



REPORT ON REMUNERATION

pursuant to art. 123-ter of Legislative Decree 58/1998 and art. 84-quater of Consob Regulation 11971/1999

This **Report on Remuneration** was drafted in accordance with art. 123-ter of Legislative Decree no. 58 dated February 24, 1998 (Testo Unico Finanza “TUF”, Consolidated Finance Act), and article 84-quater of Consob Regulation adopted through Resolution no.11971 of May 14, 1999 (“**Issuers’ Regulation**”), and was prepared in compliance with Attachment 3A, Schedules 7-bis and 7-ter of the same Regulation.

The Report on Remuneration comprises the following sections:

Section I illustrates the policy adopted by the Company for the remuneration of directors and managers with strategic responsibilities applicable for at least one year ahead, in addition to the procedures followed in the adoption and implementation of such policy;

Section II, with regard to the remuneration of directors and statutory auditors:

- supplies an adequate representation of each of the components of the remuneration, including compensation at the expiration of the appointment or termination of employment, highlighting the consistency of the same with the remuneration policy of the Company approved in the previous year;
- illustrates analytically compensation paid in the year for any reason and in any form by the Company and its subsidiaries, highlighting components of said compensation that relate to work carried out in previous years and showing also compensation to be paid in subsequent years for work carried out in the year, indicating where appropriate an estimate for components that may not be quantified in the year to which the report refers.

Section II also contains information relating to interests held in the Company and its subsidiaries by members of corporate boards, in addition to their spouses not legally separated and minor children, in compliance with article 84-quater, paragraph 4, of the Issuers’ Regulation.

SECTION I

The present Section of the Report on Remuneration describes the basic guidelines of the remuneration policy adopted by the Company (hereinafter the "**Remuneration Policy**").

The Remuneration Policy defines the principles and guidelines to which Cembre S.p.A. ("**Cembre**", the "**Company**" or also the "**Issuer**") adheres in determining the salary procedures of Directors and managers with strategic responsibilities and in monitoring the application of the same.

The Remuneration Policy was also drafted in light of the recommendations of the Code of Conduct promoted by the Corporate Governance Committee (the "**Code of Conduct**") and takes into account the provisions of article 2.2.3 of the Regulations of markets organised and managed by Borsa Italiana S.p.A. (the "**Stock Market Regulation**") and the related Instructions for STAR segment issuers.

The Remuneration Policy, already adopted by the Board of Directors on November 11, 2011 at the proposal of the Remuneration Committee, was modified with the same methods (i) on November 14, 2013, in order to take account of the new provisions introduced to the Stock Market Regulation, with reference to the remuneration of executive Directors and managers with strategic responsibilities. In particular, the changes made to the Remuneration Policy regard, inter alia, the introduction of a medium/long-term incentive system for executive Directors holding particular offices; (ii) on November 14, 2014, in order to take into account the new Application Criterion 6.C.1, letter f) (so-called claw back) of the Corporate Governance Code; and, lastly, (iii) on March 11, 2019, in order to ensure that the Shareholders' Meeting is entitled to adopt incentive plans pursuant to art. 114-*bis* of the TUF. Pursuant to the By-laws and applicable laws, the term of the Board of Directors currently in office will expire with the approval by the Shareholders' Meeting of the financial statements at December 31, 2020.

As provided by Consob Regulation no. 17221 of March 12, 2010 on operations with related parties, as subsequently modified ("**Related Parties Regulation**") and ratified in the Company's internal procedure adopted on November 11, 2010 – available on the Company's website www.cembre.it in the Investor Relations section, subsequently updated last on May 14, 2018 – the approval of the Remuneration Policy by the Shareholders' Meeting exonerates the Company from applying said procedure in resolutions of the Board of Directors regarding the remuneration of Directors and managers with strategic responsibilities whenever these resolutions are consistent with the Remuneration Policy. Pursuant to article 13, paragraph 1 of the Related Parties Regulation, moreover, said procedure does not apply to Shareholders' Meeting resolutions made pursuant to article 2389, paragraph 1, of the Italian Civil Code relating to the compensation of members of the Board of Directors and of the Executive Committee, nor to the resolutions on the compensation of Directors holding offices that fall within the total amount resolved by the Shareholders' Meeting pursuant to article 2389, paragraph 3, second paragraph of the Italian Civil Code.

a) corporate bodies or individuals involved in the drafting and approval of the remuneration policy, specifying the respective roles, corporate bodies and individuals responsible for the correct application of said policy

The main individuals and corporate bodies involved in the drafting and approval of the Remuneration Policy are the Board of Directors, the Appointments and Remuneration Committee (formerly the Remuneration Committee)¹, the Shareholders' Meeting and the Board of Statutory Auditors.

