

2021

Report on remuneration policy and
compensation paid

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Glossary

Directors or Auditors

The members of the Board of Directors.

Executive Directors

The Directors appointed to particular positions by the Board of Directors.

Claw-back clauses

Contractual arrangements that allow the Company to demand - within the statutory limitation period - the return, in whole or in part, of variable components of remuneration paid (or to withhold sums subject to deferral), determined on the basis of data that have subsequently proved to be manifestly incorrect or falsified, or in cases of fraud or in relation to fraudulent or negligent conduct in breach of rules, including regulatory rules, as well as company regulations, provided that the verification of the aforementioned assumptions takes place on the basis of data proven by the competent company departments or the judicial authorities. Similarly, in compliance with the Group's ethical principles, the return of the incentive paid will be required in the event that the objectives associated with the incentives are acquired through conduct in breach of the law on corruption and corporate offences involving the administrative liability of the Company, pursuant to Articles 25 and 25-ter of the Italian Legislative Decree 231/01.

Corporate Governance Code or Code

The Corporate Governance Code of listed companies promoted by the Corporate Governance Committee set up by Borsa Italiana S.p.A., ABI, Ania, Assonime, Confindustria and Assogestioni.

Appointments and Remuneration Committee (ARC)

The Appointments and Remuneration Committee set up by the Board of Directors, pursuant to the Corporate Governance Code.

Board of Directors or Board

The Board of Directors of Trevi Finanziaria Industriale S.p.A..

Executives with Strategic Responsibilities

Those individuals who have the power and responsibility, directly or indirectly, for planning, directing and controlling the activities of the company, including the Directors (executive or otherwise) of the company.

EBITDA (gross operating profit)

Earnings before interest expense, taxes, depreciation and amortisation on tangible and intangible assets.

Sustainability index

The tool used to measure the achievement of the sustainability objectives that the Company has set itself, combined with and/or in addition to its economic and financial performance, in order to align itself with the growing expectations of the financial community on sustainable development.

MBO

Management by Objectives, i.e. the short-term variable component of remuneration consisting of an annual cash bonus to be paid on the basis of the achievement of pre-established annual objectives.

Objective to target

Standard level of achievement of the objective that entitles to 100% of the incentive (except for other multiplicative or discretionary parameters).

LTI Plans Information Document

Information document on the medium-long term variable incentive system that provides for the free assignment to beneficiaries of rights to receive a bonus divided into a part in financial instruments and a part in cash, depending on the achievement of specific performance objectives.

Background

The 2021 Remuneration Policy, defined in compliance with the fundamental principles of fairness, transparency, meritocracy and sustainability, has the overriding aim of:

- pursuing the sustainable long-term success of the Company;
- attracting, motivating and retaining within the Company strategic resources possessing the technical qualities and professional skills required for the profitable pursuit of the Trevi Group's targets;
- align the interests of Management with those of Shareholders and other Stakeholders over the medium to long term, thereby promoting the long-term sustainability of the Company.

The Remuneration Policy is also a fundamental tool to build loyalty, consolidate and make the management team cohesive with respect to the Company's strategies, oriented towards the pursuit of objectives and ready to take on new challenges and opportunities, in order to further improve the Company's competitive position.

In compliance with the provisions of Article 123-ter of the Consolidated Law on Finance, the Report is divided into two sections:

First Section: illustrates the Policy adopted by TREVI Group on the remuneration of members of the Board of Directors, members of the Board of Statutory Auditors, the Chief Executive Officer, the General Manager and Executives with Strategic Responsibilities, with reference to the financial year 2021 and until a new Remuneration Policy is approved, as well as the procedures used for the adoption and implementation of this Policy; in accordance with the provisions of Article 123-ter of the Consolidated Law on Finance, this section is subject to a binding vote by the Shareholders' Meeting.

Second Section: provides detailed information on the remuneration paid to the aforementioned individuals and to the Statutory Auditors in the 2020 financial year; in accordance with the provisions of Article 123-ter of the Consolidated Law on Finance, this section is subject to the advisory vote of the Shareholders' Meeting.

Section I

1 Policy on the remuneration of members of the Board of Directors, members of the Board of Statutory Auditors and Executives with Strategic Responsibilities.

1.1 Procedures for the adoption of the Policy and its implementation.

1.1.1 Bodies and persons involved in the preparation, approval and implementation of the Policy

In relation to the governance of the remuneration systems, this document sets out the management activities and the related responsibilities distinguished according to the role of each of the bodies involved in the preparation and approval of the remuneration policy, both for the members of the Board of Directors and the Controlling bodies.

1.1.2 Shareholders' meeting

The Shareholders' Meeting:

- the Ordinary Shareholders' Meeting shall decide on the determination of the remuneration of directors, statutory auditors and persons appointed to carry out the statutory audit of the accounts;
- resolves on any remuneration plans based on financial instruments for Directors, General Managers, employees, collaborators or other Executives with Strategic Responsibilities, pursuant to Article 114-bis of the Consolidated Law on Finance;
- approves the remuneration policy for the Group's Directors, General Managers and Executives with Strategic Responsibilities.

