

F.I.L.A. – FABBRICA ITALIANA LAPIS ED AFFINI S.P.A.

2018 REMUNERATION REPORT

in accordance with Article 123-*ter* of Legislative Decree No. 58/1998



Report approved by the Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. at the meeting of March 16, 2018, available on the website www.filagroup.it in the “Governance” section

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PRINCIPAL DEFINITIONS

The principal definitions utilized in the present remuneration report (the “**Report**”) are illustrated below.

Executive Directors	Directors of the Company assigned operational or managerial powers or to whom the Board of Directors confers specific roles. At the Reporting date, the Executive Directors of the Company are the Chief Executive Officer Massimo Candela and the Executive Director Luca Pelosin.
Borsa Italiana	Borsa Italiana S.p.A.
Self-Governance Code	the Self-Governance Code prepared by the Corporate Governance Committee for listed companies, set up by Borsa Italiana.
TRP Committee	the committee for transactions with the related parties of FILA, appointed in accordance with the Consob TRP Regulation and the Related Parties Procedure.
Remuneration Committee	The remuneration committee established in implementation of the recommendations of the Self-Governance Code.
Consob	Commissione Nazionale per le Società e la Borsa (Italian market oversight authority).
Senior Executives	the parties who have the power and the responsibility, directly or indirectly, for the planning, management and control of Group operations, identified by the Board of Directors with the support of the Chief Executive Officer. In any case, they include: (i) the Directors of the company; (ii) the Statutory Auditors of the company; and (iii) the Executive Officer for financial reporting.
EBITDA	indicates, in relation to the FILA Group consolidated financial statements, the difference between: 1) total core business revenue and other revenue and income; and 2) total operating costs (including costs for raw materials, ancillary, consumables and goods, the change in inventories of raw materials, semi-finished and finished products, services and rent, lease and similar costs, other operating costs and labour costs).
Relevant Events and, individually, a Relevant Event	acquisitions (of companies, businesses and/or business units), disposals (of companies, businesses and/or business units), mergers, spin-offs, share capital increases, conferments, legislative or regulatory amendments, changes to the accounting standards adopted for the preparation of the financial statements or other exceptional events with significant impact on the Objectives.
Senior Management	key management personnel of the Group - other than the Senior Executives - involved in positions considered by the Board of Directors, with the support of the Chief Executive Officer, as important for the growth and

	sustainability of the business of the Group, beneficiaries of the 2017-2019 Performance Shares Plan.
FILA or the Company Group	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. FILA and the companies over which it exercises, directly or indirectly, control according to the applicable IFRS accounting standards.
NFP	indicates, in relation to the consolidated financial statements of the Group, the sum of: <ol style="list-style-type: none"> 1) liquidity (cash, other cash equivalents, securities held-for-trading); 2) current financial receivables; 3) current financial debt (current bank payables, current portion of non-current debt, other current financial payables) 4) non-current financial debt (non-current bank payables, bonds issued, other non-current payables); 5) loans issued to third parties.
2016-2018 Plan	the three-year business plan of the Company, approved by the Board of Directors on March 22, 2016.
2017-2019 Performance Shares Plan	the remuneration plan as per Article 114- <i>bis</i> of the CFA concerning the free assignment of Company shares, approved by the Shareholders' Meeting of the Company on April 27, 2017.
Honorary Chairman	the individual selected from among persons of high standing and who have contributed to the establishment and/or growth of the Company, in accordance with Article 12.5 of the By-Laws. At the date of the present Report, the Honorary Chairman of FILA is Alberto Candela.
Related Parties Procedure	the procedure for transactions with related parties adopted by the Company in compliance with the Consob TRP Regulation.
Consob TRP Regulation	the regulation concerning transactions with related parties adopted by Consob with motion No. 17221 of 2010.
Issuers' Regulation	the regulation adopted by Consob with motion No. 11971 of 1999.
ROI	ratio between consolidated EBITDA and net invested capital, as per the 2016-2018 Plan.
By-Laws	the By-Laws of FILA.
CFA	Legislative Decree No. 58 of 1998.

