



## **SAES Getters S.p.A.**

### **FIRST SECTION OF THE REMUNERATION REPORT**

Drawn up pursuant to Article 123-*ter*, paragraph 3, of Italian Legislative Decree no. 58/1998 and Article 84-*quater* and related Annex 3A, Schedule 7-*bis* - section I of CONSOB resolution no. 11971/1999 on Regulations for Issuers.

## SAES GETTERS S.P.A. Remuneration Policy for Strategic Resources 2017

### Foreword

The remuneration of directors and other executives with strategic responsibilities within SAES Getters S.p.A. (hereinafter "**SAES**" or the "**Company**") is determined to be in amount sufficient to attract, motivate and retain qualified professionals with the (managerial and technical) skills required to successfully manage the Company.

The Company defines the general policy on remuneration annually (the "**Policy**"), which summarises the principles and procedures that the SAES Group (as defined hereafter) abides by, in order to:

- **allow for the correct application** of remuneration practices as defined hereafter;
- guarantee an adequate level of **transparency** with regard to remuneration policies and the amounts paid out;
- encourage the **proper involvement** of competent company bodies in the assessment and approval of the Remuneration Policy.

The Policy is drafted in light of the recommendations contained in Article 6 of the Corporate Governance Code of Borsa Italiana S.p.A., as amended in July 2015, adopted by SAES, taking into account the provisions of Article 124-ter of Italian Legislative Decree no.58 of 24 February 1998, as subsequently amended (the "**Consolidated Finance Law**"), Article 84-*quater* of the CONSOB Regulation approved with resolution no. 11971 of 14 May 1999, as subsequently amended (the "Regulations for Issuers") and Annex 3A to the Regulations for Issuers, Schedule 7-*bis*. The Policy is also drafted in compliance with the provisions contained in the procedure for transactions with related parties, approved by the Board of Directors of the Company on 11 November 2010, pursuant to the regulations adopted by CONSOB with resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented.

The Policy is applied to Directors and Executives with Strategic Responsibilities, as described in more detail hereafter.

Several terms used frequently are defined in the following Glossary:

**Code/ Corporate Governance Code:** the Corporate Governance Code of listed companies as amended in July 2015 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. and its subsequent amendments.

**Remuneration and Appointment Committee:** the Committee for Remuneration and Appointments set up by the Company in implementing Article 6 of the Code.

**Executive Directors or Directors performing special duties:** the Directors of SAES Getters S.p.A. holding the offices of Chairman or Managing Director of SAES Getters S.p.A.

***Non-executive Directors and/or independent Directors and/or directors without special duties:*** all the Directors of SAES Getters S.p.A. appointed by the Meeting of Shareholders of SAES Getters S.p.A. and the Directors in other Companies of the SAES Group that are also Executives of the Group.

***Executives with Strategic Responsibilities:*** those that hold organisational offices that have the direct or indirect power and responsibility to plan, direct and control the activities of the Company, including the Directors (be they executive or otherwise) of the Company and also including statutory members of the Board of Statutory Auditors, as defined by the regulation adopted by CONSOB with resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented, on transactions with related parties.

***Group or SAES Group:*** the group of companies controlled by or connected to SAES pursuant to Article 2359 of the Italian Civil Code.

***GAE:*** the fixed gross annual earnings component for employees.

***MBO (Management by Objectives):*** indicates the annual variable component of remuneration paid to executives based on the achievement of predefined company objectives (for directors with executive responsibilities).

***PFS (Partnership for Success):*** means the annual variable component of remuneration (on target bonus of 40% of the base salary), based on the achievement of pre-defined business objectives for executives with strategic responsibilities.

***LTI Plan:*** indicates the “Long Term Incentive” Plan as illustrated in paragraph 7 of this Policy, with regard to executive directors, and in paragraph 9, with regard to executives with strategic responsibilities (excluding members of the Board of Statutory Auditors). The payment of this long-term component of variable remuneration is deferred by three years.

***Variable remuneration:*** remuneration connected with the attainment of annual and long-term objectives, a relevant part of which (LTI Plan) is paid in a deferred way, as required by the provisions on company governance in the Code. The MBO/PFS and the LTI Plan constitute the total Variable Remuneration.

***Yearly Total Direct Compensation Target:*** indicates the sum (i) of the fixed gross annual earnings component; (ii) the variable gross annual earnings component that the executive would receive in case of achievement of objectives; (iii) the annualisation of the medium/long term gross variable component (so-called LTI Plan) that the executive has a right to receive in case of the achievement of medium/long term objectives.