1.1.3 Board of Directors

The Board of Directors:

- determines, on the proposal of the ARC, the remuneration of Directors with delegated powers and other Directors holding particular offices, after consulting the Board of Statutory Auditors;

- defines the Company's policy on the remuneration of the Group's Directors, General Managers and Executives with Strategic Responsibilities, in compliance with current legislation and the Corporate Governance Code for listed companies;
- on the proposal of the ARC, approves the Remuneration Report and submits it to the Shareholders' Meeting for approval pursuant to and within the limits of Article 123-ter, paragraph 6, of the Consolidated Law on Finance;
- implements, with the support of the ARC, any remuneration plans based on the assignment of shares or other financial instruments, approved by the Shareholders' Meeting.
- is responsible for any amendments or additions to the remuneration policy that it deems useful or necessary.
- annually approves the regulations relating to the MBOs of the CEO, Executive Directors, and Executives with Strategic Responsibilities of the Group;
- annually assigns MBO targets to the CEO and other Executive Directors, with the support of the ARC;
- approves the LTI long-term incentive plans and related targets for the Chief Executive Officer, Executive Directors and Executives with Strategic Responsibilities of the Group;
- verifies annually, with the support of the ARC, the achievement of the MBO objectives of the CEO and the other Executive Directors and authorises, where appropriate, the payment thereof.
- verifies, with the support of the ARC, the achievement of the objectives of the LTI plans and authorises, if necessary, their payment;
- approves, for the Ordinary Shareholders' Meeting, this remuneration report.

1.1.4 Appointments and Remuneration Committee

The ARC is composed of the following non-executive and independent Directors pursuant to the Corporate Governance Code and the Consolidated Law on Finance:

- Elisabetta Oliveri (Chairperson)
- Cristina Finocchi Mahne
- Alessandro Piccioni

The ARC meets periodically to carry out its functions and duties assigned to it by the Board of Directors and is validly convened in the presence of the majority of its members in office. The President of the ARC convenes and chairs the meetings. The ARC has the necessary resources for the effective performance of its functions within an annual expenditure budget approved by the Board of Directors. The ARC, through the Corporate Functions, has access to the Company's information necessary for the performance of its

duties and, where it deems it necessary, may use external consultants to ensure independence of judgement.

The Chairman of the Board of Statutory Auditors and the other standing Statutory Auditors, the Head of the Company's Human Resources and Organisation Department are invited to attend the meetings of the ARC, and other persons, including non-executive members of the Board of Directors and employees of the Company or Group Companies, may attend at the invitation of the ARC through the Chairman and in relation to the matters under discussion. No Director takes part in the Committee's meetings in which proposals are made to the Board regarding his/her own remuneration.

The Committee carries out the tasks assigned by the Code to the Remuneration Committee and the Appointments Committee, as well as additional tasks assigned by the Board of Directors.

More specifically:

- periodically assesses the adequacy, overall consistency and concrete application of the policy for the remuneration of executives with strategic responsibilities, making use in this latter regard of the information provided by the Chief Executive Officer; it makes recommendations to the Board of Directors on the matter;
- submits proposals or expresses opinions to the Board of Directors on the remuneration of executive directors and other directors who cover particular offices as well as on the setting of performance objectives related to the variable component of such remuneration; monitors the application of the decisions adopted by the Board of Directors, verifying, in particular, the effective achievement of performance objectives.
- submits the Remuneration Report and, in particular, the Policy for the remuneration of directors and executives with strategic responsibilities for approval by the Board of Directors for submission to the Shareholders' Meeting;
- examines the content of the vote on the Remuneration Report expressed by the Shareholders' Meeting in the previous financial year and expresses an opinion to the Board of Directors;
- formulates proposals relating to the remuneration of the members of the committees of Directors set up by the Board.

ARC meetings are duly minuted and the Chairman of the NRC informs the Board of Directors at the first useful meeting.

The Committee's activities are governed by a specific Regulation, which incorporates the principles and application criteria recommended by the Corporate Governance Code.

This policy, proposed by the Remuneration Committee, was approved by the Board of Directors at its meeting on 28 April 2021.

1.1.5 Group Chief Executive Officer

The Group Chief Executive Officer, within the framework of the remuneration policy approved by the Board of Directors and the Shareholders' Meeting:

- annually, with the support of the Director of Organisation and Human Resources, analyses the situation of the fixed remuneration of the Group's Executives with Strategic Responsibilities, in order to bring it in line with the market and individual performance;
- defines and assigns, with the support of the Director of Organisation and Human Resources, any Retention Bonuses, Entry Bonuses or Success Fees (consistently with the provisions of point 2.3.4) for persons with key profiles for the Company;
- prepares a proposal for the economic and financial targets of the MBOs of Executives with Strategic Responsibilities to be submitted for review by the ARC;
- approves the MBO regulation proposal prepared by the Human Resources Department for review by the ARC and subsequent approval by the Board of Directors;
- assigns strategic and individual MBO objectives to Executives with Strategic Responsibilities of the Company and the Group;
- assesses, with the support of the CFO and the Director of Organisation and Human Resources, the achievement of the performance objectives linked to the MBO system for Executives with Strategic Responsibilities and validates the results.