INTRODUCTION

The Report is divided into two sections:

- section I: outline of the Policy of the Company and of the Group for 2018 concerning the remuneration of the members of the Board of Directors and of the Senior Executives (the “**Remuneration Policy**”), in addition to a description of the bodies involved and the procedures utilised for its adoption. This section is submitted for the consultative vote of FILA’s Shareholders’ Meeting;
- section II: presentation of the remuneration of the members of the Board of Directors and of the Senior Executives and, with regards to the 2017 financial year, disclosure on the remuneration paid to these parties.

The Report also discloses the shareholdings of directors, statutory auditors and senior executives.

The Report, approved by the Board of Directors of FILA on March 16, 2018 on the proposal of the Remuneration Committee, is prepared and published in accordance with the applicable rules and regulations.

The Remuneration Policy is established in line with the recommendations of the Self-Governance Code adopted by the Company.

The Remuneration Policy was also adopted by the Company in accordance with the Consob TRP Regulation and the FILA Related Parties Procedure.

For the drawing up of the Remuneration Policy described in this Report, the company has not utilised an outside consultant.

The Remuneration Policy has not changed significantly from that presented to the Shareholders’ Meeting of April 27, 2017 and applied in financial year 2017.

Finally, the mandate of the Board of Directors currently in office concludes with the Shareholders’ Meeting called for April 27, 2018. The Remuneration Policy will therefore be implemented by the new Board of Directors.

SECTION I

The Remuneration Policy defines the principles and guidelines adopted by FILA for the remuneration of the members of the Board of Directors and Senior Executives.

1.1 PROCEDURES FOR THE ADOPTION AND IMPLEMENTATION OF THE REMUNERATION POLICY

1.1.1 Parties involved in the preparation, approval and implementation of the Remuneration Policy

The principal parties and bodies involved in the preparation and approval of the Remuneration Policy are the Board of Directors, the Remuneration Committee and the Board of Statutory Auditors. They are also responsible for the correct implementation of the Remuneration Policy and oversee its correct implementation. A brief description of the duties, which in accordance with the applicable regulation and internal regulation of FILA are required of these Boards with regards to the remuneration of the directors, is provided below.

Board of Directors

The Board of Directors:

- (i) establishes internally a Remuneration Committee;
- (ii) establishes the remuneration of the Executive Directors on the proposal of the Remuneration Committee (and, where established, of the TRP Committee), with prior opinion from the Board of Statutory Auditors, within any remuneration established by the Shareholders' Meeting in accordance with Article 2389, paragraph 3 of the Civil Code and breaks down the fixed annual remuneration for execution of office, established in totality by the Shareholders' Meeting, as set out by Article 15 of the By-Laws;
- (iii) defines, on the proposal of the Remuneration Committee, the Remuneration Policy;
- (iv) approves the Remuneration Report in accordance with Articles 123-ter of the CFA and 84-quater of the Issuers' Regulation;
- (v) prepares any remuneration plans based on shares or other financial instruments for directors, employees or collaborators of the Group, in accordance with Article 114-bis of the CFA, submitting them also for the approval of the Shareholders' Meeting and ensuring their implementation.

Remuneration Committee

The Remuneration Committee assists the Board of Directors through investigative, proposal and consultation duties, for the evaluations and decisions concerning the remuneration of Directors and Senior Senior Executives. Specifically, the Remuneration Committee:

- a) periodically evaluates the adequacy, compliance and application of the Remuneration Policy of Directors and Senior Executives, utilising for this latter issue the information provided by the Chief Executive Officer; draws up for the Board of Directors related proposals;
- b) presents proposals or expresses opinions to the Board of Directors on the remuneration of Executive Directors as well as establishing the performance objectives related to the variable component of this remuneration; monitors the application of the decisions adopted by the Board verifying, in particular, the achievement of the performance objectives;
- c) reviews in advance the annual remuneration report to be made available to the public at the Shareholders' Meeting for presentation of the Annual Financial Statements; and
- d) carries out duties given to it by the Board of Directors.

