



REMUNERATION
REPORT

as per Article 123-ter of Legislative Decree No. 58 of February 24, 1998

Approved by the Board of Directors on March 19, 2020

REMUNERATION REPORT

This Remuneration Report, (“**Remuneration Report**”) has been prepared as per article 123-ter of Legislative Decree No. 58 of February 24, 1998 (“**CFA**”) and Article 84-*quater* of the Consob Regulation adopted with resolution No. 11971 of May 14, 1999 (“**Issuers’ Regulation**”), and has been drafted as per Annex 3A, Schedule 7-*bis* and 7-*ter* of that regulation.

The Remuneration Report is organized into the following sections:

— Section I outlines the Company’s policy on remuneration of members of the Board of Directors, of General Managers and of Senior Executives for the year 2020 (“**Remuneration Policy**”), and the procedures used to adopt and implement that policy;

— Section II, details remuneration of individually-named Directors and Statutory Auditors, and:

- provides an adequate representation of each of the items which comprise remuneration, including post-employment benefits, highlighting compliance with the Company’s remuneration policy approved in the previous year;
- describes analytically the compensation paid by the Company, its subsidiaries or associated companies for any reason and in any form during the year, indicating any components of the aforementioned compensation that refer to work carried out in financial years prior to the year of reference. It also highlights the compensation to be paid in one or more subsequent years for work carried out in the year of reference, indicating where necessary an estimated value for components that cannot be objectively quantified in the year of reference.

In addition, Section II contains information on shares held by members of Administrative and Control Boards, by spouses who are not legally separated, and by minors, as established in Article 84-*quater*, paragraph 4, of the Issuers’ Regulation.

The Remuneration Policy, outlined in Section I of this Report, will be presented for the binding vote of the Ordinary Shareholders’ Meeting called, as per Article 2364, paragraph 2 of the Civil Code, for the approval of the financial statements for the year 2019. In accordance with Article 123-*ter*, paragraph 3 of the CFA, the Shareholders’ Meeting must pass a binding resolution (in favor or against) concerning Section I of the Remuneration Report. It should be noted that the CFA was updated following the entry into force of Legislative Decree 49/2019 in implementation of Directive 2017/828 of the European Parliament and Council on May 17, 2017, which amends Directive 2007-36-EC and introduces, *inter alia*, a Shareholders’ Meeting assessment of the Section II of the Remuneration Report. Specifically, Section II of the Remuneration Report is subject to the non-binding

vote of the Ordinary Shareholders' Meeting pursuant to paragraph 6 of the aforementioned Article 123-ter of the CFA.

Pursuant to Article 84-*quater* of the Issuers' Regulation, this Report will therefore be made available to the public in accordance with the methods and conditions set out by the law.

SECTION I

This section of the Remuneration Report describes and illustrates the essential aspects of the Remuneration Policy adopted by Piovan S.p.A. ("**Piovan**" or the "**Company**"). This policy sets out the principles and guidelines to which the Group led by the Company (as defined below) shall adhere when determining and monitoring the remuneration of Board Members, the General Manager and other Senior Executives of Piovan and, as required, equivalent key figures at other companies in the Group.

The Remuneration Policy, as included in this Remuneration Report, was adopted by the Board of Directors on March 19, 2020, on the proposal of the Nomination and Compensation Committee, also in consideration of the recommendations of the Self-Governance Code provided by the Corporate Governance Committee at Borsa Italiana S.p.A. (the "**Self-Governance Code**").

Any changes and modifications to the Remuneration Policy that may be made by the Company in the future will be appropriately highlighted and described in future years' remuneration reports.

On June 10, 2019 Legislative Decree 49/2019 was published. This transposed into Italian law EU Directive no. 828/2017 - known as the Shareholder Rights Directive ("**SHRD 2**") - which amends Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement. In order to complete the Directive Implementation Process, Consob is required to adopt amendments to its regulations on related party transactions and remuneration transparency and to implement new regulatory powers on the transparency of asset managers and voting advisors. It should therefore be noted that for advisory purposes Consob itself has published a draft of the implementation provisions. Pending publication of the results of the consultation, it should also be noted that, for the purposes of assessing resolutions concerning the remuneration of Directors and Senior Executives with respect to the approved Remuneration Policy, Consob has proposed the replacement of the parameter "consistency" with the parameter "compliance". Specifically, the wording of the regulation suggested by Consob aims to ensure consistency with the Directive by clarifying that in order to be exempt, payments must be "compliant" with the applicable remuneration policy (rather than "consistent"), and that, for the purposes of this compliance, remuneration paid must be quantifiable according to non-discretionary criteria. It should also be

noted that a further proposal for alignment with the Directive concerns the application of exceptions to remuneration policy in "exceptional circumstances". In light of these ongoing consultations, and while awaiting definitive documents from Consob, in 2020 the Company will reserve the right to identify the criteria used to define exceptional circumstances, the procedural conditions under which exemptions may be applied, and to specify which parts of the policy may be exempted.