1.1.6 Group Human Resources Department

The Group Human Resources Department collaborates in defining remuneration policies by analysing the relevant legislation, specifically examining existing national collective labour agreements and supplementary agreements and studying market trends and practices in terms of remuneration and incentive systems.

In addition, possibly with the support of the relevant corporate functions:

- is in charge of defining the personnel evaluation system, coordinates the implementation of the process, supports the Chief Executive Officer in evaluating the results of the Group's General Managers and Executives with Strategic Responsibilities;

- in compliance with the remuneration policy approved by the Board of Directors and the Shareholders' Meeting and with market best practices, prepares proposals for changes in fixed remuneration for the Group's General Managers and Executives with Strategic Responsibilities on an annual basis, and submits them to the Chief Executive Officer for approval;
- deals with the definition of possible indicators to be used for estimating the variable component (annual MBO) and prepares proposals for the evaluation of the Managing Director;
- carries out statistical analyses on the evolution of remuneration dynamics and the company's positioning with respect to the reference market;
- supports the ARC in defining and applying remuneration and incentive policies in compliance with the criteria of fairness and transparency and with market best practices;
- assesses the impact of any update of remuneration policies on the existing remuneration system, highlighting any critical issues with reference to the application of the new policies.

1.1.7 Board of Statutory Auditors

With regard to remuneration, the Board of Statutory Auditors, which regularly takes part in the meetings of the ARC through the Chairman, or a standing Statutory Auditor indicated by him/her, expresses the opinions required by the regulations in force with reference, in particular, to the remuneration of the Directors vested with special offices pursuant to Article 2389 of the Italian Civil Code, also verifying its consistency with the general policy adopted by the Company.

The Board of Statutory Auditors in 2020 was composed as follows:

- Milena Motta Chairperson of the Board of Statutory Auditors until 10/07/2020
- Marco Vicini Standing Auditor and then Chairman of the Board of Statutory Auditors since 10/07/2020
- Raffaele Ferrara Standing Auditor
- Mara Pierini Standing Auditor since 10/07/2020

1.1.8 Independent experts involved in the preparation of the Remuneration Policy and indications on the use, as a reference, of remuneration policies of other companies.

During 2020, a position weighting activity was carried out with the support of the consulting firm Korn Ferry Hay Group, aimed at assessing the Company's remuneration policy applied to the Chief Executive Officer and Executives with Strategic Responsibilities, in order to verify their remuneration positioning with respect to

the Executive Italy market analysis developed by Korn Ferry Hay Group and then gradually pursue their alignment with the market median.

1.1.9 Stakeholders affected by the Remuneration Policy

This remuneration policy applies to the Chief Executive Officer and the Executives with Strategic Responsibilities of the Company and the Group, who are identified as follows at the date of approval of this remuneration policy:

✓ Group Chief Executive Officer	Giuseppe Caselli
✓ Group CFO	Massimo Sala
✓ Group Organisation and Human Resources Director	Pio Franchini
✓ Group Legal Director	Alessandro Vottero
✓ COO Trevi Division	Andrea Acerbi
✓ General Manager Soilmec Division	Massimiliano Battistelli

2 Characteristics of the Remuneration Policy

2.1 Purposes pursued by the Remuneration Policy, principles underlying it and changes with respect to the Policy adopted for the year 2020.

The Remuneration Policy defines the principles and guidelines for determining the remuneration of the members of the Board of Directors, as well as the reference criteria for defining the remuneration of the Group's management (Executives with Strategic Responsibilities), consistent with the Governance model adopted by the Company, with the recommendations of the Corporate Governance Code, renamed as such on 31 January 2020, previously known as the Corporate Governance Code, and submitted to the Shareholders' Meeting for approval with a binding vote.

The policy aims at attracting, motivating and retaining resources with the professional qualities to carry out the tasks and responsibilities assigned through performance of excellence and aligning the interests of management with the pursuit of the priority objective of creating sustainable value for shareholders and the Company in the medium-long term.

In the definition of the remuneration system of Directors and Executives with Strategic Responsibilities of the Company and the Group, all the elements useful to the definition of the policies of containment of the risk of loss of know-how, both strategic and technical, of the economic/financial development in the medium-long term, of the culture of the Company and of the sustainability policies implemented by it, have been considered.

The remuneration of Executives with Strategic Responsibilities is determined in accordance with market benchmarks for equivalent positions, provided by Korn Ferry in the Top Executive Italia Remuneration Survey.

2.2 Changes made to the 2021 Remuneration Policy with respect to the 2020 financial year

The Remuneration Policy for the year 2021, compared to the policy for the year 2020, contemplates the possibility of defining extraordinary remuneration, in the manner set forth in the following point 2.4.5 and of signing way-out agreements, in the manner set forth in the following point 2.4.8, but otherwise does not undergo any significant changes and is to be considered in continuity with the previous policy.

2.3 Remuneration of members of the Board of Directors and Board of Statutory Auditors

As regards the determination of the remuneration of the members of the control bodies, a fixed annual fee is used, in line with the resolution passed by the Shareholders' Meeting at the time of their appointment.