## 1. Principles and objectives

The Company defines and applies a Policy on remuneration every year.

The main objective of the aforesaid Policy is to attract, motivate, and retain the resources with the professional characteristics required to achieve the objectives set by the Group,

which is operating in increasingly more complex, diverse, and highly-competitive technological markets, while also taking into account the dynamics of the labour market.

In recent years the "business model" of the SAES Group has undergone considerable changes. This has required and still requires a continuous alignment of its remuneration policies. More specifically, the Company operates through its Business Units in multiple international markets, in different technological environments and, although its Headquarters are located in Italy, the Group management involves a specific multi-business approach with different speeds depending on the business/market, requiring complex skills and a strong cultural and managerial flexibility.

The Policy has been defined in order to align the interests of the top management with those of the shareholders, and is designed to pursue the prime objective of creating sustainable assets in the medium/long-term. A fundamental aspect of said objective is represented by the consistent and compliant observance, over time, of the core principles of this Policy.

Therefore, the most relevant aspect in determining remuneration is the creation of mechanisms that allow executives to identify with the Company, that are adequate for the global market of reference and that guarantee organisational stability.

## **2. Remuneration and Appointment Committee**

The Board of Directors set up the "Remuneration Committee" as part of the Board on 17 December 1999, now known as the Remuneration and Appointment Committee, and it is responsible for consulting and proposition-oriented tasks. In particular, in compliance with Article 6 of the Corporate Governance Code entitled "Remuneration of Directors", the Remuneration and Appointment Committee, as far as the management of remuneration issues is concerned:

- 1) draws up and defines a Remuneration Policy and submits it to the Board of Directors for approval;
- 2) periodically evaluates the adequacy, the overall coherence and the practical application of the Policy on the remuneration of directors and executives with strategic responsibilities and provides the Board of Directors with proposals and opinions with regard to the policies adopted by the Company with regard to remuneration, based on the information provided by the executive officers, and suggesting improvements, where needed;
- 3) examines the proposals on the remuneration of executive officers and executives with strategic responsibilities;
- 4) expresses opinions or submits proposals to the Board of Directors on the remuneration of executives vested with special appointments, based on the Policy;
- 5) verifies the accuracy and correct application of remuneration criteria for the Company's executives with strategic responsibilities and their consistency over time;

- 6) proposes and collaborates in establishing objectives (targets) with regard to the variable remuneration plans for executive directors;
- 7) verifies the achievement of the variable remuneration target defined for executive officers;
- 8) verifies the application of the resolutions taken by the Board of Directors with regard to remuneration.

At present, the Remuneration and Appointment Committee, as regulated by Article 6.P.3 the Corporate Governance Code, is made up of independent directors and non-executive directors, namely the following members: Gaudiana Giusti (independent director), Luciana Rovelli (independent director) and Adriano De Maio (non-executive director<sup>1</sup>). All members of the Remuneration and Appointment Committee possess extensive experience in economics/finance and remuneration, which is assessed by the Board of Directors at their time of appointment.

### **3. Procedure for the definition, approval, and implementation of the Policy**

The Policy was defined following a transparent process in which the Remuneration and Appointment Committee and the Board of Directors played a leading role.

The Board of Directors, as proposed by the Remuneration and Appointment Committee, defines and approves the Policy.

The Remuneration and Appointment Committee, in carrying out its tasks, ensures that there are suitable functional and operational connections with the competent Company structures. In particular, the Company's Human Resource Department, with the assistance, where needed, of specialised consulting firms, provides the Remuneration and Appointment Committee with all the information and analyses it requires.

The Chairman of the Board of Statutory Auditors or other auditor appointed by the Chairman participates in the meetings of the Remuneration and Appointment Committee. Such meetings can be attended also by the other Statutory Auditors.

Once defined, the proposed Policy drafted by the Remuneration and Appointment Committee is submitted for the approval of the Board of Directors, who may make the amendments or alterations it may deem necessary.

The Board of Directors, having consulted the Statutory Auditors and keeping in mind the observations and proposals of the Remuneration and Appointment Committee, reaches a final resolution on the Policy and approves the Remuneration Report detailed in the paragraph below.

The Remuneration and Appointment Committee approved the proposed Policy for the year 2017 on 29 November 2016. During this meeting the Committee evaluated the adequacy,

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<sup>1</sup> Independent Director pursuant to the combined provisions of Articles 147-ter, paragraph 4, and 148, paragraph 3, of the Consolidated Finance Law.

the overall coherence and the practical application of the 2016 Policy compared to the measures implemented by the Company.