As per Consob Regulation No. 17221 of March 12, 2010 concerning related party transactions, as subsequently amended and supplemented (the "**Related Parties Regulation**"), as incorporated into the internal procedure adopted by the Company on November 12, 2018 in compliance with the same Related Parties Regulation, the approval of the Remuneration Policy at the Shareholders' Meeting exempts the Company from application of said procedure on related party transactions in resolutions on the remuneration of Directors and of Senior Executives, provided that these are consistent with the Remuneration Policy. As per Article 13, paragraph 1 of the Related Parties Regulation, said procedure does not apply to Shareholders' Meeting resolutions pursuant to Article 2389, paragraph 1 of the Civil Code concerning the remuneration of the Board of Directors, or to resolutions concerning the remuneration of Senior Directors within the overall amounts previously determined by the Shareholders' Meeting in accordance with Article 2389, paragraph 3, second sentence of the Civil Code.

A) Boards or parties involved in the preparation and approval of the Remuneration Policy and respective roles, and the Boards or Parties responsible for the correct implementation of the policy

The main parties and Piovan bodies involved in the preparation and approval of the Remuneration Policy are the Shareholders' Meeting, the Board of Directors, the Committee for nominations and remuneration (the "**Nomination and Compensation Committee**") and the Board of Statutory Auditors.

Board of Directors

The Board of Directors:

- (i) establishes internally an Nomination and Compensation Committee;
- (ii) establishes, after examining the proposals of the Nomination and Compensation Committee and having consulted with the Board of Statutory Auditors, the remuneration of the Chief Executive Officers and Senior Directors, as well as dividing the total fees to which the Directors are entitled among the individual members of the Board, if this has not already been decided by the Board of Directors;
- (iii) defines, on the proposal of the Nomination and Compensation Committee, the Remuneration Policy;

- (iv) approves the Remuneration Report in accordance with Article 123-ter of the CFA, Article 84-quater of the Issuers' Regulation, and Article 6 of the Self-Governance Code;
- (v) prepares any remuneration plans based on shares or other financial instruments for Directors, employees (including the General Manager and Senior Executives) and consultants, submitting these for the approval of the Shareholders' Meeting in accordance with Article 114-bis of the CFA, and oversees their implementation.

Nomination and Compensation Committee

The Nomination and Compensation Committee, established within the Board of Directors as per the Self-Governance Code, is made up of 3 Non-Executive members, the majority of whom are independent.

The Nomination and Compensation Committee, which supports the Board of Directors in its remuneration duties, also has the following investigative, proposal and consultation duties:

- (i) present to the Board of Directors proposals for the drawing up of a remuneration policy for Directors and Senior Executives,
- (ii) periodically assess the suitability, overall consistency and real application of the remuneration policy for Directors and Senior Executives. In the latter regard, it makes use of information provided by the Chief Executive Officers; formulate proposals to the Board of Directors in this area;
- (iii) present proposals or express opinions to the Board of Directors on the remuneration of Executive Directors and other Senior Directors and establish the performance objectives related to the variable component of this remuneration, monitoring the application of the decisions adopted by the Board and the achievement of the performance objectives;
- (iv) express an assessment of the particular and specific financial issues of which the Board of Directors has requested a review.

The Remuneration Policy was therefore approved by the Board of Directors on the proposal of the Nomination and Compensation Committee.

Shareholders' Meeting

As regards remuneration, the Shareholders' Meeting:

- (i) determines payment of members of the Board of Directors and Board of Statutory Auditors in accordance with the law and company By-Laws;
- (ii) expresses its binding vote on Section I of the Remuneration Report approved by the Board of Directors, in accordance with Article 123-ter, paragraph 3-ter of the CFA;
- (iii) expresses its consultative vote on Section II of the Remuneration Report approved by the Board of Directors, in accordance with Article 123-ter,

paragraph 6 of the CFA;

- (iv) deliberates on any remuneration plans based on shares or other Company financial instruments for Directors, employees (including the General Manager and Senior Executives) and consultants, in accordance with Article 114-*bis* of the CFA.

Board of Statutory Auditors

The Board of Statutory Auditors expresses its opinion on proposals for the remuneration of Senior Directors in accordance with Article 2389, paragraph 3, of the Civil Code and Article 23, paragraph 2 of the company By-Laws.

B) Role of the Nomination and Compensation Committee, its composition, duties and operation

The Nomination and Compensation Committee was established, implementing the recommendations of the Self-Governance Code, by the Board of Directors resolution adopted on July 6, 2018.

In accordance with the regulation of the Nomination and Compensation Committee ("**Committee Regulation**"), the members of the Nomination and Compensation Committee and its chairperson are appointed and dismissed by the Board of Directors.

The Nomination and Compensation Committee comprises 3 Independent, Non-Executive Directors: Lucia Giancaspro (Chairperson), Marco Maria Fumagalli and Chiara Mio.

The Nomination and Compensation Committee has advisory and propositional functions as regards the Remuneration Policy, as specified in letter A) above.

The majority of the members possesses appropriate financial and remuneration policy knowledge and experience.

Also pursuant to the Committee Regulation, except where otherwise decided by the Board of Directors upon appointment, the mandate for the Nomination and Compensation Committee is the same as that of the Board of Directors, on which its members also sit.