2.3.1 Board of Directors

The Board of Directors of TREVI - Finanziaria Industriale S.p.A. in office at the current date of approval of this report, was appointed by the Shareholders' Meeting of 30 September 2019, for the financial years 2019 - 2020 - 2021 with a mandate expiring with the approval of the financial statements at 31 December 2021. The Board is composed of eleven members.

The Shareholders' Meeting allocated a total compensation to the Board of Directors of Euro 890,000 with a base compensation per Director of Euro 40,000.

Within the total remuneration defined by the Shareholders' Meeting, the Board of Directors held on 30 September 2019 assigned additional remuneration to the Directors with Delegated Powers as follows:

- Chief Restructuring Officer additional compensation of Euro 360,000 on an annual basis from 1/10/2019 to 30/09/2020; and
- Deputy Chairman with Responsibility for Institutional Relations Euro 60,000 per year.

The Board of Directors of 22 September 2020 resolved to amend the remuneration attributed to the CRO to Euro 150,000 on an annual basis.

Non-monetary benefits were also provided for the CRO (supplementary health insurance; reimbursement of car costs; reimbursement of accommodation costs in Cesena).

2.3.2 Chief Executive Officer

The Board of Directors of the Company, held on 30 September 2019, appointed Eng. Giuseppe Caselli as Chief Executive Officer of the Company.

Following the decisions taken by the Board of Directors of the Company, an employment relationship with Mr G. Caselli has been established with executive status.

In detail, the remuneration package assigned is broken down as follows:

- Fixed Gross Annual Remuneration (RAL) = Euro 500,000;
- Theoretical Annual Variable Remuneration (MBO) 75% of the RAL equal to Euro 375,000 gross, this remuneration may vary, following underruns and overruns determined by the achievement of objectives, between Euro 0.00 and Euro 750,000.00 gross;
- Three-year LTI Plan with an amount equal to Euro 1,500,00.00 gross.

The Company's Board of Directors, upon the proposal of the ARC, assigned to the Chief Executive Officer the targets related to the 2021 MBO and those related to the 2020-2022 LTI plan consistently with the logic governing the LTI plan associated with the multi-year variable component referred to in the following point. For the Chief Executive Officer, Mr. G. Caselli, compulsory insurance coverage is also provided - in accordance with the provisions of the law, the National Collective Labour Agreement and the trade union agreements applicable to the managerial relationship that binds him to the Company - as well as the non-monetary benefits provided for top management positions in line with company policy, as well as additional health care treatments provided by the FASI National Supplementary Health Care Fund, a car for mixed use and a company flat.

2.3.3 Board Committees

On 23 January 2020, the Board of Directors, having heard the proposals of the ARC, after discussion, unanimously and with only the abstention of the directors concerned, resolved to approve, with effect from the start of the term of office, the following remuneration for the Board Committees:

- for the Chairman of the Risk Control and Sustainability Committee, a fee of Euro 28,333 and for the members of Euro 22,333;
- for the Chairman of the Appointments and Remuneration Committee, a fee of Euro 19,000 and for the members of Euro 13,333;
- for the Chairman of the Related Parties Committee, a fee of Euro 14,378 and for the members of Euro 11,333.

For the analysis necessary to arrive at the determination of the proposal to be submitted to the Board of Directors, the ANR used a Consultant specialised in the analysis of benchmarks relating to remuneration within the scope of positions assigned on boards of directors.

2.3.4 Board of Statutory Auditors

The Shareholders' Meeting of 30/09/2019 defined the remuneration of the members of the Board of Statutory Auditors of Trevi Finanziaria Industriale S.p.A. for the three-year period 2019-2022 as follows:

- Euro 50,000.00 (fifty thousand/00) for the position of Chairman of the Board of Statutory Auditors;
- Euro 40,000.00 (forty thousand/00) for the office of Statutory Auditor.

2.4 Structure of Remuneration: Fixed and variable components, performance targets on the basis of which variable components are awarded and information on the link between changes in performance and changes in remuneration

2.4.1 Fixed Component

The fixed component of the total remuneration is aligned to market benchmarks and constitutes in itself a significant part of the overall remuneration, allowing the pursuit of a fully flexible policy on variable incentives.

The fixed component of the RAL remuneration system is influenced by the following variables:

- role covered and relative assignment of responsibilities;
- reference market;
- weight of the position according to the Korn Ferry - Hay Group method.

In accordance with standard practice, the median of the Top Executive Italia market will be used to define the RAL, always remaining within a range between the first and third quartile of the market, as a reference for the remuneration markets for each individual position taken into analysis, so as to ensure fairness of treatment in internal practices and at the same time adequate levels of competitiveness with respect to the market.

2.4.2 Variable Component

This is aimed at remunerating management for the results achieved in the short and medium-long term. The direct correlation between the results achieved and the payment of incentives makes it possible, on the one hand, to consider the results of the Company and the Group and, on the other, to strengthen the meritocratic principle, differentiating the contribution of each individual and motivating resources at the same time.

The variable part of remuneration consists of:

- a short-term component, based on variable incentive plans on an annual basis (MBO); and
- a medium-long term component, based on financial and monetary instruments, linked to medium-long term results (LTI).