Board of Directors

The Board of Directors:

- sets up a committee internally responsible for remuneration;
- consistent with the Remuneration Policy, it determines the remuneration of Directors holding particular offices, after receiving the opinion of the Board of Statutory Auditors and upon proposal of the Appointments and Remuneration Committee, within the total compensation resolved by the Shareholders' Meeting pursuant to article 2389, paragraph 3, of the Italian Civil Code, and article 21 of the By-laws;
- defines the Remuneration Policy upon proposal of the Appointments and Remuneration Committee;
- approves the Report on Remuneration, pursuant to article 123-ter, TUF, and article 84-*quater* of the Issuers' Regulation;
- drafts possible share-based remuneration plans or plans based on other financial instruments for Directors, employees and associates, including therein managers with strategic responsibilities, submits them to the approval of the Shareholders' Meeting pursuant to article 114-*bis*, TUF, and oversees their implementation.

Appointments and Remuneration Committee

The Appointments and Remuneration Committee of the Company, established within the Board of Directors as provided in the Code of Conduct, is made up by non-executive directors and independent directors.

As regards remuneration, the Appointments and Remuneration Committee is responsible for:

- proposing the adoption of the Remuneration Policy for Directors and managers with strategic responsibilities;
- submitting proposals or expressing opinions to the Board of Directors on the remuneration of Executive Directors and of other Directors holding particular positions, in addition to the setting of performance objectives related to the possible variable component of remuneration, monitoring the application of decisions adopted by the Board and verifying, in particular, the actual achievement of performance objectives;
- Periodically assessing the adequacy, overall consistency and practical application of the Remuneration Policy of Executive Directors, other Directors with particular offices and managers

¹ Effective from April 26, 2018, the functions regarding the appointment of directors were also attributed to the Committee, already responsible for remuneration.

with strategic responsibilities, availing itself, in the latter regard, of the information supplied by the Managing Directors; it formulates the relevant proposals to the Board of Directors.

In defining said remuneration, the Committee duly takes into consideration the consistency of remuneration recognised in previous mandates, the adequacy of commitments undertaken and responsibilities for positions held, professional qualifications held by the persons involved and the size of the Company, the Group and the related growth prospects.

Shareholders' Meeting

With regard to remuneration, the Shareholders' Meeting:

- determines the compensation of the members of the Board of Directors and the Board of Statutory Auditors pursuant to article 2364, comma 1, paragraph 3, and where appropriate of article 2389, comma 3, of the Italian Civil Code, and of article 21 of the By-laws;
- votes to approve Section I of the Remuneration Report drafted by the Board of Directors;
- resolves on share-based remuneration plans or plans based on other financial instruments for Directors, employees and associates, including managers with strategic responsibilities, pursuant to article 114-bis, TUF.

Board of Statutory Auditors

The Board of Statutory Auditors expresses its opinion on proposals regarding the remuneration of Directors holding particular offices, pursuant to article 2389, paragraph 3 of the Italian Civil Code, verifying the consistency of the same with the Remuneration Policy.

b) possible appointment of a remuneration committee or other competent committee, describing its composition (distinguishing between non-executive and independent directors), its powers and the rules and procedures for its operation

In light of the provisions of article 2.2.3, paragraph 3, letter m) of the Stock Exchange Regulations, applicable to listed companies in the STAR segment of the market and in compliance with the Code of Conduct, the Company appointed within its Board of Directors a Remuneration Committee. The Appointments and Remuneration Committee was established originally by means of resolution of the Board dated November 14, 2005 (with the name 'Remuneration Committee,') and subsequently, in its current composition, by means of Board resolution of April 26, 2018 (with the name the Appointments and Remuneration Committee).