The Chairperson of the Nomination and Compensation Committee reports:

- (i) to the Board of Directors on its activities at least every half-year; and
- (ii) to the Shareholders' Meeting, at least annually, on the approval of the statutory financial statements according to its operating methods.

The Nomination and Compensation Committee meets:

- (i) on convocation by its Chairperson, whenever the Chairperson deems it appropriate, and in any case at least once every six months; or
- (ii) when the Executive Directors, the Chairperson of the Board of Statutory Auditors or the Chairperson of the Board of Directors deem it necessary.

Nomination and Compensation Committee meetings shall be validly constituted

when the majority of its members in office are present.

Motions of the Nomination and Compensation Committee are passed by absolute majority.

C) Details of independent experts involved in the preparation of the Remuneration Policy

In preparing the Remuneration Policy the Company did not use independent experts.

D) Purposes of the Remuneration Policy, its underlying principles and any changes to the previous year's Remuneration Policy

The Company's Remuneration Policy aims to attract, motivate and retain human resources possessing the professional qualities required to achieve the Company's objectives and, at the same time, the priority objective of aligning management interests with those of shareholders, and creating sustainable value in the medium to long term through the creation of a relationship between remuneration on the one hand, and individual and Company performance on the other.

Consistent with the recommendations set out in the Self-Governance Code, the Remuneration Policy for Directors and Senior Executives is based on the following criteria:

- the fixed component and the variable component of remuneration are appropriately balanced in view of Piován's strategic objectives and risk management policy, also taking into account the segment in which it operates and the type of work it performs;
- the fixed component should sufficiently remunerate the professional services of the Directors and Senior Executives where the variable component is not paid because the performance objectives indicated by the Board of Directors are not met;
- the performance objectives - i.e. the financial results and any other objectives giving rise to the variable components (including share-based remuneration plans) - are pre-established, measurable and focused on the creation of value for shareholders over the medium to long term.
- the variable component of remuneration comprises a portion related to short-term criteria and a portion related to long-term criteria. The latter is deferred for an appropriate period of time as it is linked to the achievement of long-term objectives. The deferment duration is in line with the characteristics of company activity and related risk profiles.

Remuneration is consistent with the complexity of the role and the responsibilities it entails, results achieved and the quality of individual professional contribution.

The financial compatibility of the Remuneration Policy is ensured through compliance with annually-defined budget policies and the identification of thresholds of access to variable remuneration systems based on expected

profitability.

In line with the Remuneration Policy, on March 19, 2019, the Company's Board of Directors resolved to submit new incentive plans to the Shareholders' Meeting scheduled for April 29, 2020. Specifically, three plans are proposed:

- (i) "2020-2022 Performance Shares Plan" (the "**New Performance Shares Plan**"), which governs allocation of rights to receive shares in the event that pre-established performance objectives are achieved;
- (ii) "2020-2022 Long-Term Monetary Incentive Plan" (the "**New Monetary Incentive Plan**"), which governs disbursement of a monetary incentive to achieve the pre-established performance objectives;
- (iii) "2020-2022 Phantom Stock Option Plan" (the "**Phantom Stock Option Plan**"), which governs assignment of stock options and, where applicable, the disbursement of a monetary incentive (the New Performance Shares Plan, the New Monetary Incentive Plan and the Phantom Stock Option Plan are collectively referred to as the "**Plans**").

These Plans aim to incentivize and develop loyalty among those persons holding key roles within the Company and its subsidiaries pursuant to Article 2359 of the Civil Code (the "**Group**"). They align the interests of these persons' remuneration objectives with those of increasing the value and return on investment for shareholders.

These plans are in line with market best practice, and aim to:

- (i) align the interests of the beneficiaries with those of shareholders and investors and with the Group's strategic plan in its entirety;
- (ii) link the remuneration of its beneficiaries, as individuals playing a key role in the achievement of the Group's objectives, to the effective performance of the Company, the creation of new value for the Group and the achievement of specific medium- to long-term objectives;
- (iii) orientate key company resources towards achieving long-term objectives, supporting the pursuit of the priority objective of creating value over the medium to long term;
- (iv) develop retention policies aimed at developing loyalty among key corporate human resources and encouraging them to remain with the Company or within the Group;
- (v) develop policies aimed at attracting talented managerial and professional figures in world markets, in order to continuously develop and strengthen the Company's key and distinctive skills;
- (vi) guarantee flexibility in their management, ensuring that they can be adapted to the Group's future needs.

The Group also has annual monetary incentive plans ("**MBOs**") in place for the Chief Executive Officer and Senior Executives.

Specifically, variable compensation will be paid to the beneficiary Executive if

certain conditions are met. These include, for example, being employed by the Company at the end of the incentive plan period (and not being in a notice period following resignation or dismissal).

When approving the Plans regulations, the Board of Directors also resolved to submit to the Shareholders' Meeting scheduled for April 29, 2020 the revocation of the stock grant plan for ordinary Company shares, called the "2019-2021 Performance Shares Plan" (the "**Performance Shares Plan**"), and the plan to issue monetary incentives called the "2019-2021 Long-term Monetary Incentive Plan" (the "**Monetary Incentive Plan**"). Following a detailed analysis of the two plans and of changes in the market, the Company believes that these plans no longer constitute an adequate incentive plan for its beneficiaries, and has expressed its intention to amend the current incentive system.

