chairman.

A maximum number of 586,854 Phantom Shares are reserved for the Strategic Executives. The number that can be assigned to each Strategic Executive shall be determined by the Board, upon the proposal of the Remuneration and Appointment Committee, having taken into account the requirement to assign, to recipients having the same Seniority, an equal number of Phantom Shares to the Strategic Executives that are invited to participate in the Plan at the same time.

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The Strategic Executives that are identified by the Board of Directors as recipients of the Plan following the above time window (fifteen Working Days after the Approval Date) are reserved the Phantom Shares that were not previously assigned to other Strategic Executives, together with the Phantom Shares that become newly assignable after a Beneficiary lost his/her rights under the Plan (see below) and a number up to 293.427 Phantom Shares. These Phantom Shares can be assigned to each Strategic Executive in a number determined by the Board of Directors, upon the proposal of the Remuneration and Appointment Committee, having taken into account the requirement to assign, for Strategic Executives with the same Seniority, an equal number of Phantom Shares to those Strategic Executives that are invited to participate in the Plan at the very same time.

**4.5. Methods and clauses for implementing the plan, specifying if the actual assignment of the instruments is subject to the meeting of certain conditions or the achievement of determined results, including performance-related results; description of these conditions and results.**

The following events, under the terms and conditions of the Plan, may result in the payment of an incentive in favour of, depending on the circumstances, the Executive Directors or one of the latter (or his heirs):

- (i) Change of Control
- (ii) the non-renewal of the office of director at the end of the mandate;
- (iii) the revocation without just cause of the office of director by the Shareholders Meeting;
- (iv) the revocation of the office of Chairman or Deputy Chairman or substantial amendment to the related powers or a substantial amendment to the role or organisational placement of these offices, in all the previous cases without the occurrence of a just cause;
- (v) resignation of the Executive Director for just cause, resulting from ,by way of example but not limited to, an amendment in the powers, organisational placement and role of the Executive Director without the occurrence of a just cause;
- (vi) death of the Executive Director;
- (vii) permanent invalidity such as to prevent the exercising of the office of Chairman of the Board of Directors or Deputy Chairman of the Board of Directors;
- (viii) termination of the office due to reaching retirement age pursuant to the laws in force.

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The events that, under the terms and conditions of the Plan, may result in the payment of an incentive in favour of, depending on the circumstances, Strategic Managers or one of them (or his/her heirs) are the following:

- (i) Change of Control;
- (ii) resignation for just cause;
- (iii) dismissal justified by objective reasons;
- (iv) death;
- (v) permanent invalidity such as to prevent the continuation of the employment relationship;
- (vi) delisting;
- (vii) termination of the employment relationship due to reaching retirement age, pursuant to the laws in force;

For the Beneficiaries that are Strategic Executives, the amount of the Incentive shall be:

- (i) reduced by 50% if the Beneficiary has a Seniority of less than 10 years with regard to the Date of the Event;
- (ii) increased by 10% if the Beneficiary has a Seniority of more than 15 years with regard to the Date of the Event;
- (iii) increased by 20% if the Beneficiary has a Seniority of more than 20 years with regard to the Date of the Event;
- (iv) increased by 30% if the Beneficiary has a Seniority of more than 25 years with regard to the Date of the Event;
- (v) increased by 50% if the Beneficiary has a Seniority of more than 30 years with regard to the Date of the Event;

**4.6. Indication of any availability restrictions on the assigned instruments or on the instruments resulting from the exercising of options, with particular reference to the time limits by which the subsequent transfer to the same company or to third parties is allowed or prohibited.**

The Phantom Shares cannot be assigned, transferred and more generally disposed of, either partially or in full or as a guarantee.

**4.7. Description of possible termination conditions in relation to the assignment of the plans in the case where the recipients enter into hedging transactions that allow for the neutralisation of any prohibitions on the sale of the assigned financial instruments, also in the form of options, or of the financial instruments resulting from the exercising of these options.**

The situations described above are not applicable to the Plan.