The Board of Directors approved the Policy for the year 2017 on 16 February 2017.

Based on the Policy, the following are approved:

- by the Board of Directors: the remuneration and contract proposals for Executive Directors upon conferral of their appointment, according to company practice, as well as any amendment or adjustment, if needed;
- by the Company's Human Resources Department, with the approval of Executive Directors: the remuneration adjustment proposals for the executives with strategic responsibilities (excluding regular members of the Board of Statutory Auditors);
- by the Shareholders: the remuneration of the Board of Statutory Auditors (please see paragraph 11 below in this regard).

#### 4. Transparency

The Policy is part of the Remuneration Report to be submitted annually to the Meeting of Shareholders pursuant to Article 123-ter of the Consolidated Finance Law, which must be drafted in compliance with the provisions of Article 84-quater of the Regulations for Issuers and with Schedule 7-bis and 7-ter, contained in Annex 3A to the Regulations for Issuers (the "**Remuneration Report**"). The Remuneration Report, in Section II, also includes (i) an indication of the remuneration of the members of the control and management bodies, managing directors, if any, and, collectively, the executives with strategic responsibilities, and (ii) reports the shares owned by the members of the managing or control bodies, by managing directors and Executives with Strategic Responsibilities in the Company and in the Group.

The Remuneration Report is made available to the public at the Company's registered offices, on the Company website, and on the authorised storage mechanism (INFO STORAGE) at least 21 days before the annual Meeting of Shareholders, generally coinciding with the meeting for the approval of the financial statements, so as to allow the Shareholders to express their non-binding vote to approve or disapprove the Policy. The results of the vote of the Shareholders on the Policy must be made available to the public on the Company website no later than 5 days after the meeting has taken place.

The Remuneration Report remains at the disposal of the public on the Company website in compliance with current regulations.

#### 5. The Remuneration of Directors - general guidelines

In the Board of Directors it is possible to distinguish between:

- (i) executive directors;
- (ii) non executive and/or independent directors.

The Board may also have executives with special appointments (members of the Remuneration and Appointment Committee or the Audit and Risk Committee, the director forming part of the Supervisory Body, the Lead Independent Director, and the members of the Committee for Transactions with Related Parties).

On the date of approval of this Policy, the directors are:

- executive directors: Chairman of the Board of Directors, Massimo della Porta (who also holds the office of *Chief Technology and Innovation Officer* as well as *Group CEO*) and the Managing Director, Giulio Canale (who also holds the office of *Chief Financial Officer* as well as *Deputy CEO*);
- non-executive directors: all the remaining directors, and namely, Stefano Proverbio, Luciana Rovelli, Adriano De Maio, Alessandra della Porta, Luigi Lorenzo della Porta, Andrea Dogliotti, Pietro Mazzola, Roberto Orecchia (*Lead Independent Director*) and Gaudiana Giusti.

The Meeting of Shareholders of SAES of 28 April 2015, on occasion of the appointment of the Board of Directors, defined the total compensation to be paid out pursuant to Article 2389, paragraph 1, of the Italian Civil Code, as wages and remuneration for its directors, appointing the Board of Directors with the task of dividing said total amount among its members.

In particular, the overall gross annual earnings was established by the Shareholders at EUR 120,000.00, and was subdivided by the Board of Directors in the meeting following their appointment, as follows:

- EUR 10,000 per director; and
- EUR 20,000 for the Chairman of the Board of Directors.

The Shareholders also resolved to pay the following remuneration to the committees forming part of the Board of Directors:

- EUR 9,000 per member of the Audit Committee and EUR 16,000 for its Chairman;
- EUR 4,000 per member of the Remuneration and Appointment Committee and EUR 7,000 for its Chairman.
- no additional remuneration was to be paid to the members of the Committee for Transactions with Related Parties.

The additional remuneration for directors performing special duties was determined by the Board of Directors.

The Board determined the following yearly remuneration:

- EUR 16,000 to the independent director forming part of the Supervisory Body;

- EUR 20,000 to the Lead Independent Director.

Directors are also entitled to the refund of all expenses incurred in the performance of their duties.

In line with best practices, an insurance policy, the so-called D&O (Directors and Officers) Liability is entered into, covering for third-party liability of corporate bodies acting in their capacity as directors or officers. This insurance policy is aimed at holding the Group harmless from the losses deriving from any damages connected and attributable to the events foreseen in the applicable National Collective Labour Agreement and as defined in the relevant provisions of the appointment contract, excluding any wilful misconduct or gross negligence.