In compliance with application criterion 4.C.1, point a), of the Code of Conduct, the Committee is currently² composed of two members, exclusively non-executive and independent Directors, in the persons of:

- Fabio Fada – Independent Director – acting as Chairman;
- Paola Carrara – Independent Director -

² Until April 26, 2018, the Remuneration Committee was composed of Fabio Fada (Independent Director with Chairman functions), Giancarlo Maccarini (Independent Director) and Giovanni de Vecchi (Non-executive Director).

Both members of the Appointments and Remuneration Committee possess accounting and financial experience considered adequate by the Board at the time of appointment. In particular, Committee Chairman Fabio Fada has accounting and financial experience as he is a Public Accountant and Independent Auditor registered in the Public Accountant Register of the Ministry of Justice with registration no. 79351 and has teaching and professional appointments in the field of business administration.

The Appointments and Remuneration Committee is responsible for providing opinions and formulating proposals to the Board, as to the remuneration, of Executive Directors, Directors holding particular positions and managers having strategic responsibilities, evaluating periodically the adequacy, overall consistency and concrete application of the Remuneration Policy, formulating to the Board related proposals.

The Appointments and Remuneration Committee, has advisory and proposal-making functions with regard to the Remuneration Policy as specified in paragraph a) above.

Appointments and Remuneration Committee meetings are carried out in joint form and minutes are regularly taken. The Committee meets whenever its Chairman deems it necessary and periodically, as necessary in view of the tasks assigned to the Committee, or whenever a member of the Committee so requests, giving reasons for his or her request.

The Committee is validly convened when the majority of its members is present. Resolutions are passed by majority vote, excluding members abstaining from voting from the calculation.

Directors do not take part in the meetings of the Appointments and Remuneration Committee whenever proposals are formulated to the Board of Directors regarding their remuneration. Managers responsible for particular tasks, independent experts and/or other subjects whose participation in the meeting is deemed useful, may be invited to take part in the meeting.

The Committee makes use, in carrying out its tasks, of the resources and structures of the Company.

c) the name of experts that have taken part in the drafting of the remuneration policy, if any

The Company did not make use of the advice of independent experts in drafting its remuneration policy.

d) the stated aim of the remuneration policy, principles on which the policy is based and possible changes of the remuneration policy with respect to the previous year;

As anticipated in the introduction to this Section, on March 11, 2019, the Board of Directors modified the Remuneration Policy, on the proposal of the Appointments and Remuneration Committee, in order to ensure that the Shareholders' Meeting, upon proposal of the Board of Directors and after consulting the Appointments and Remuneration Committee, has the power to adopt incentive plans pursuant to art. 114-*bis* of the TUF (see the following paragraph h)). The remuneration of Directors is set so as to provide sufficient incentive to attract, retain and motivate persons possessing those professional qualities required to successfully manage the Company, taking into account the size of the Company and the sector in which it operates.

The remuneration of executive directors and managers with strategic responsibilities is set so as to align their interests with the achievement of the primary objective of creating value for shareholders in the medium to long-term.

The incentive system for top management seeks to introduce an adequate balancing between the fixed and variable components of compensation according to the strategic objectives and the risk management policy of the Company, taking into account also the characteristics of the segment and the sector in which the Company operates.

The Shareholders' Meeting resolves on the overall compensation of the Board of Directors, including possible individual compensation for Directors holding particular positions. Within the limits set by the resolutions of the Shareholders' Meeting, the Board of Directors is responsible for executing said resolutions by attributing compensation to individual Directors, setting additional compensation for Directors holding particular positions, upon proposals made by the Appointments and Remuneration Committee, and having consulted the Board of Statutory Auditors.

The Board of Directors also sets the remuneration of managers with strategic responsibilities. At the meeting of March 11, 2019, confirming its evaluation made with reference to previous financial years, the Board of Directors verified that the management of the Company does not include managers with strategic responsibilities, as all decisions with strategic relevance are taken by the Chairman of the Board of Directors and Managing Director, in compliance with powers reserved to the Board of Directors. In this respect, the Issuer's organisational chart has not changed since said date.

e) the description of policies regarding fixed and variable components of remuneration, with particular regard to the indication of the weight attributed with respect to the overall compensation and distinguishing between short- and long-term components of variable remuneration

The Company deems it appropriate to set remuneration components according to the specific role covered within the Board and of competencies and executive responsibilities of the persons involved, consequently autonomously defining criteria for the determination of the remuneration of: (i) Directors without powers and Non-executive Directors, and (ii) Executive Directors³ vested with particular roles.