Finally, the Group also has a three-year long-term monetary incentive plan ("**LTI**") in place for the Chief Commercial Officer. In 2019, however, a long-term, three-year monetary incentive plan for the Chief Technology and Innovation Officer expired, and as such its account was settled.

Specifically, variable compensation will be paid to the beneficiary Executive if certain conditions are met. These include, for example:

- (i) being employed by the Company at the end of the incentive plan period (and not being in a notice period following resignation or dismissal);
- (ii) not having been absent from work for any reason for a total period exceeding 9 months during the period in question.

E) Description of the fixed and variable remuneration component policies, particularly in relation to the weighting in terms of overall remuneration and the distinction between the short and medium- to long-term variable components.

Remuneration of Directors

Remuneration of Directors is established in accordance with the general principles referred to in point D) above and comprises:

- (i) a fixed annual component determined such that it is consistent with the position and its responsibilities, and which sufficiently remunerates the professional services of the Executive Directors and Senior Executives where the variable component is not paid because the performance objectives as below are not met;

Furthermore, the Chief Executive Officer, as part of his or her employment relationship, is also entitled to remuneration in accordance with the principles set out below:

- (ii) by a short-term variable component based on the achievement of annual objectives that from 2020, shall be submitted to the Board of Directors on

the proposal of the Nomination and Compensation Committee. The objectives and the amount of the variable component are decided annually by the Board of Directors according to the proposal made by the Nomination and Compensation Committee, and are based on actual achievement of the set objectives;

- (iii) by a medium- to long-term variable component based on the achievement of objectives over a multi-year period. These objectives are consistent with the goal of creating value for shareholders in the medium to long term with a proper risk management policy. The objectives and the amount of the variable component are decided by the Board of Directors according to the proposal made by the Nomination and Compensation Committee, and are based on actual achievement of the set objectives.

The amount of the variable component to be paid to each party concerned is determined on the basis of the actual achievement of results, as verified by the Board of Directors with the support of the Nomination and Compensation Committee.

Directors may also be beneficiaries of incentive and loyalty plans based on shares or other financial instruments of the Company, which may include retention and vesting periods aimed at fostering the incentive and loyalty objectives that underlie such plans.

Furthermore, expenses incurred by Directors in the performance of their duties are reimbursed by the Company.

Senior Executive remuneration

Senior Executives are defined as those with the authority and responsibility, directly or indirectly, for planning, directing and controlling the Company's activities. They include the General Manager, as per Article 65, paragraph 1-*quater* of the Issuers' Regulation, which refers to Annex 1 of the Related Parties Regulation.

Remuneration of Senior Executives is established in accordance with the general principles referred to in point D) above and comprises:

- (i) a fixed annual component determined such that it is consistent with the position and the responsibilities it entails, and which sufficiently remunerates the professional services of the Executive Directors and Senior Executives where the variable component is not paid because the performance objectives as below are not met;
- (ii) a short-term variable component and/or a medium- to long-term variable component, which are completed by achieving pre-established corporate objectives linked to expected results.
- (iii) Senior Executives may also be beneficiaries of incentive and loyalty plans based on shares or other financial instruments of the Company, which may

include retention and vesting periods aimed at fostering the incentive and loyalty objectives that underlie such plans.

As regards the Incentive Plans, the relative regulations were prepared in compliance with applicable regulations for STAR issuers and, on the basis of the guidelines concerning incentive systems, approved by the Company's Board of Directors on September 14, 2018. Specifically, these established incentive systems based on equity and/or monetary instruments with a three-year vesting period and with operating conditions linked to the achievement of certain objectives based on the Group's performance.

The Plans, which in the opinion of the Company represent a valid tool for incentivizing and building loyalty, are reserved for certain individuals identified by the Board of Directors after consultation with the Nomination and Compensation Committee. Specifically, the New Performance Shares Plan is reserved for beneficiaries among the Executive Directors (except the Executive Chairperson), Senior Executives, and employees or consultants of the Company or of the Group; the Phantom Stock Option Plan is reserved for beneficiaries among the Executive Directors, Senior Executives, and employees or consultants of the Company or of the Group. The New Performance Shares Plan and the Phantom Stock Option Plan are therefore considered "of particular relevance" as per Article 84-*bis*, paragraph 2, of the Issuers' Regulation. The New Monetary Incentive Plan, on the other hand, is reserved for Executives and employees or consultants of the Company or of the Group. It is expected that an individual will be the recipient of only one of the New Performance Share and Monetary Incentive Plans (and not both), while they may also be recipients of the Phantom Stock Option Plan. It should be noted that the New Monetary Incentive Plan is not considered "of particular relevance" as per Article 84-*bis*, paragraph 2, of the Issuers' Regulation, as it does not apply to the subjects identified in Article 114-*bis* of the CFA.

For a description of the New Performance Shares Plan, the New Monetary Incentive Plan and the Phantom Stock Option Plan, see the relevant Disclosure Documents made available to the public by the Company pursuant to Article 114-*bis* of the TUF.