Furthermore, in line with best practices, non-executive directors are not entitled to a variable remuneration adjustment, nor are they entitled to any stock-based remuneration plan.

### **6. Remuneration of Executive Directors (Chairman and Managing Director)**

The Remuneration and Appointment Committee submits proposals and/or opinions to the Board of Directors on the remuneration to be attributed to executive directors.

The remuneration of executive directors is comprised of the following elements:

- a fixed component of gross annual earnings;
- a variable component divided into two parts:
  - ✓ one payable annually (called MBO), to which directors are entitled upon the achievement of pre-defined company objectives;
  - ✓ a medium/long-term component with deferred payment (so-called LTI Plan).

The Company believes that remuneration should be connected to company performance. Nevertheless, the competitive aspect of remuneration should not be based on an excessive emphasis on short-term results alone, but rather on a balanced middle-ground between fixed and variable remuneration, avoiding unbalanced highs or lows that would hardly be justified in a business where the success of the Company is not always directly linked to short-term performance.

The fixed component is determined proportionally to the range of the tasks to which each executive is appointed and the responsibilities undertaken, and it must also reflect the experience and competence of each executive director, so as to justly compensate the position, efforts, and performance even in case the Company's objectives are not achieved due to causes beyond the control of the executive directors (i.e. adverse market conditions). Equally important is the consistency with which the Policy is applied through time, to ensure the necessary organisational stability.

In determining the remuneration and its single components, the Board of Directors takes into account the scope of the appointments conferred upon the executive directors and the



related seniority in holding the office. In particular, remuneration is determined based on the following criteria:

- a) the fixed component weighs upon the Yearly Total Direct Compensation Target in a generally adequate and sufficient measure, in order to avoid excessive fluctuations which could not be justified in light of the labour market structure indicated above and the specific nature of the technological business in which SAES Group operates;
- b) the (yearly) MBO target incentive, assigned to executive directors upon achieving company objectives, may represent a significant component of remuneration, but it may not exceed the total amount of the fixed gross annual earnings component/GAE;
- c) all payments are payable only after the approval by the Shareholders of the relevant financial statements.

The executive directors who hold positions on the board of directors of the subsidiaries do not receive any remuneration in addition to the remuneration described in this Policy. Please refer to section 7 below for a more detailed description of the MBO and LTI Plan.

For executive directors not under top-management labour agreements, the Board of Directors generally provides for the following, with the purpose of ensuring comparable work conditions as those provided by the Law and/or by the National Collective Labour Agreement to the Italian executive officers of the Group and the most correct market benchmarks:

- Directors' Termination Indemnity ("TFM") pursuant to Article 17, paragraph 1, letter c) of the Consolidated Text of the Laws on Income Tax ("T.U.I.R.") no. 917/1986, having similar characteristics to those typical of regular Termination Severance ("TFR") pursuant to Article 2120 of the Italian Civil Code, due, pursuant to the Law, to the Italian executive officers of the Group, inclusive of all contributions borne by the employer, normally payable to social security Institutes or Funds for manager-level employment contracts. The Directors' Termination Indemnity was regularly instituted by the Shareholders of SAES Getters S.p.A. on 27 April 2006, and by the subsequent meetings for their appointment (21 April 2009, 24 April 2012 and 28 April 2015). The Chairman and the Managing Director are entitled to such Termination Indemnity, as well as additional directors with operative/executive appointments, as indicated by the Board of Directors, after having examined the remuneration and social contribution status of each director.

The institution of Directors' Termination Indemnity is aimed at obtaining, upon retirement, a sufficient retirement fund – in line with Italian and international standards, which is conventionally fixed at 50% of the last salary received.

The resolutions relating to the Directors' Termination Indemnity were implemented by the stipulation/purchasing of a Directors' Termination Indemnity insurance policy, with a leading insurance company, in the name of the Company, in compliance with the requirements of Law, funded by an annual premium of an amount equal to the accrual for severance indemnity, in order to reach company objectives. Said provision is at

20% of the fixed and variable remuneration paid to directors, as resolved by the Board of Directors pursuant to Article 2389 of the Italian Civil Code.

- an insurance policy covering work and non-work related injuries, with premiums paid by the Company;
- indemnity for permanent invalidity or death caused by illness;
- health insurance;
- additional benefits typically awarded to top managers.

As of the date of validity of this Policy, the Company has no incentive plans based on financial instruments.