In light of the principles described in paragraph d) above, the Remuneration Policy provides for the remuneration of key figures of the Company as described in the section that follows.

1) Directors without powers and Non-executive Directors

Directors without powers and Non-executive Directors are granted a fixed compensation set by the Shareholders' Meeting pursuant to article 2389 of the Italian Civil Code.

Non-executive Directors do not receive a variable compensation and are not the beneficiaries of plans based on financial instruments.

Each member of the Board of Directors is entitled to an attendance fee for participating in each meeting and the reimbursement of expenses incurred in carrying out the mandate.

The remuneration of Non-executive Directors that attend committees of the Board of Directors is described in paragraph n) below.

2) Executive Directors holding particular roles

The remuneration of Executive Directors and Directors vested with particular roles is made up of a fixed

³ For the purposes of this Report, Executive Directors are defined as Directors with executive powers at Cembre.

component and a variable component consisting of short and medium/long term incentives for each year the position is held, as established by the Board of Directors upon proposal of the Appointments and Remuneration Committee of the Company. The fixed component of the remuneration must in any case provide sufficient means to remunerate the position of Director also in the event the variable component is not paid out due to the failure to achieve the performance targets set by the Board. The above incentives may be determined in relation to policies adopted by other companies of similar size, profitability and growth rates, and will be devised to take into account value generated over time in terms of increase in asset value and profits and/or the increase in the capitalisation of the Company.

a. Fixed component of remuneration

The fixed component is determined in relation to responsibilities and competences in connection with the position/function of the related beneficiary. This component is not linked to the achievement of performance objectives and is set at an amount sufficient to remunerate the position of Executive Directors and Directors vested with particular responsibilities also in the event the variable components are not paid out.

b. Short-term incentives

With reference to Executive Directors and Directors vested with particular roles, the Board, taking into account the shareholder structure of the Company and the organisational structure and powers currently conferred by the parent company, believes that the participation, direct and/or indirect, of the latter in the capital of the Company is in itself effective in obtaining the attainment of the typical objective of a short-term incentive programme. This is so because the current ownership structure and hierarchy produces the conferral of executive powers to the Chairman and Managing Director in addition to vicarious powers with respect to the above to the Vice Chairman, who are persons that hold relevant stakes both in Lysne S.p.A. (a holding company controlled by the Rosani family that controls the Company pursuant to article 93 TUF (Finance Act) with a 55,923% share), and directly in Cembre. The presence of said ownership structure and the assignment of executive and strategic responsibilities to persons who directly represent it, determines a structure of interests that the Board of Directors recognised in itself as sufficient to align interests of Executive Directors to those of all other shareholders.

c. Medium/long term incentives

The medium/long term incentive system is devised to ensure that the variable component of remuneration (for which a cap is set) is related to the achievement of corporate performance objectives (i) defined for set periods of time sufficiently long to allow the creation of value compatible with the Company's development strategies; (ii) linked to parameters (that may also be other than economic or financial) that are verifiable at the end of the period; (iii) assigned to the beneficiary, in view of the position covered or task assigned within the Company, that may be set also according to specific qualitative results expected (also at the individual level), taking into account competences, tasks and responsibilities of the beneficiary.

In application of the above-described principles and with the objective of promoting the creation of value for the Company in the medium and long term, Executive Directors and Directors vested with particular roles may therefore become the beneficiaries of a variable compensation payable at the end of a set period of several years and related to the achievement of financial and economic objectives set in an incentive plan covering the same time period. This variable compensation may be paid only upon the achievement of the

objectives set in the aforementioned plans.

The medium/long term component may not exceed 50% of the fixed component accrued in the period covered by the plan.

f) the policy applied with regard to non-monetary benefits

The members of corporate bodies and employees may be entitled to certain benefits, in consideration of their position and/or need in carrying out their tasks, that include: liability insurance policy for member of corporate boards, health insurance, on-the-job and off-the-job accident insurance, company car.

g) with reference to variable components, a description of performance objectives based on which variable remuneration is assigned, distinguishing between short and medium to long-term variable components, and information on the type of correlation between results achieved and the increase in the remuneration.