This committee guarantees the broadest scope of information and transparency on the remuneration of the Executive Directors, as well as the manner for determining their remuneration. In any case, as per Article 2389, paragraph 3 of the Civil Code, the Remuneration Committee has solely the function of

presenting proposals, while the power of determining the remuneration of Executive Directors remains with the Board of Directors, having consulted with the Board of Statutory Auditors.

With regard to the role, composition and functioning of the Remuneration Committee, reference should be made to Paragraph 1.1.2 below.

Board of Statutory Auditors

The Board of Statutory Auditors expresses an opinion upon the remuneration proposals of the Executive Directors, in accordance with Article 2389, paragraph 3 of the Civil Code, verifying the consistency of such with the Remuneration Policy adopted by the Company.

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In addition, the Shareholders' Meeting has the following duties in terms of remuneration:

- (i) establishes the remuneration of the members of the Board of Directors in accordance with Article 2364, paragraph 1, No. 3) of the Civil Code, also in accordance with Article 2389, paragraph 3 of the Civil Code and Article 15 of the By-Laws;
- (ii) in accordance with Article 123-ter, paragraph 6 of the CFA, decides in favour or against section I of the Remuneration Report (in accordance with the above-stated regulation; this Shareholders' Meeting decision is not binding);
- (iii) deliberates on any remuneration plans based on shares or other financial instruments for directors, employees or collaborators of the Group, in accordance with Article 114-bis of the CFA.

1.1.2 Remuneration Committee

The Remuneration Committee was established by Board of Directors motion of July 22, 2015 and comprises three non-executive directors, the majority of whom independent, in the persons of:

- Francesca Prandstraller (Chairperson) - non-executive independent director;
- Sergio Ravagli - non-executive independent director;
- Annalisa Barbera - non-executive director.

On appointment, the Board of Directors positively assessed, by the non-executive director Annalisa Barbera, the knowledge and competence requirements concerning financial matters and remuneration policies.

The composition, duties and operating rules of the Remuneration Committee are governed by the Self-Governance Code and the regulation adopted by the Remuneration Committee from October 7, 2015 (available on the Company website www.filagroup.it in the "Governance" section).

The meetings of the Remuneration Committee are held as a collective and are appropriately minuted.

Directors do not take part in meetings of the Remuneration Committee in which proposals upon their specific remuneration to the Board of Directors are drawn up.

On invitation, representatives of company departments and independent experts and/or other parties, whose participation is considered beneficial for the discussion of the matters at issue, may attend meetings of the Remuneration Committee.

Where considered necessary and beneficial for the execution of its duties, the Remuneration Committee may utilise outside remuneration policy consultants.

In relation to the activities of the Remuneration Committee in 2017, reference should be made to the 2017 corporate governance and ownership structure report, available on the Company website www.filagroup.it in the "Governance" section.

At the meetings between January and March 2018, the Remuneration Committee:

- (i) defined the Remuneration Policy described in this Report;
- (ii) prepared this Report;
- (iii) verified the achievement of the 2017 annual objectives for the variable remuneration of the Chief Executive Officer Massimo Candela and the Executive Director Luca Pelosin;
- (iv) presented proposals to the Board of Directors for the variable remuneration component of the Executive Directors for the year 2018;
- (v) drew up a proposal for the Board of Directors for the recognition of three new Senior Managers and the addressing to them of the 2017-2019 Performance Shares Plan.

For 2018, the Remuneration Committee has not scheduled further activities given the renewal of the Board of Directors by the Shareholders' Meeting called for April 27, 2018.

1.2 INDEPENDENT SPECIALISTS INVOLVED IN THE PREPARATION OF THE REMUNERATION POLICY

In preparing the Remuneration Policy described in this Report the company did not avail of outside consultants.

1.3 REMUNERATION POLICY

1.3.1 AIMS AND PRINCIPLES OF THE REMUNERATION POLICY

The Remuneration Policy is drawn up so as to ensure an overall remuneration structure which recognises the managerial value of the beneficiaries and the contribution provided to the growth of the company in terms of their respective competences. This policy seeks to attract, maintain and motivate individuals of high professional standing, with particular regard to key positions for the development and management of the business, in addition to awarding the achievement of the individual and company performance objectives on the basis of the company economic-financial growth indicators and as a principal aim seeks to align the interests of the management of the Company with the achievement of the core objective of the creation of value for the shareholders of FILA over the medium/long-term.