The Board of Directors, upon the request of the Remuneration and Appointment Committee, may award discretionary bonuses to executives for specific exceptional operations, in terms of strategic relevance and consequence that have an impact on the Group's results.

An analysis of the positioning, composition, and, more generally, of the competitiveness of the remuneration of executive directors is carried out by the Remuneration and Appointment Committee and by the Board of Directors, with the assistance, where needed, of external consultants with proven and specific expertise in the field, and ascertained independence.

### **7. MBO and LTI Plan**

The annual variable component of remuneration (“**MBO**”) requires an evaluation of the executive's performance on a yearly basis. The MBO objectives for executive directors are established by the Board of Directors, in line with the Policy, upon a proposal by the Remuneration and Appointment Committee, and are connected with the performance, on an annual basis, of the Company and the Group.

Accrual of the annual variable component is subject to the achievement of the “EBITDA” parameter.

In particular, the amount of MBO awarded to executive directors may never amount to more than 100% the fixed component of gross annual earnings/GAE. In order to contribute to the attainment of medium/long-term interests, in 2009 the Group adopted a medium/long-term incentive system connected with the achievement of the objectives contained in the three-year strategic plan, i.e. the LTI Plan.

If the objectives of said three-year strategic plan are achieved, the executive directors participating in such objectives accrues an LTI incentive determined as a percentage of the fixed component of gross annual earnings/GAE awarded at the time in which his/her participation in the LTI Plan was established. This medium/long-term variable component based on a target can in no case be in excess of 100% of the fixed component of gross annual earnings/GAE upon reaching the target. Should results not only reach but go beyond

the target, the incentive shall increase up to a maximum cap of 200% of the fixed component of gross annual earnings/GAE.

Payment of this incentive is deferred to the last year of the three-year period. Payment is subject to the Shareholders' approval of the financial statements for the relevant year.

With regard to the variable components of the remuneration of executive directors, please note that the Remuneration and Appointment Committee draws up and presents the MBO objectives to the Board of Directors, on an annual basis, and, during the following year, assesses the performance of each director in order to verify the attainment of the MBO objectives of the previous year.

The Remuneration and Appointment Committee is also in charge of proposing the target goal of the LTI Plan to the Board of Directors, upon presentation and approval of the three-year plan, and on its expiry shall carry out a verification of the performance of the executive order to define the achievement of the LTI Plan.

In the event that the entitlement threshold of the objectives is not reached, the director in question receives no incentive, or even a pro-rata share, of the LTI Plan.

The LTI Plan is also aimed at promoting retention: in case of termination of the appointment, for any reason, before the end of the three-year period, directors cannot claim any right over the LTI Plan, and consequently the three-year incentive, and even a pro-rata share thereof, will not be paid out.

### **8. Indemnity in case of resignation, dismissal, or termination**

With regard to executive directors, the Company does not pay out any extraordinary indemnity linked to end of term of office.

No indemnity is due in case of revocation of appointment for cause.

A specific indemnity may be awarded in case of revocation by the Meeting of Shareholders or revocation, by the Board of Directors, of the powers granted to a director, without cause, or termination of the employment agreement upon the initiative of the director for just cause, due, for example, to a substantial modification to the role or powers of such director, and/or in case of a hostile take-over or more generally dismissal for cause due to reasons other than those mentioned above by way of example.

In such cases, the allowance is equal to 2.5 years of the annual gross earnings, meaning the sum of the total remuneration (fixed remuneration to which the average of the variable perceived in the previous two years must be added).

Said amount is defined with the aim of guaranteeing uniform treatment among executive directors and Executives with Strategic Responsibilities, and is in line with the prevailing market practices of listed companies.

In case of revocation of the powers by the Board of Directors, motivated by a significantly substandard company performance (i.e. not under 40%) in relation to the results of

comparable companies – in terms of size and market of reference – or of a relevant harm to the company’s value, unrelated to market fluctuations, said indemnity may be reduced, or, in extreme circumstances, be completely revoked.

In case of non-renewal, remuneration equal to 2.0 years of the annual gross earnings is envisaged, meaning the sum of the total remuneration (gross annual earnings defined as the total of the fixed annual earnings increased by the average of the variable remuneration perceived in the previous two years).

In case of resignation, executive directors are not entitled to any indemnity. Executive directors may resign with a six-month notice.