The medium/long term incentive system provides for the application of a variable component able to establish a link between the change in corporate results and the change in the remuneration of the beneficiary. In particular, the medium/long term variable component is based on a calculation that takes into account the under-performance with respect to objectives which may include consolidated sales, consolidated gross operating margin, consolidated operating profit and consolidated net profit (the “**LTI Objective**”) as from time to time indicated by the Board of Directors upon proposal of the Appointments and Remuneration Committee. The calculation system provides for a minimum performance –set indicatively at 90%– of the LTI Objective (under-performance threshold), below which the bonus is not paid out, and a maximum performance limit –set indicatively at 100%– of the LTI Objective, that results in the assignment of the maximum bonus payable, equal to 100% of the bonus, which constitutes the cap of variable remuneration.

h) criteria used in valuing performance objectives based on the assignment of shares, options, other financial instruments or other variable components of remuneration;

In the setting of the LTI Objective, the evaluation of the performance as defined in the incentive plan and the measurement of the degree of achievement of objectives assigned, the following shall apply:

- (i) objectives for the period shall be defined and shared (indicatively by March of the first year of the term set in the plan) as provided by the Board of Directors having heard the opinion of the Appointments and Remuneration Committee.
- (ii) intermediate evaluations of performance (indicatively by September of each year in the plan) may be carried out to assess the achievement of results in the first part of the year and to evaluate possible corrective action;
- (iii) the final evaluation of the performance and the communication of the degree of achievement of objectives assigned shall take place indicatively within 30 days of the date of approval of the draft financial statements and consolidated financial statements by the Board of Directors in the next year. The assessment of the degree of achievement of objectives set for the previous year is entrusted to the Appointments and Remuneration Committee, supported by the Administration, Finance and Control

department of the Company that will submit its evaluations to the Board of Directors for the final determination of the variable component of remuneration payable to each beneficiary.

In the event, for any reason, the Board of Directors does not proceed with the setting of objectives for a specific term, said Board will pass, after having heard the opinion of the Appointments and Remuneration Committee, the necessary resolutions to determine the medium/long term variable component, taking into account the performance of the Company consistent with the underlying principles of the Remuneration Policy.

In the event Cembre should carry out extraordinary operations with either a strategic importance and/or effects on the results of the Company and/or the Group or the scope of business, or in the case of extraordinary changes in the conditions of the market in which the Company operates, the Board of Directors, upon proposal of the Appointments and Remuneration Committee, will carry out a revision of the objectives to make them consistent with the new corporate structure and/or business environment and/or their consequent economic and financial results.

The Shareholders' Meeting, in accordance with the law and regulations, may approve, upon proposal of the Board of Directors and following the opinion of the Appointments and Remuneration Committee, compensation plans based on financial instruments in favour of Directors and employees (or in any case, holders of a comparable relationship pursuant to the legislation applicable from time to time) of the Company and/or the subsidiaries of Cembre.

i) information showing the consistency of the Remuneration Policy with the long-term objectives of the Company and the risk management policy, where formalised;

Please refer to the description provided in paragraph e), item 2), letter b above for the short term variable component, and letter c for the long term variable component.

j) the period in which the rights mature (i.e. vesting period), possible deferred payment terms, indicating the term of the deferral and criteria used to set such term and, where provided for, ex post correction mechanisms

The Remuneration Policy does not provide for deferred payment terms.

We note however that, in reference to variable remuneration, the Remuneration Policy provide for clauses in the agreements between the Company and Executive Directors that give the Company the right to request the return, in full or in part, of variable remuneration components paid (or to withhold sums to be deferred), determined on the basis of data that has subsequently proved to be erroneous.

k) information on possible clauses for the maintenance in a portfolio of financial instruments after their acquisition, indicating the term for which these will be held and criteria used in setting such term

The Remuneration Policy does not provide for the assignment of shares, options or other financial instrument.

l) the policy regarding the economic compensation provided for in case of termination of office or employment, specifying the circumstances that determine the entitlement to the right to a compensation and possible link between such compensation and the performance of the Company

The Company does not normally stipulate with Directors agreements providing for indemnities in case of termination of office or termination of employment/revocation of office without just cause, or in case employment or office is terminated as a result of a public offer to buy the Company's shares.

m) information regarding the existence of insurance coverage, health insurance or private pension plans, other than coverage provided according to applicable laws;

The Board of Directors resolved the underwriting of an insurance policy that covers third party liability of Directors and Statutory Auditors, for a total cost of about Euro 9 thousand.

n) the remuneration policy applied with reference: (i) independent directors, (ii) participation in committees, and (iii) positions covered (chairman, vice chairman, etc.);

Independent directors receive only the fixed compensation set by the Shareholders' Meeting pursuant to article 2389, paragraph 1, of the Italian Civil Code.