F) The policy in relation to non-monetary benefits

The Remuneration Policy establishes the assignment of non-monetary benefits in line with procedure and with the position and role held. These benefits generally include the use of a mobile phone, a company car and health, life and professional insurance coverage in line with those provided for the role performed and responsibilities held.

G) Variable components: description of the performance objectives upon which they are based, distinguishing between short and medium- to long-term components, and information on the link between changes in results and changes in remuneration.

See letter E).

H) Criteria used for the evaluation of the performance objectives on which the assignment of shares, options, other financial instruments or other variable remuneration components is based

As in previous plans, the New Performance Shares Plan and the New Monetary Incentive Plan are long-term plans. They are divided into three cycles (“**Vesting Periods**”), each lasting three years. The Vesting Periods represent the periods at the end of which the shares or monetary incentives will be assigned, subject to Board of Director verification of the achievement of the performance objectives for each of these Vesting Periods, in 2020, 2021 and 2022 respectively (the “**Performance Periods**”).

In accordance with the regulations of the two Plans, each beneficiary will be assigned shares or monetary incentives free of charge, provided that: (i) the relevant performance objectives, set out by the Board of Directors after consultation with the Nomination and Compensation Committee, have been achieved; and (ii) the performance indicators measured in the Performance Period 2022 are at least equal to the performance objectives set out in the Performance Period 2020.

Assignment of 60% of the shares/cash incentives depends on the consolidated EBITDA results, while 40% of the shares/cash incentives is linked to the performance results of consolidated revenues (sales).

It should be noted that as per regulations, the duration of the Plans will be from the date of their approval by the Ordinary Shareholders' Meeting until December 31, 2022, with the last Vesting Period ending in 2024.

The Phantom Stock Option Plan is a long-term plan divided into three cycles (also known as “Vesting Periods”), each lasting three years. The Vesting Periods are the periods at the end of which it is possible to request payment of the incentive. The duration of the Phantom Stock Option Plan, therefore, will be from the date of the plan's approval by the Ordinary Shareholders' Meeting until the date the incentive is paid. This will be in 2025, while the last Vesting Period will end on December 31, 2024. It should be noted that the Phantom Stock Option Plan is not based on the achievement of certain performance objectives.

I) Information establishing the link between the Remuneration Policy and the pursuit of long-term Company and Group objectives, and with the risk management policy, where established.

See letters D) and E).

J) Vesting periods, any systems of deferred payment and indexing of deferred payments and the criteria utilized for the determination of these periods and, if established, *ex-post* correction mechanisms

As regards Vesting Periods, see letter H).

In accordance with the Plans, the Company retains to the right to: (i) request full or

partial repayment of the variable components of the remuneration paid; or (ii) to fully or partially withhold variable components of the remuneration not yet paid, on the basis of figures which are subsequently found to be incorrect (the clawback clause).

K) Clauses for the maintenance in portfolio of financial instruments after their acquisition: maintenance periods and criteria utilized for the establishment of this period

The New Performance Shares Plan stipulates that, from the end of each Vesting Period, the shares to be assigned in the Period in question will be subject to an unavailability restriction (“**Lock-Up**”), in accordance with the following terms and conditions: for Executive Directors the Lock-Up period lasts two years and applies to 40% of the shares to be assigned for each Vesting Period. For the remaining beneficiaries, the Lock-Up period lasts one year and applies to 20% of the shares to be assigned for each Vesting Period.

L) Policy relating to benefits on termination of office, with specification of the circumstances giving rise to such rights and any link between this benefit and Company performance.

The Company’s Remuneration Policy does not stipulate that Directors and Senior Executives sign specific agreements (other than those required by applicable collective contracts) governing *ex-ante* financial aspects in the case of termination of office, or with regards to any early resolution of contract initiated by the Company or by the interested party.

In order to benefit from the New Performance Shares Plan and/or the Phantom Stock Option Plan, beneficiaries must hold and maintain a managerial, employment, freelance or consulting relationship with the Company or with the Group. In the cases provided for in the New Performance Shares Plan and the Phantom Stock Option Plan, termination of this relationship affects the right to receive exercisable shares/options, resulting in their revocation and/or termination, according to the methods, terms and conditions set out in the respective regulations.

In order to benefit from the New Monetary Incentive Plan, beneficiaries must hold and maintain an employment or consulting relationship with the Company or with the Group. In the cases provided for in the New Monetary Incentive Plan (as well as relevant regulation), termination of this relationship affects the right to receive the incentive, resulting in its revocation and/or termination, according to the methods, terms and conditions set out in the regulation of the New Monetary Incentive Plan.

M) Insurance coverage, social security or pension payments, beyond obligatory cover

As indicated in paragraph F) above, non-monetary benefits may include life, accident and supplementary health insurance policies beyond obligatory cover.