In case of illness or injury, which may prevent a director performing special duties from carrying out his/her duties, said director shall be entitled to receive, for a period not exceeding twelve (12) consecutive months, an indemnity equal to one year’s basic salary. Once the said period has expired, the Company may choose to terminate the employment agreement with said director, with a three-month prior notice, paying an indemnity of EUR 1,500,000.00 gross.

### **9. Remuneration of Executives with Strategic Responsibilities (excluding regular members of the Board of Statutory Auditors)**

In order to motivate and retain executives with strategic responsibilities (i.e. first-level managers and members of the so-called Corporate Management Committee, a company committee outside of the corporate structure that includes first-level officers of the Company with reporting functions, where executive directors provide and share guidelines and objectives, thus excluding all regular members of the Board of Statutory Auditors), remuneration guidelines are as follows:

- a fixed component of gross annual earnings/GAE;
- a variable component paid annually (called PfS or “Partnership for Success”), which is awarded upon reaching pre-defined company/personal objectives with a on target bonus of 40% of the basic annual salary;
- a medium/long-term variable component (LTI Plan) connected to specific objectives, with deferred payment and a maximum cap of one year’s salary, calculated on the basic salary at the time of assignment of the incentive.

Basic salaries/GAE are verified, and, if necessary, adjusted on an annual basis by the Human Resources Department, and approved by the executive directors, taking a number of factors into consideration, including, by way of example, but not limited to: a) labour market fluctuations; b) work performance; c) level of responsibility/capacity; d) balance/equality of internal retribution levels; e) benchmark of similar positions in comparable companies; and f) experience, competence, potential and career opportunities.

Variable components are aimed at motivating executives with strategic responsibilities to reaching annual objectives (MBO/PfS), as well as long-term strategic objectives.

The LTI Plan for Executives with Strategic Responsibilities is aimed at promoting the loyalty and motivation of key resources, based on a retribution structure with several modified components, allowing the accrual of long-term capital. The LTI Plan is aimed at guaranteeing the Company greater organisational stability as a result of key-positions being held by the same people, and thus obtaining managerial continuity and alignment with strategic company objectives also in the medium-term.

Executives with Strategic Responsibilities, being hired under executive contracts, enjoy non-monetary benefits that include health insurance, injury policies (both work and non-work related), life insurance policies and social security benefits. During 2013, the Company established an ad hoc programme of non-monetary benefits called "Flexible Benefits" for executives with strategic responsibilities and other executives of the Company, the amount of which varies depending on the seniority of service of the executive (seniority calculated with exclusive reference to SAES). For 2017 the amounts shall be as follows: EUR 3000 for managers with seniority working in SAES for over 6 years, EUR 2000 for the other managers.

Finally, executives with strategic responsibilities enjoy indemnities in case of termination of the employment relationship without just cause by the Company, pursuant to the National Collective Labour Agreement (CCNL Dirigenti Industria), which provides for quantitative limits and application procedures.

Executives with Strategic Responsibilities who hold positions on the Boards of Directors of subsidiaries or other corporate bodies (e.g. the Supervisory Body) do not receive any remuneration in addition to the remuneration they receive as employees (the aforesaid paragraph is also applicable to all other executives of the Group that do not have strategic responsibilities).

### **10. Non-competition agreements and of change of controls**

The Company may enter into non-competition agreements with executive directors and Executives with Strategic Responsibilities, which may provide for the payment of a sum related to remuneration with regard to the duration and scope of the obligations deriving from said agreement.

Non-competition obligations shall refer to the market sector in which the Group operates, and may extend to all the Countries in which the Group operates.

For the Executives with Strategic Responsibilities, meaning the first line managers that are part of the Corporate Management Committee at the time of the event (i.e. change of control), a bonus equal to 2.5 years of gross annual earnings is paid out in the event of termination of employment due to a change of control.

A "change of control" is defined as any event that directly or indirectly alters the ownership structure, the control chain of the Company and the Company's parent that may be exercised

by the Company or by the executive as a better condition than the National Collective Labour Agreement for Industrial Managers (“CCNL Dirigenti Industria”) in force.

The aforesaid requirement fully replaces the provisions set forth in the National Collective Labour Agreement for the case in question (Article 13 CCNL Dirigenti Industria).

## **11. Remuneration of the Board of Statutory Auditors**

The remuneration to be awarded to the Board of Statutory Auditors is decided by the Shareholders upon the appointment of said board on the basis of professional fees (as long as they are applicable) and/or normal market practice.

Depending on their participation in other control bodies (for example, the Supervisory Body), and within the limits provided for by the applicable laws, Statutory Auditors may be entitled to additional remuneration.