Independent Directors do not receive variable remuneration and are not beneficiaries of remuneration plans based on financial instruments.

Where the Shareholders' meeting has not already done so and whenever deemed appropriate, the Board of Director sets the annual compensation for the members of the Control and Risk Committee, its Chairman, and members of the Appointments and Remuneration Committee.

The remuneration of Directors holding particular positions is described in paragraph e) above.

o) whether the remuneration policy was set by using as reference the remuneration policies of other companies, and where this is the case, the criteria used in the choice of such company

In setting its Remuneration Policy the Company did not take the remuneration policies of other companies as a reference.

SECTION II

With regard to the remuneration of directors and statutory auditors, the present Section:

- in the first part, supplies, in the first part, an adequate representation of each of the components of the remuneration, including compensation on expiration of the appointment or termination of employment, highlighting the consistency of the same with the remuneration policy applied by the Company as approved in the previous year; amounts and composition of remunerations paid in 2018 are in line with Remuneration Policy adopted by the Board of Directors on November 11, 2011, lastly confirmed by the Board of Directors on November 14, 2018 and subsequently modified on March 11, 2019;
- in the second part, illustrates analytically compensation paid in the year (2018) for any reason and in any form by the Company and its subsidiaries, highlighting components of said compensation that relate to work carried out in previous years and showing also compensation to be paid in subsequent years for work carried out in the year, indicating where appropriate an estimate for components that may not be quantified in the year to which the report refers.
- in the third part, it indicates also (applying criteria established in Attachment 3A, Schedule 7-ter of the Issuers' Regulations), investments held in the Issuer and its subsidiaries by members of the administration and control bodies and theirs non-legally separated spouses, minor sons and daughters, either directly or through subsidiaries, trust companies or third parties, as reported in the Shareholders' Register, by communications received and other information acquired by the same members of the administration and control bodies.

Cembre, being a company of “small dimensions” pursuant to article 3, paragraph 1, letter f) of the Related Parties Regulation, (i) may supply in aggregate form information on compensation received by managers with strategic responsibilities (where present), other than the General Manager, and (ii) may provide information on existing agreements providing for indemnities to be paid in case of early termination of office only with reference to executive directors and the Chairman of the Board of Directors.

SECTION II – PART ONE – ITEMS THAT MAKE UP REMUNERATION

Remuneration of the Board of Directors

The Shareholders' Meeting of April 26, 2018 set at €12,000.00 the gross annual compensation for each member of the Board of Directors for each of the 2018-2020 financial years, in addition to a compensation for attendance at Board Meetings of €100.00 per meeting, recognised only to participants in meetings only at the place where it has been called, while nothing is due for participation by teleconferencing or video-conferencing.

The Board of Directors, at its meeting held on April 26, 2018, in line with the Remuneration Policy, resolved further compensation for members of the Board of Directors with particular appointments or for participating in committees, as follows:

- to the Chairman and Managing Director Giovanni Rosani, upon proposal of the Appointments and Remuneration Committee, and the prior favorable opinion of the Board of Statutory Auditors, an annual compensation of €202,000.00 net of withholding taxes and legal expenses and in addition to the basic compensation resolved by the Shareholders' Meeting;
- to Vice Chairman Anna Maria Onofri, upon proposal of the Appointments and Remuneration Committee, and the prior favorable opinion of the Board of Statutory Auditors, a total compensation of €170,000.00 net of withholding taxes and legal expenses and in addition to the basic compensation resolved by the Shareholders' Meeting;
- to each member of the Internal Control and Risk Committee a total annual compensation of euro 16,000.00 net of withholding taxes and contributions;
- to each member of the Appointments and Remuneration Committee, an annual compensation of €2,000.00 net of withholding taxes and legal expenses.