The recipients of short-term variable remuneration are the Chief Executive Officer, the General Managers and Executives with Strategic Responsibilities. The recipients of medium-long term remuneration are

individually identified, on the proposal of the Chief Executive Officer, at the sole discretion of the Board of Directors, having consulted the Nominations and Remuneration Committee, for the purposes of incentive and retention, in accordance with the regulations relating to the LTI Plans.

The Board of Directors has the right not to pay any amount in the event of exceptional events that make the payment of short-term or medium/long-term bonuses unsustainable for the Group.

2.4.2.1 Short-term Variable Component (MBO)

The short-term variable component of remuneration (MBO), determined in order to reward the results achieved, must comply with the following fundamentals:

- be based on both economic/financial, strategic and individual parameters relating to the characteristic management of the role, which are objective and of unambiguous evaluation;
- be balanced according to the results actually achieved, to the point of being significantly reduced or reduced to zero if the performance objectives are not achieved;
- more generally, the methodology applied to relevant persons involved in corporate control functions must not compromise their objectivity of judgement.

The short-term variable component of remuneration, envisaged for Executive Directors and Managers with Strategic Responsibilities, is determined considering the extent and nature of the specific powers assigned, as well as with reference to parameters defined also on the basis of market practices in place in comparable companies at national and international level.

The MBO system is governed by specific regulations (MBO Regulations for Senior Executives) issued by the Group Human Resources Department based on the indications of the NRC and the Group CEO, verified by the NRC and approved by the Company's Board of Directors.

The regulation defines:

- recipients of the MBO policy;
- access gate for MBO payment;
- structure and relative weight of MBO targets;
- overrun and underrun criteria for determining the pay-out;
- methods for calculating final balances;
- disbursement methods and rules for entitlement to payment.

The theoretical variable incentive remuneration linked to the MBO (Bonus Opportunity) varies from a minimum of 20% to a maximum of 80% of the fixed remuneration (RAL), depending on the complexity of the role, the related responsibilities and the seniority of the beneficiary. The pay-out may not, however, exceed 200% of the theoretical value of the MBO (Bonus Opportunity).

Recognition of the MBO is subject to the achievement of an entry gate, represented by the Group's EBITDA, set by the Board of Directors and the achievement of minimum performance targets.

The entry gate and performance indicators and their weights on the MBO system, approved by the Board of Directors for the year 2021, on the proposal of the Nominations and Remuneration Committee, are shown below:

- **Entrance gate; 80% reported EBITDA**
- **Economic/Financial (Group, Division or Function) targets (minimum 2) 55%**
- **Sustainability targets 15%**
- **Personal strategic/management objectives, however, only measurable 30%**

Individual objectives include those related to the typical management of the role, consistent with the data of the business plan.

2.4.2.1.1 MBO Pay-out

When the entrance gate is passed, each of the objectives provides for a pay-out, if a minimum threshold of 80% of the objective target is reached, below which there is no pay out. At 80% the relative pay-out will be 50%, proportionally linear up to 100%. From 100%, in the event of over performance, the maximum value attainable will be 150% of the target value, to which a pay-out equal to 200% will correspond and also this segment will be proportionally linear.

2.4.2.1.2 MBO payment

The payment of incentives takes place after the final statement of results for the year to which the MBO refers.

In the event of resignation, dismissal or early termination of employment, specific indemnities are not normally paid to directors or managers, even for results achieved.

The Board of Directors, subject to the approval of the Appointments and Remuneration Committee, may define the partial or total recognition of results achieved and quantify an amount to be paid in a severance agreement.

The amount of the MBO achieved by each Executive, subject to the approval of the BoD for those relating to the Chief Executive Officer and Executive Directors, shall be paid together with the remuneration of the month following the one in which the financial statements are approved.

2.4.2.2 Long-term variable component (LTI)

The medium-long term variable component of remuneration (LTI) is intended to reward results that increase the value of the Company in the medium-long term in order to focus the Company's Management towards long-lasting results and an increase in value for shareholders with a view to corporate sustainability.

The LTI component must respect the following fundamental parameters:

- it must be linked to the Company's value generation objectives;
- be balanced according to the results actually achieved, to the point of being significantly reduced or reduced to zero if the performance objectives are not achieved;
- align management towards the achievement of common results.

The current LTI Plan was approved by the Shareholders' Meeting of Trevi Finanziaria Industriale S.p.a. on 30 December 2020 and is governed by regulations approved by the Board of Directors on 2 March 2021. The LTI Plan is divided into three three-year cycles starting in each of the financial years 2020, 2021 and 2022. This plan provides for the right to receive, free of charge, at the end of the vesting period and upon achievement of certain performance targets, a cash bonus and a certain number of ordinary shares of the company as specified in the information document.

The LTI plan is open to directors holding special offices of the Company or its Subsidiaries, including the Chief Executive Officer of the Company, Executives with Strategic Responsibilities, management of the Company and its Subsidiaries with a view to creating value for the Group.

The persons identified as beneficiaries of one of the cycles do not acquire for this circumstance the right to be identified as beneficiaries of one or more of the subsequent cycles.