**4.8. Description of the effects of termination of the employment relationship.**

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Please see previous points 4.3 and 4.5.

**4.9. Indication of any other reasons for the cancellation of the plans.**

No reasons for the cancellation of the Plan are envisaged.

**4.10. Reasons for the possible provision of a "redemption", on the part of the company, of the financial instruments subject of the plans, arranged pursuant to articles 2357 *et seq.* of the Italian Civil Code; the beneficiaries of the redemption, indicating if the latter is intended only for particular categories of employees; the effects of the termination of the employment relationship on the aforesaid redemption.**

The Plan does not provide for a right of redemption on the part of the Company.

**4.11. Possible loans or other subsidies that are intended to be granted for the purchase of the shares pursuant to art.2358 of the Italian Civil Code.**

No loans or other subsidies are envisaged for the acquisition of the Shares pursuant to article 2358, paragraph 3, of the Italian Civil Code.

**4.12. Indication of assessments of the expected cost for the company on the date of the related assignment, which can be determined on the basis of the terms and conditions already defined, with an indication of the total amount and the amount relating to each instrument of the plan.**

It is not possible to pre-determine the maximum cost expected for the Company, upon the occurrence of all the conditions, on the date of settlement of the Incentive since the latter depends, *inter alia*, on the number of Phantom Shares assigned to the Beneficiary, the market value of the Shares on the Date of the Event and the number of years of service in the Company of the individual Beneficiary on the Date of the Event.

**4.13. Indication of possible dilutive effects on capital caused by the remuneration plans.**

The Plan does not have any dilutive effects.

**4.14. Possible restrictions on the exercising of voting rights and on the assignment of rights over assets.**

Not applicable to the Plan.

**4.15. In the case where the shares are not traded on regulated markets, any useful information for a complete assessment of the value attributable to them.**

Not applicable to the Plan.

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

Not applicable to the Plan.

**4.17. Expiry of the options.**

Not applicable to the Plan.

The present is the English translation of the Italian official report approved by the Board of Directors on July 19, 2018. For any difference between the two texts, the Italian text shall prevail.

**4.18. Methods (American/European), timing (e.g. valid exercising periods) and exercising clauses.**

Not applicable to the Plan.

**4.19. The exercise price of the option of the methods and criteria for its determination.**

Not applicable to the Plan.

**4.20. In the case where the exercise price differs from the market price (fair market value), reasons for this difference.**

Not applicable to the Plan.

**4.21. Criteria on the basis of which different exercise prices among the various parties or various categories of recipient parties are envisaged.**

Not applicable to the Plan.

**4.22. In the case where the financial instruments underlying the options are not traded on regulated markets, indication of the value attributable to the underlying instruments or the criteria for determining this value.**

Not applicable to the Plan.

**4.23. Criteria for the adjustments rendered necessary following extraordinary capital transactions and other transactions that alter the number of underlying instruments (capital increases, extraordinary dividends, grouping and splitting of underlying shares, mergers and demergers, conversions into other share categories, etc.)**

In the event of transactions using the Shares or affecting the capital of the Company, such as, by way of example, the conversion of ordinary shares into other share categories, groupings or share splits, capital increases, mergers, demergers, reduction in capital, cancellation of shares or reduction in the par value of shares, the Board, with the advisory support of the Remuneration and Appointment Committee, shall make all the amendments and additions considered necessary or appropriate to the Plan, autonomously and without the need for the further approval of the Shareholders Meeting, in order to ensure that the substantial and economic contents of the Plan remain unchanged.

The same principle shall be applied in the event of amendments to laws and regulations and other events that may alter the substantial and economic contents of the Plan.

**4.24. Table**

The information in Table no.1 annexed to Schedule 7 of Annex 3A of the Regulations for Issuers, where applicable, shall be provided, on a case-to-case basis, pursuant to art.84-*bis*, paragraph 5, letter a) of the Regulations for Issuers.