During the year, Mr. Rosani was paid a monetary bonus of €200,000, for attaining the objectives set out in the medium/long-term monetary incentive plan (LTI) allocated to the Chairman and the Managing Director, approved by the Board of Directors at the meeting on August 29, 2014 and confirmed on May 14, 2015, which made provision for the payment of a monetary bonus on achievement of the objectives set for the 2014-2017 period.

In addition, on November 14, 2018, the Board of Directors confirmed the medium/long-term monetary incentive plan (LTI) intended for the Chairman and the Managing Director Giovanni Rosani, as approved by the Board of Directors on May 14, 2018, which makes provision for the payment of a monetary bonus on achievement of the objectives set for the 2018-2020 period.

The remuneration of non-executive directors is not linked to the economic performance of Cembre and they are not the beneficiaries of share-based incentive plans as they receive a fixed remuneration set by the Shareholders' Meeting on April 26, 2018 pursuant to article 2389, paragraph 1 of the Italian Civil Code and article 21 of the By-laws, as outlined above.

The Directors Fabio Fada and Paola Carrara receive an annual compensation of €1,000.00 each, gross of withholding taxes and legal expenses, for their position as members of the Monitoring Board of the Company.

No compensation is set at the end of the mandate or in case of early termination of office or employment other than benefits provided by Law.

There are no agreements in place for compensation in case of early termination of office or employment.

There are not agreements providing for the assignment or maintenance of non-monetary benefits in favour of persons whose employment or appointment is terminated, or contracts providing for consulting services for a term subsequent to that of the termination of the employment.

There are no agreements providing for compensation for non-competition agreements.

Remuneration of the Board of Statutory Auditors

The remuneration of the Board of Statutory Auditors was resolved by the Shareholders' Meeting of April 26, 2018, that set the annual compensation at €36,000.00 for the Chairman and an annual compensation of €24,000.00 for each Permanent Auditor, comprehensive of all indemnities and of the reimbursement of expenses incurred in fulfilling the position.

Remuneration of Directors with strategic responsibilities

At the meeting held on March 11, 2019 the Board of Directors verified the absence among the ranks of the Issuer of any Director with strategic responsibilities, as all decisions having strategic implications are adopted, taking into account contributions from the management, by the Chairman of the Board of Directors and/or the Managing Director, in observance of the powers reserved to the Board of Directors.

SECTION II - PART TWO - COMPENSATION PAID TO DIRECTORS, STATUTORY AUDITORS IN THE YEAR

The table below shows compensation paid to Directors and Statutory Auditors.

	Position	Period	Term ending (1)	Fixed compensation			Compensation for committees	Non-equity variable compensation		Non-monetary benefits (2)	Other compensation	Total	Fair value of equity compensation	Post termination or retirement benefits
				Emoluments for position	Attendance fees	Remuneration as employees		Bonuses and other incentives	Profit-sharing					
Giovanni Rosani	Chairman of BOD and Managing Director	01/01/18 - 12/31/18	2020	212,724	600					4,953		218,277		
Anna Maria Onofri	Vice-chairman of BOD	01/01/18 - 12/31/18	2020	180,721	600					2,603		183,924		
Sara Rosani	Director	01/01/18 - 12/31/18	2020	10,723	600					2,476		13,799		
Giovanni De Vecchi	Director	01/01/18 - 04/26/2018	2020	2,579	200		5,803				3,546 (4)	12,128		
Aldo Bottini Bongrani	Director	01/01/18 - 12/31/18	2020	10,723	500	127,137		121,000 (3)		3,276		262,636		193,563 (5)
Fabio Fada	Director	01/01/18 - 12/31/18	2020	10,723	500		18,000				11,000 (4)	40,223		
Giancarlo Maccarini	Director	01/01/18 - 04/26/18	2020	2,579	200		5,803				3,546 (4)	12,128		
Paolo Giuseppe La Pietra	Director	01/01/18 - 04/26/18	2020	2,579	200							2,779		
Felice Albertazzi	Director	04/26/2018 - 12/31/18	2020	8,167	400	168,340		89,000 (3)		3,325		269,232		76,562 (5)
Franco Celli	Director	04/26/2018 - 12/31/18	2020	8,167	400	124,500		69,000 (3)		2,963		205,030		8,277 (5)
Paola Carrara	Director	04/26/2018 - 12/31/18	2020	7,820	300		12,180				7,333 (4)	27,633		