N) Remuneration policy in relation to: (i) Independent Directors, (ii) Committee attendance and (iii) the discharge of specific positions (Chairperson, Vice Chairperson, etc.);

When appointing the Board of Directors on September 14, 2018, the Ordinary Shareholders' Meeting of the Company resolved to set the total remuneration assigned to the Board at Euro 1,350,000.00, and stipulated that this be distributed internally by the Board of Directors. On the same date, and having consulted the Board of Statutory Auditors, the Board of Directors resolved on the distribution of the emolument determined by the Ordinary Shareholders' Meeting of the Company, setting out the following remuneration:

- (i) Euro 20,000.00 for each Director (including Independent Directors);
- (ii) Euro 5,000.00 for each member of the Executive committees (Nomination and Compensation Committee, Control, Risk and Sustainability Committee), with the exception of the members of the Related Parties Committee, who will receive no additional remuneration;
- (iii) Euro 1,200,000.00 for the Executive Chairperson.

O) Remuneration policies of other companies used as a benchmark in establishing the Remuneration Policy, and the criteria used in the choice of these companies

In establishing the Remuneration Policy, the Company did not refer to the remuneration policies of any other companies.

SECTION II

Section II - Part 1 - Items comprising remuneration

Remuneration of the Board of Directors

When appointing the Board of Directors on September 14, 2018, the Ordinary Shareholders' Meeting of the Company resolved to set the total remuneration assigned to the Board at Euro 1,350,000.00, and stipulated that this be distributed internally by the Board of Directors.

On the same date, and having consulted the Board of Statutory Auditors, the Board of Directors resolved on the distribution of the emolument as follows:

- (i) Euro 1,200,000.00 for the Executive Chairperson;
- (ii) Euro 20,000.00 for each Director;
- (iii) Euro 5,000.00 for each member of the Executive Committees (Nomination and Compensation Committee, Control, Risk and Sustainability Committee), with the exception of the members of the Related Parties Committee, who will receive no additional remuneration.

These amounts are unchanged, and no agreements have been signed between the Company and the Directors stipulating indemnities in the case of resignation or revocation of office without just cause or the termination of employment following a takeover or change of control.

It should be noted that, in accordance with the principles of the Remuneration Policy, the Ordinary Shareholders' Meeting of April 17, 2019 approved the adoption of the regulations relating to:

- (i) a stock grant plan for ordinary Company shares, called the "2019-2021 Performance Shares Plan"; and
- (ii) a plan for the disbursement of monetary incentives, called the "2019-2021 Long-term Monetary Incentive Plan".

On March 19, 2020, as well as submitting for approval to the Shareholders' Meeting scheduled for April 29, 2020 regulations on:

- i. a "2020-2022 Performance Shares Plan", which governs allocation of rights to receive shares in the event that pre-established performance objectives are achieved;
- ii. a "2020-2022 Long-Term Monetary Incentive Plan", which governs disbursement of a monetary incentive to achieve the pre-established performance objectives;
- iii. "2020-2022 Phantom Stock Option Plan", which governs assignment of stock options and, if necessary, the disbursement of a monetary incentive;

the Board of Directors also resolved to submit to the Shareholders' meeting the revocation of the stock grant plan for ordinary Company shares, called the "2019-2021 Performance Shares Plan", and the plan to issue monetary incentives called

the “2019-2021 Long-term Monetary Incentive Plan” approved on April 17, 2019. Following a detailed analysis of the two plans and of changes in the market, the Company believes that these plans no longer constitute an adequate incentive plan for its beneficiaries, and has expressed its intention to amend the current incentive system.

It should be noted that, with reference to the 2019 performance period, the minimum performance objectives indicated in the 2019-2021 Performance Shares Plan and the 2019-2021 Long-term Monetary Incentive Plan, equivalent to 80% of the individual performance objective, calculated based on the two indices Sales (relative weight 40%) and Group consolidated EBITDA (relative weight 60%), were not achieved. Failure to achieve the minimum performance objective precludes the allocation of shares and monetary incentives linked to the achievement of that performance objective.

Except where specified in the section "Remuneration of Senior Executives" below, the Company is not party to non-compete agreements with members of the Board of Directors or the Group's Senior Executives.

Board of Statutory Auditors Remuneration

On September 14, 2018, the Ordinary Shareholders' Meeting of the Company set the gross annual remuneration of the Board of Statutory Auditors appointed on the same date at a total of Euro 39,100.00 per year, of which Euro 16,700.00 for the Chairperson and Euro 11,200.00 for each Statutory Auditor. This compensation is unchanged and was deemed by the Company to be consistent with the Remuneration Policy described in Section I of this Report.

Senior Executive remuneration

The compensation paid for any reason and in any form whatsoever by the Group to the Company's Senior Executives for the year ending December 31, 2019 amounted to a total of Euro 826,119, including extraordinary bonuses of Euro 85,015.

Non-monetary benefits paid to main Executives consist of the use of a company car (in line with corporate policy criteria and the employment contract).

Some Senior Executives, depending on their responsibilities as key Group management personnel, benefit from an MBO plan and/or an LTI plan (for more information on these plans see point D) of Section I above).