The Remuneration Policy, in line with the general objectives outlined above, is based on the following key principles and is defined according to the following criteria:

- (i) appropriate balance between the fixed and variable components according to the strategic objectives and the risk management policy of the Company, taking account of the sector in which the Group operates and the operations executed, in order to avoid conduct which does not serve the creation of sustainable value over the short and medium/long-term period.
- (ii) setting of limits for the variable components;
- (iii) pre-setting and measurability of the performance objectives for the issue of the variable components;
- (iv) creation of a direct link between remuneration and performance, through mechanisms which provide for the issue of differing levels of bonuses linked to the partial or total achievement of the objectives;
- (iii) establishment of overall remuneration levels which recognise the professional value of individuals and their contribution to the creation of sustainable value over the short and medium/long-term period.

In line with the principles outlined above, the company adopted - with the approval of the Shareholders' Meeting of April 27, 2017 - the 2017-2019 Performance Shares Plan. The Plan was adopted to encourage the retention and incentivise management, enhancing the value of the Company and of the Group, with primary focus on value creation in all strategic and operating decisions.

The company may stipulate contractual conditions which would allow for the restitution, in full or in part, of the variable remuneration components paid (or withhold any sums subject to deferred payment), on the basis of data which is subsequently clearly erroneous in accordance with Application Criterion 6.C.1, letter f) of the Self-Governance Code (so-called claw-back).

There is no timeframe obligation to retain the shares assigned to the beneficiaries of 2017-2019 Performance Shares Plan (so-called minimum holding) as the company considers that the creation of value over the medium/long-term period may be guaranteed also in the absence of this commitment.

The Remuneration Policy has not changed significantly from that presented to the Shareholders' Meeting of April 27, 2017 and applied in financial year 2017.

1.3.2 REMUNERATION POLICY

The Remuneration Policy provides that the fixed and variable components (this latter in turn split between short and medium/long-term) are established on the basis of principles and processes according to the beneficiary category.

The Board of Directors of the Company, on the proposal of the Remuneration Committee, identified - in view of the positions and respective roles within the Group - Senior Executives and Senior Management beneficiaries of the 2017-2019 Performance Shares Plan.

The company therefore considered it appropriate to distinguish the remuneration structure in relation to the competences and executive/managerial responsibilities recognised to the persons concerned and consequently autonomously define the remuneration criteria of:

- (i) Directors, and in particular
 - (a) Non-Executive Directors; and
 - (b) Executive Directors;
- (ii) Senior Executives;
- (iii) Senior Management;
- (iv) Honorary Chairman.

(i) DIRECTORS

The remuneration of directors seeks to attract and motivate the best professional talent for the exercise of their duties and the achievement of the goals of the Remuneration Policy.

All directors receive a fixed remuneration which appropriately compensates the work and commitment provided by the Directors to the company.

The Board of Directors meeting of March 21, 2017, on the proposal of the Remuneration Committee and with prior favourable opinion of the Related Parties Committee, established the following additional remuneration for the participation of the directors on Board Committees: Euro 10,000.00 for the Chairman of the Committees and Euro 5,000.00 for each member of the Committees.

(a) NON-EXECUTIVE DIRECTORS

Non-executive directors (whether independent directors or not) are recognised a remuneration established by the Shareholders' Meeting in accordance with Article 2389 of the Civil Code, in addition to the reimbursement of expenses incurred.

The remuneration paid to these directors is not based on any financial results or specific objectives of the company.

(b) EXECUTIVE DIRECTORS

The remuneration of Executive Directors is adequately calibrated to ensure the correct balance between development objectives in the short term and sustainable creation of value for shareholders over the medium/long-term period.