The Performance Objectives for the first Cycle are based on the indicators set out in the table below, which shows the weight of the relevant Performance Objective.

Indexes	Objective weight on the first Cycle
Consolidated Cumulative FCFO	15%
Consolidated PFN/Recurring Consolidated EBITDA	15%
Cumulative Order Intake	10%
TSR	50%
Sustainability Targets	10%

The amount of the Effective Incentive - and therefore of the Effective Cash Award and of the Rights to Receive Shares actually vested - depends on the Performance Levels achieved.

The release of the equity component of the bonus achieved is subject to a 12-month lock-up and is linked to the beneficiary's stay in the company until the date of delivery of the shares.

2.4.3 Pay Mix

The Pay Mix of remuneration, calculated for the hypothesis of 100% achievement of the target objectives of the variable components is structured as follows:

Group Chief Executive Officer

- ✓ Gross annual fixed remuneration (RAL) 36%
- ✓ Short Term Annual Variable Remuneration (MBO) 28%
- ✓ Long Term Variable Remuneration (LTI) 36%.

Executives with Strategic Responsibilities

- ✓ Fixed Annual Gross Remuneration (RAL) average 56%
- ✓ Average Short-Term Annual Variable Remuneration (MBO) 20%
- ✓ Average Long-Term Variable Remuneration (LTI) 24%

The Pay Mix envisaged by the remuneration system is consistent with the main market practices and in any case in continuous alignment with these; it is defined in such a way as to reduce the danger of excessively risk-oriented behaviour and its relative size, compared to the variable one, is also a function of the need to discourage initiatives focused on short-term results that could compromise sustainability and value creation in the medium-long term.

2.4.4 Non-cash component

The CEO and Managers with Strategic Responsibilities may be granted the following non-monetary benefits, in addition to those provided for by the relevant CCNL (Italian National Collective Bargaining Agreement):

- company car granted for mixed use;
- FASI supplementary health insurance extended to the family unit;
- company flat.

There are no social security benefits, except for the PREVINDAI provided for by the CCNL.

2.4.5 Extraordinary Remuneration

Exceptionally and extraordinarily, with a view to attracting key figures from the market, or to motivate and retain resources with a key profile for the company's activities, specific treatments may be granted both during recruitment and during the employment relationship. These treatments may consist of:

- a) Entry Bonuses linked to economic losses resulting from the termination of the previous employment relationship that could prejudice the recruitment of the new resource (e.g. MBO, retention bonus, LTI, lack of notice, etc.). These amounts may in no way exceed 100% of the beneficiary's fixed remuneration and must in any case be repaid in full in the event of resignation before 3 years;
- b) Retention Bonuses linked to the commitment to maintain an employment relationship with the company for a fixed period (maximum 3 years), up to a maximum value per year of 40% of the beneficiary's fixed remuneration; in the event of termination of the employment relationship by the beneficiary before the end of the agreement, the amounts advanced must be returned in full;
- c) Short-term variable component (MBO), with respect to the first year may be granted in whole or in part;
- d) Success Fee linked to extraordinary operations or results, such as acquisitions, divestments, mergers, reorganisation or efficiency processes;

These extraordinary components of remuneration, if addressed to Executive Directors, are subject to a resolution of the Board of Directors, upon proposal of the Appointment and Remuneration Committee. In the case of Executives with Strategic Responsibilities, payment is left to the discretion of the Chief Executive Officer.

As regards Success Fees, if they exceed the amount of short-term variable remuneration, they must be subject to the approval of the Board of Directors, depending on the opinion of the Appointment and Remuneration Committee.

2.4.6 Deferred Payment Systems

For the medium-long term variable component, there is a three-year vesting period and a lock-up period, on the release of the equity portion, of 12 months, as seen in paragraph 2.4.2.2.

2.4.7 Claw-Back Clause

For all variable incentives - both short and medium-long term - there is a claw-back clause on the basis of which the Company, within the legal limitation period, may repossess all or part of the sums paid out, if it is ascertained that such sums have been determined on the basis of objectives whose achievement is attributable to wilful or grossly negligent conduct or, in any case, carried out in violation of the reference standards or which have been achieved on the basis of data which subsequently proved to be manifestly incorrect.

The process of activating the clause is started when the irregularity is identified, also in relation to reports resulting from audit activities.

The clause shall be activated by the Chief Executive Officer, with the support of the Group HR Director, who shall also inform the ARC.

For findings concerning the economic and financial parameters of the company, the clause shall be activated by the Board of Directors on the basis of the report made by the ARC, to which the report concerning the irregularity, however generated, shall be addressed.

2.4.8 Policy on treatment in the event of termination of office or termination of employment.

At the current date, no specific individual agreements are in place for Directors with delegated powers and Managers with Strategic Responsibilities in the event of termination of office or termination of employment.

The Company may enter into such individual agreements with the aforesaid persons; said agreements, in the case of persons with an employment relationship, shall in any case refer to the parameters specified by the

National Collective Labour Agreement for Executives of Companies Manufacturing Goods and Services in force and according to the correlations indicated therein, such as seniority in the company and the number of months of notice and the maximum number of additional indemnities.