Three Senior Executives signed non-compete agreements in accordance with Article 2125 of the Civil Code. These were Mr. Luca Sabadin (who served as Chief Financial Officer until September 30, 2019)¹, Chief Technology and Innovation Officer Mr. Davide Cappellini, and Chief Commercial Officer Mr. Peter Dal Bo. Specifically, in consideration of these non-compete commitments, a monthly payment of Euro 1,500.00, Euro 1,000.00 and Euro 1,700.00, respectively, is established for the entire duration of employment (except during the non-compete period).

¹ It should be noted that Mr. Luca Sabadin resigned from the Company on September 30, 2019.

Section II - Part 2 - Breakdown of remuneration paid during the year

Part 2 provides a detailed breakdown of the compensation paid by the Company, its subsidiaries and associated companies, for any reason and in any form, during the year. It uses the tables prepared below and reported in the appendix to part 2 of Section II.

This Report also includes Tables no. 1 and 2 as per Annex 3A, Schedule 7-*ter* of the Issuers' Regulation, which detail the investments held in the Company and its subsidiaries by the Directors, Statutory Auditors and Senior Executives, in accordance with Article 84-*quater*, paragraph 4, of the Issuers' Regulation.

TABLE 1 - as per Annex 3A, Schedule 7-bis of the Issuers' Regulation - Remuneration of members of the Board of Directors and Senior Executives in 2019.

VALUES IN €1000												
Name	Office	Period of office	Conclusion of office	Fixed Remuneration	Remuneration for committee attendance	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Post-employment benefits
						Bonuses for other incentives	Profit sharing					
Nicola Piovan	Sole Director	01/01/2018-28/06/2018	until approval of the financial statements as at 31.12.2020	1,200	-	-	-	6	-	1,206	-	-
	Executive Chairperson	29/06/2018-31/12/2019									-	-
(I) Emoluments for office in company				1,200	-	-	-	6	-	1,206	-	-
(II) Remuneration from subsidiary and associates				-	-	-	-	-	-	-	-	-
(II I) Total				1,200	-	-	-	6	-	1,206	-	-
Name	Office	Period of office	Conclusion of office	Fixed Remuneration	Remuneration for committee attendance	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Post-employment benefits
						Bonuses for other incentives	Profit sharing					
Filippo Zuppichin	Group Managing Director	01/01/2018-28/06/2018	until approval of the financial statements as at 31.12.2020	337(*)	-	120	-	59	8	524	-	-
	Chief Executive Officer	29/06/2018-31/12/2019									-	-
(I) Emoluments for office in company				337	-	120	-	59	8	524	-	-
(II) Remuneration from subsidiary and associates				5	-	-	-	-	-	5	-	-
(II I) Total				342	-	120	-	59	8	529	-	-

Name	Office	Period of office	Conclusion of office	Fixed Remuneration	Remuneration for committee attendance (**)	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Post-employment benefits
						Bonuses for other incentives	Profit sharing					
Marco Maria Fumagalli	Independent Director	19/10/2018 - 31/12/2019	until approval of the financial statements as at 31.12.2020	20	10	-	-	-	-	30	-	-
(I) Emoluments for office in company				20	10	-	-	-	-	30	-	-
(II) Remuneration from subsidiary and associates				-	-	-	-	-	-	-	-	-
(II I) Total				20	10	-	-	-	-	30	-	-
Name	Office	Period of office	Conclusion of office	Fixed Remuneration	Remuneration for committee attendance (**)	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Post-employment benefits
						Bonuses for other incentives	Profit sharing					
Lucia Giancaspro	Independent Director	29/06/2018 - 31/12/2019	until approval of the financial statements as at 31.12.2020	20	15	-	-	-	-	35	-	-
(I) Emoluments for office in company				20	15	-	-	-	-	35	-	-
(II) Remuneration from subsidiary and associates				-	10	-	-	-	-	10	-	-
(II I) Total				20	25	-	-	-	-	45	-	-

Name	Office	Period of office	Conclusion of office	Fixed Remuneration	Remuneration for committee attendance (**)	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Post-employment benefits
						Bonuses for other incentives	Profit sharing					
Marco Milani	Independent Director	29/06/2018 - 31/12/2019	until approval of the financial statements as at 31.12.2020	20	5	-	-	-	-	25	-	-
(I) Emoluments for office in company				20	5	-	-	-	-	25	-	-
(II) Remuneration from subsidiary and associates				-	-	-	-	-	-	-	-	-
(II I) Total				20	5	-	-	-	-	25	-	-
Name	Office	Period of office	Conclusion of office	Fixed Remuneration	Remuneration for committee attendance (**)	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Post-employment benefits
						Bonuses for other incentives	Profit sharing					
Chiara Mio	Independent Director	19/10/2018 - 31/12/2019	until approval of the financial statements as at 31.12.2020	20	10	-	-	-	-	30	-	-
(I) Emoluments for office in company				20	10	-	-	-	-	30	-	-
(II) Remuneration from subsidiary and associates				-	-	-	-	-	-	-	-	-
(II I) Total				20	10	-	-	-	-	30	-	-