continued

	Position	Period	Term ending (1)	Fixed compensation			Compensation for committees	Non-equity variable compensation		Non-monetary benefits (2)	Other compensation	Total	Fair value of equity compensation	Post termination or retirement benefits
				Emoluments for position	Attendance fees	Remuneration as employees		Bonuses and other	Profit-sharing					
Fabio Longhi	Chairman of BSA	01/01/18 - 12/31/18	2020	36,000								36,000		
Riccardo Astori	Permanent Auditor	04/26/2018 - 12/31/18	2020	16,000								16,000		
Andrea Boreatti	Permanent Auditor	01/01/18 - 04/26/2018	2020	8,000								8,000		
Rosanna Angela Pilenga	Permanent Auditor	01/01/18 - 12/31/18	2020	24,000								24,000		
Compensation from company that prepares the financial statements				541,505	4,500	419,977	41,786	279,000		19,596	25,425	1,331,789		278,402 (5)
Compensation from subsidiaries														
Total				541,505	4,500	419,977	41,786	279,000		19,596	25,425	1,331,789		278,402 (5)

Notes

- (1) The expiry of office coincides with the approval of the 2020 Financial Statements for both Board of Directors and Board of Statutory Auditors.
- (2) Consisting of fringe benefits represented by the use of a company car.
- (3) Variable part of remuneration for employment linked to results.
- (4) Compensation as member of the Monitoring Board (organisational model as per Legislative Decree 231/2001)
- (5) Amount accrued as "Termination indemnity" relating to employment as manager.

SECTION II - PART THREE – INVESTMENTS HELD

SUMMARY OF INVESTMENTS HELD BY DIRECTORS AND STATUTORY AUDITORS (1)

	INVESTEES COMPANY	NO. OF SHARES AT DEC. 31, 2017	NO. OF SHARES PURCHASED	NO. OF SHARES SOLD	NO. OF SHARES AT DEC. 31, 2018	TITLE	OWNERSHIP
LYSNE S.P.A. (2)	Cembre S.p.A.	9,506,825	-	380,000	9,126,825	owned	direct
ANNA MARIA ONOFRI	Cembre S.p.A.	120,096	-	-	120,096	owned	direct
SARA ROSANI	Cembre S.p.A.	1,470,000	-	-	1,470,000	owned	direct
GIOVANNI ROSANI	Cembre S.p.A.	1,450,000	-	-	1,450,000	owned	direct
ALDO BOTTINI BONGRANI	Cembre S.p.A.	240,000	-	32,834	207,166	owned	direct
GIOVANNI DE VECCHI	Cembre S.p.A.	278,340	1,660	-	280,000 (3)	owned	direct
FABIO FADA	Cembre S.p.A.	4,700	-	-	4,700	owned	indirect
PAOLO G. LA PIETRA	Cembre S.p.A.	1,139	-	-	1,139 (3)	owned	direct

continued

	INVESTEE COMPANY	NO. OF SHARES AT DEC. 31, 2017	NO. OF SHARES PURCHASED	NO. OF SHARES SOLD	NO. OF SHARES AT DEC. 31, 2018	TITLE	OWNERSHIP
FRANCO CELLI	Cembre S.p.A.	3,000	-	-	3,000	owned	direct
FRANCO CELLI	Cembre S.p.A.	1,000	-	-	1,000	owned	indirect
ANDREA BOREATTI	Cembre S.p.A.	1,500	-	-	1,500 (3)	owned	direct

(1) Auditors and Directors not mentioned above did not own shares of the Company at December 31, 2017 and did not acquire any Cembre S.p.A. shares in 2018.

(2) The share capital of Lysne S.p.A., the parent of Cembre S.p.A., is held by Anna Maria Onofri, Giovanni Rosani and Sara Rosani.

(3) Persons whose office ended on April 26, 2018, the number of shares held is deemed to be updated as of said date.

Brescia, March 11, 2019

on behalf of the Board of Directors
The Chairman and Managing Director
Mr. Giovanni ROSANI