In any case, such agreements cannot provide for the payment of sums exceeding 36 months' salary of the RAG (Gross Annual Global Remuneration) calculated as provided for in the above-mentioned CCNL, in addition to the payment of contributions relating to the notice period contractually due, if not worked.

In the case of persons who are not employees, the agreements may not provide for the payment of sums greater than the total fixed and variable remuneration foreseen from the date of termination of employment until the date of termination of office, including the variable components not yet paid.

Moreover, pursuant to Article 2125 of the Italian Civil Code, in cases where the Company detects an interest in entering into non-competition agreements, individual agreements may be signed for directors with delegated powers and Executives with Strategic Responsibilities, referring to the best market practices on the matter.

The foregoing shall take place in accordance with the provisions of Article 123-ter of the Consolidated Law on Finance.

2.4.9 Forms of insurance coverage, or social security or pension coverage, other than mandatory coverage.

In favour of the Chief Executive Officer, General Managers, Managers with Strategic Responsibilities and other Managers with Primary Responsibilities, more favourable treatments are applied with respect to what is established by the CCNL for the category in terms of insurance coverage.

2.4.10 Waivers

In exceptional circumstances, i.e. situations in which a waiver of the remuneration policy is necessary in order to pursue the long-term interests and sustainability of the company as a whole or to ensure its ability to stay on the market, the Company reserves the right to waive the Policy in relation to:

- positioning the remuneration of key figures above the third quartile of the market, according to the benchmarks provided, in order to retain that key figure, whose departure from the Company would seriously damage the company's business in the medium-long term. The Company also reserves the right to use the same waiver in the case of hiring a figure with specialist know-how that is difficult to find on the market.

The above-mentioned waivers may be approved by the Board of Directors on the proposal of the Appointment and Remuneration Committee and subject to the opinion of the Committee for Related Party Transactions.

Section II

1 Remuneration received in the 2020 financial year by members of the Board of Directors and Board of Statutory Auditors, by the General Manager and by Executives with Strategic Responsibilities.

1.1 Received Remuneration

With reference to the year 2020, this part of Section II of the Report illustrates: (i) by name, the remuneration paid to the persons who, during that year, held - even for a portion of the year - the position of Director, Statutory Auditor, General Manager and (ii) in aggregate, the remuneration paid to the Executives with Strategic Responsibilities.

1.1.1 Board of Directors

In 2020, compensation was paid as detailed in Table I attached to the following directors: D'Agnese, C. Trevisani, G. Caselli, S. Iasi, L. Caviglia, C. Farisè (from 30/12/2020), C. Finocchi Mahne, M. Dassù, E. Oliveri, A. Piccioni, R. Rolli, S. Trevisani (until 31/07/2020),

1.1.2 Chief Executive Officer

In the 2020 financial year, the CEO Giuseppe Caselli was paid:

- Fixed remuneration of Euro 500,000;
- Non-monetary bonuses amounting to Euro 31,208; for 2020, the theoretical value of the MBO is Euro 375,000, to be assessed on the basis of the results actually achieved.

1.1.3 Board of Statutory Auditors

In 2020, emoluments were paid as detailed in Table II attached, for the following Auditors: Milena Motta (Chairman until 10/07/2020), Marco Vicini (Chairman from 10/07/2020), Raffaele Ferrara, Mara Pierini (Standing Auditor from 10/07/2020).

1.1.4 Executives with Strategic Responsibilities

In 2020, Executives with Strategic Responsibilities received fixed remuneration totalling Euro 1,285,000.

They were paid an MBO of Euro 68,400 relating to the 2017 financial year and a Bonus of Euro 307,000 relating to the 2018 financial year, not previously paid as they were deferred until after the capital increase manoeuvre.

In addition, in 2020 the company had two LTI plans in place, one relating to the three-year period 2016-2018 and one relating to the three-year period 2017-2019, both based on the assignment of Stock Grants and approved by the Shareholders' Meeting of 13/05/2016 and 15/05/2017.

For both plans, since the economic and financial objectives were not achieved, only the retention component accrued, which for the 2016-2018 plan represented 50% of the rights assigned and for the 2017-2019 plan 40% of the rights assigned.

Given the difficulty of awarding shares to beneficiaries due to the situation resulting from the Group's restructuring operation, already in place as of January 2019, the Company, in line with the provisions of the 2020 Remuneration Report, has awarded beneficiaries a cash amount to an extent that replicates the economic benefit resulting from the share award plan.

The monetary amount granted for the 2016 - 2018 plan was a total of Euro 61,988 (expected Euro 75,647), while that granted for the 2017-2019 plan was Euro 35,976 (expected Euro 43,904).

For 2019, no incentives of any kind were paid to Executives with Strategic Responsibilities. For 2020, the theoretical amount of the MBO is Euro 442,000, to be assessed according to the results actually achieved.

1.1.5 History of changes in remuneration

As required by Consob in its update to the Corporate Governance Code, the following table summarises the changes in the remuneration of the Chief Executive Officer, as well as the personnel costs of Executives with Strategic Responsibilities and the related results for the year of the Trevi Group.