Name	Office	Period of office	Conclusion of office	Fixed Remuneration	Remuneration for committee attendance (**)	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Post-employment benefits
						Bonuses for other incentives	Profit sharing					
Marco Stevanato	Director	19/10/2018 - 31/12/2019	until approval of the financial statements as at 31.12.2020	20	-	-	-	-	-	20	-	-
(I) Emoluments for office in company				20	-	-	-	-	-	20	-	-
(II) Remuneration from subsidiary and associates				-	-	-	-	-	-	-	-	-
(II I) Total				20	-	-	-	-	-	20	-	-

(*) the fixed compensation paid to Mr. Zuppichin includes Euro 317 thousand as salary paid as an employee of the Company

(**) remuneration for committee attendance is allocated as follows:

- Marco Maria Fumagalli: total compensation of Euro 10 thousand paid as a member of the Nomination and Compensation Committee (5) and the Control, Risk and Sustainability Committee (5)
- Lucia Giancaspro: total compensation of Euro 15 thousand paid as a member of the Nomination and Compensation Committee (5) and the Piovan S.p.A Supervisory Body. (10), the item "Compensation from subsidiaries and associates" includes compensation paid as a member of the Supervisory Body of the subsidiaries Penta S.r.l. (3) and Aquatech S.r.l. (7)
- Marco Milani: total compensation of Euro 5 thousand paid as a member of the Control, Risk and Sustainability Committee
- Chiara Mio: total compensation of Euro 10 thousand paid as a member of the Nomination and Compensation Committee (5) and the Control, Risk and Sustainability Committee (5)

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name	Office	Period of office	Conclusion of office	Fixed Remuneration	Remuneration for committee attendance	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Post-employment benefits
						Bonuses and other incentives	Profit sharing					
Senior Executives (4 people)												
(I) Remuneration from Company preparing the accounts				612		85		98	31	826		
(II) Remuneration from subsidiary and associates												
(III) Total				612		85		98	31	826		

Name	Office	Period of office	Conclusion of office	Fixed Remuneration	Remuneration for committee attendance (**)	Non-equity variable remuneration	Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Post-employment benefits
Carmen Pezzuto	Chairperson Board of Statutory Auditors	25/09/2018 – 31/12/2019	Approval Accounts 31/12/2020	16.7					16.7		
Luca Bassan	Statutory Auditor	14/09/2018 – 31/12/2019	Approval Accounts 31/12/2020	11.2					11.2		
Patrizia Santonocito	Statutory Auditor	14/09/2018 – 31/12/2019	Approval Accounts 31/12/2020	11.2	12				23.2		
Cristina Targa	Alternate Auditor	14/09/2018 – 31/12/2019	Approval Accounts 31/12/2020								
Kristian Sartor	Alternate Auditor	14/09/2018 – 31/12/2019	Approval Accounts 31/12/2020								

(**) the item "Remuneration for committee attendance" for Statutory Auditor Patrizia Santonocito includes compensation paid as a member of the Supervisory Body of Piovan S.p.A. (6) and the subsidiaries Penta S.r.l (3) and Aquatech S.r.l. (3)

TABLE 2 - as per Annex 3A, schedule 7-bis of the Issuers' Regulation - Stock options granted to the members of the Board of Directors, General Managers and Senior Executives as at 31.12.2019 *

* - As at 31.12.2019, no stock options were assigned to the members of the Board of Directors, General Managers or other Senior Executives.

TABLE 3B: Monetary incentive plans in favor of members of the Board of Directors, General Managers and other Senior Executives.

A Name	B Office	(1) Plan	(2) Bonus for the year			(3) Prior year bonuses			(4) Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Issuable/Issued	Deferred	Period of deferment	No longer issuable	Issuable/Issued	Still deferred	
Filippo Zuppichin	Chief Executive Officer	MBO 2018							
(I) Remuneration from Company preparing the accounts			181		From 1/1/2018 to 31/12/2018				
(II) Remuneration from subsidiaries and associates									
(III) Total			181						
Senior Executives (4)		MBO 2018							
(I) Remuneration from Company preparing the accounts			221		From 1/1/2018 to 31/12/2018		95		
(II) Remuneration from subsidiaries and associates									
(III) Total			221				95		

TABLE No. 1 - as per Annex 3A, Schedule 7-ter of the Issuers' Regulation - Shareholdings of the Management and Control Boards

Name	Office	Investee	Number of shares held at the end of the previous year (*)	Number of shares purchased	Number of shares sold	Number of shares held at the end of the present year
<i>Filippo Zuppichin</i>	<i>Chief Executive Officer</i>	<i>Piovan S.p.A.</i>	<i>354,300</i>			<i>354,300</i>
<i>Nicola Piovan (held indirectly through Pentafin S.p.A.)</i>	<i>Executive Chairperson</i>	<i>Piovan S.p.A.</i>	<i>30,023,379</i>	<i>60,000</i>		<i>30,083,379</i>

(*) The amount indicated for the shares held by the Chief Executive Officer and the Executive Chairperson indicated in the Remuneration Report approved on April 17, 2019 should be understood as also including the shares sold as part of the institutional placement.

Santa Maria di Sala, March 19, 2020

The Chairperson of the Board of Directors

Nicola Piovan



Piovan S.p.A. Remuneration Report

PIOVAN S.p.A.
Via delle Industrie 16 – 30036
S. Maria di Sala VE - Italy