		2019	2018
AD (until 31/07/2020)	Stefano Trevisani	483,000	547,000
AD (from 30/09/2019)	Giuseppe Caselli	125,000	--
DRS		2,804,200	2,690,533
Operating Profit (millions)		-75.8	-142.4

Summary Tables

Table I. 2020 Remuneration for the members of the Board PRES, AD, CRO and Directors

A	B	C	D	1	2	3	4	5	6	7	8	9	
First and Last Name	Position C = Chairman DC = Deputy Chairman Chairman MD = Managing Director S0 = Sub-Director D = Director	Start of office term	*End of office	Fixed remuneration	Remuneration for participation in committees	Non-equity variable remuneration		Non-monetary benefits	End of office indemnities	Remuneration from employment (RAL)	Other remuneration	Total	Fair value of equity remuneration
						Bonuses and other incentives	Profit sharing						
Remuneration in the reporting company													
L. D'Agnesse	C	2019	2021	40,000								40,000	
C. Trevisani	DC	2019	2021	100,000								100,000	
G. Caselli	CEO	2019	2021	0				31,208		500,000		531,208	
S.lasi	CRO	2019	2021	347,500							2,000,000	2,347,500	
L. Caviglia	C	2019	2021	40,000	22,333							62,333	
C. Farsè	C (from 30/12/2020)	2020	2021	0								0	
C. Finocchi Mahne	C	2019	2021	40,000	35,666							75,666	
M. Dassu	C	2019	2021	40,000	14,378							54,378	
E. Oliveri	C	2019	2021	40,000	30,333							70,333	
A. Piccioni	C	2019	2021	40,000	13,333							53,333	
R. Rolli	C	2019	2021	40,000	39,666							79,666	
S. Trevisani	C (until 31/07/2020)	2019	2020	23,333						97,417		120,750	
(I) Sub-total remuneration in the reporting company				750,833	155,709	0	0	31,208	0	597,417	2,000,000	3,535,167	0
Remuneration from subsidiaries/associates													
G. Caselli	CEO	2019	2021	0								0	
S. Trevisani	CEO (until 31/07/2020)	2019	2020	50,167						1,113,500		1,163,667	
S.lasi	CRO	2019	2021	0								0	
L. Caviglia	C	2019	2021	12,500								12,500	
A. Piccioni	C	2019	2021	22,500								22,500	
(II) Sub-total of the remuneration from subsidiaries and associates				85,167	0	0	0	0	0	1,113,500	1,198,667	1,198,667	0
(III) Total				836,000	155,709	0	0	31,208	0	597,417	3,113,500	4,733,834	0

Table II. 2020 Remuneration for members of the Board of Statutory Auditors

A	B	C	D	1	2	3	4	5	6	7	8	9	
First and Last Name	Position PCS = Chairman Board of Statutory Auditors SSA = Standing statutory auditors SA = Statutory Auditor Alternate Auditor	Start of office term	End of office term	Fixed remuneration	Remuneration for participation in committees	Non-equity variable remuneration		Non-monetary benefits	End of office indemnities	Remuneration from employment	Other remuneration	Total	Fair value of equity remuneration
						Bonuses and other	Profit sharing						
Remuneration in the reporting company													
M. Motta	Chairman (until 10/07/2020)	2019	2021	25,890								25,890	
M. Vicini	Chairman (from 10/07/2020)	2020	2021	24,110								24,110	
M. Vicini	S (until 10/07/2020)	2019	2021	20,712								20,712	
R. Ferrara	S	2019	2021	40,000								40,000	
M. Pierini	S (from 10/07/2020)	2020	2021	19,288								19,288	
(I) Sub-total of the remuneration in the reporting company				130,000	0	0	0	0	0	0	0	130,000	0
Remuneration from subsidiaries/associates													
M. Vicini	PCS	2019	2022	20,000								20,000	
R. Ferrara	S	2019	2022	-								-	
M. Pierini	S (from 10/07/2020)	2020	2021	-								-	
(II) Sub-total of the remuneration from subsidiaries/associates				20,000	0	0	0	0	0	0	0	20,000	0
(III) Total				150,000	0	0	0	0	0	0	0	150,000	0

Table III. 2020 Remuneration paid to managers with strategic functions

A	B	1	2		3	4	5	6	7
First and Last Name	Position	Fixed remuneration	Non-equity variable remuneration		Non-monetary benefits	Remuneration from employment (RAL)	Other remuneration	Total	Fair Value Equity Remuneration
			MBO and other	Profit sharing					
Remuneration in the reporting company									
P. Franchini	Corporate Organization & HR Dir.								
M. Sala	CFO								
A.Vottero	Head of Legal								
(I) Sub-total of the remuneration in the reporting company		-	110,850	-	61,021	550,000	-	721,871	-
Remuneration from subsidiaries/associates									
A. Acerbi	COO Trevi S.p.a.								
A. Arienti	Area Manager Trevi S.p.a.								
M. Battistelli	Chief Controlling Officer								
R. Losappio	General Manager Soilmecc S.p.a.								
(I)	Sub total of subsidiaries/associates	-	264,550	-	80,160	755,000	-	1,099,710 1,821,581	-
(II)	Total (I)+ (II)	-	375,400	-	141,181	1,305,000	-		-