In particular, the remuneration of the Executive Directors comprises:

- a *fixed component*: this component takes account of the extent and strategic importance of the role, its subjective distinctive characteristics and the strategic skills of the managers assigned to the role. The amount is sufficient to remunerate the service also in the case of the non-reaching of the performance objectives upon which the variable remuneration component is based, and therefore - among other issues - discourages the undertaking of conduct not consistent with the risk propensity of the company. In particular, the fixed component is based on the size of the business managed and the capacity for contribution to the consolidated results of the Group;
- a *short-term variable component*: this component seeks to incentivise Executive Directors to work towards reaching the annual objectives, in order to maximise the value of the Group, in line with the interests of shareholders. This component is achieved only with the reaching of the minimum annual performance objectives established by the Board of Directors, on the proposal of the Remuneration Committee. In any case, this component is balanced - in comparison to others - to avoid short-term or opportunistic policies, favouring therefore medium/long-term strategies, in the interest of the stakeholders and the sustainability of the business;
- a *medium/long-term variable component*: this component seeks to incentivise Executive Directors to maximise the value of the Group and to align the interests of these directors with those of the shareholders, within a medium/long term framework. The payment of this remuneration may be deferred to the conclusion of the three-year timeframe.
- *fringe benefit*: fringe benefits provide for the provisions of goods and/or services in line with market practice and applicable regulations.

For the description of the short-term variable component and the medium/long-term component of the Executive Directors reference should be made to Paragraph 1.3.3(i).

(ii) SENIOR EXECUTIVES

The remuneration of Senior Executives aims to concentrate greater management focus on the long-term results of the company and on the creation of value.

The company therefore adopted a policy to achieve these objectives also through the implementation of a variable remuneration system, with a strong retention function, in line with the need for growth and internal development within the Company and the Group.

The remuneration of Senior Executives is composed of:

- a *fixed component*;
- a *short-term variable component*;
- a *medium/long-term variable component*;
- *fringe benefits*.

For the description of the short-term variable component of Senior Executives reference should be made to Paragraph 1.3.3(ii).

For the description of the medium/long-term variable component of Senior Executives, represented by the 2017-2019 Performance Shares Plan, reference should be made to Paragraph 1.3.3(i).

(iii) SENIOR MANAGEMENT

Senior Management remuneration policy is based on the position and responsibilities held in the Group in order to achieve sustainable earnings and the creation of medium/long term value for the shareholders.

The remuneration of Senior Management is composed of:

- a *fixed component*;
- a *short-term variable component*;
- a *medium/long-term variable component*;
- *fringe benefits*.

For the description of the short-term variable component of Senior Management reference should be made to Paragraph 1.3.3(ii).

For the description of the medium/long-term variable component of Senior Management, represented by the 2017-2019 Performance Shares Plan, reference should be made to Paragraph 1.3.3(iii).

(iv) HONORARY CHAIRMAN

The Honorary Chairman receives an annual remuneration set by the Board of Directors, in addition to the reimbursement of expenses incurred.

1.3.3 LINK BETWEEN FIXED AND VARIABLE COMPONENTS OF REMUNERATION

(i) EXECUTIVE DIRECTORS

The gross annual overall remuneration of the Chief Executive Officer is established as follows.

REMUNERATION COMPONENT	DESCRIPTION OF THE GROUP OBJECTIVES AND APPLICABLE CLAUSES
Fixed component	Annual fixed component (the CEO Annual Fixed Component)
Short-term variable component	Short-term variable component of a maximum amount of approx. 120% of the CEO Annual Fixed Component (the CEO Short-term Variable Component) linked to the reaching of the quantitative objectives and qualitative objectives described below.
	- Quantitative objectives: 70% of the CEO Short-term Variable Component is issuable on the meeting of the EBITDA and NFP objectives established by the annual consolidated budget of the Group approved by the Board of Directors. In particular:

	<ul style="list-style-type: none"> ○ 70% linked to the reaching of the consolidated EBITDA objectives on the basis of a performance scale with a variable range from a minimum 80% to a maximum of 105% (corresponding to the issue of a short-term variable remuneration respectively from 34.3% to 58.8% of the CEO Annual Fixed Component). Within this range, the amount of the variable component linked to EBITDA will be based according to the pre-set brackets; and ○ 30% linked to the reaching of the consolidated NFP objectives on the basis of a performance scale with a variable range from a minimum of Euro 40 million to a maximum of Euro 40 million (corresponding to the issue of a variable remuneration respectively from 14.7% to 31.5% of the CEO Annual Fixed Component). Within this range, the amount of the variable component linked to NFP will be based according to the pre-set brackets.
	<ul style="list-style-type: none"> - Qualitative objectives: 30% of the CEO Short-term Variable Component (the CEO Qualitative Component) is issuable subject to the reaching of the following qualitative objectives (defined for 2018): <ul style="list-style-type: none"> • in order to support further development of Group governance, proposal of a policy favouring the presence of independent directors and diversity upon the Board, also as per Article 123-<i>bis</i>, paragraph 2, letter d-<i>bis</i>), of the CFA), and the consolidation of Group managerial structures; • constant presence at meetings with investors, • maintenance of a balanced and sustainable Group funding system, (collectively, the Short-term CEO Qualitative Objectives).
	<ul style="list-style-type: none"> - Issue: following approval of the 2018 consolidated financial statements, with the passing of a motion by the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors. The Chief Executive Officer, in advance of the date set for the approval of the 2018 consolidated financial statements, should present to the Remuneration Committee and the Board of Directors a report on the state of implementation of the activities whose completion constitutes a condition for the issue of the CEO Qualitative Component. On the basis of this report, the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors, will verify the reaching of the Short-

	<p>term CEO Qualitative Objectives, deciding upon the allocation of the CEO Qualitative Component.</p> <p>- <u>Compliance with the financial covenants:</u> the Chief Executive Officer shall not receive any variable remuneration where one or more of the financial covenants set out in the loan contracts undertaken by the Company have not been met.</p> <p>- <u>Claw-back clause:</u> obligation for the repayment to the Company of the variable remuneration components in the case of material violation of company or legal rules, or harmful or seriously damaging conduct such as to alter the data utilised for the achievement of the objectives.</p>
<p>Medium/long-term variable component</p>	<p>Variable medium/long-term component of a maximum, aggregated over a three-year period, of approx. 141% of the CEO Annual Fixed Component (the CEO Medium/Long-term Variable Component) linked to the reaching of the quantitative objectives and the qualitative objectives described below.</p> <p>- <u>Quantitative objective:</u> 70% of the CEO Medium/Long-term Variable Component is issuable on condition that, in the 2016-2018 three-year period, the ROI objectives are met. In particular, the CEO Medium/Long-term Variable Component shall be calculated as follows:</p> <ul style="list-style-type: none"> • where the performance is below 95% of the objective, no quantitative component shall be issuable; • where the performance is between 95% and 97.5% - lower extreme included - of the objective, 50% of the quantitative component shall be issuable; • where the performance is between 97.5% and 100% - lower extreme included - of the objective, 75% of the quantitative component shall be issuable; • where the performance is equal to or above 100% of the objective, 100% of the quantitative component shall be issuable. <p>- <u>Qualitative objective:</u> 30% of the CEO Medium/Long-term Variable Component (the CEO Medium/Long-term Qualitative Variable Component) is issuable on condition that in the 2016-2018 three-year period the following objectives are met:</p> <ul style="list-style-type: none"> • by December 31, 2018, presentation to, and favourable reception by, the Board of Directors of a succession plan for the current top management of the Group;

	<ul style="list-style-type: none"> • by January 31, 2018, roll-out of the ERP system, with review of all first-line software systems; • strategic integration of Daler-Rowney into the Group (collectively, the CEO Medium/Long-term Qualitative Objectives).
	<p>- Issue: following approval of the 2018 consolidated financial statements, with the passing of a motion by the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors.</p> <p>The Chief Executive Officer, in advance of the date set for the approval of the 2018 consolidated financial statements, should present to the Remuneration Committee and the Board of Directors a report on the state of implementation of the activities whose completion constitutes a condition for the issue of the CEO Medium/long-term Qualitative Component. On the basis of this report, the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors, will verify the reaching of the Medium/Long-term CEO Qualitative Objectives, deciding upon the allocation of the Medium/Long-term CEO Qualitative Component.</p>
	<p>- Claw-back clause: obligation for the repayment to the Company of the variable remuneration components in the case of material violation of company or legal rules, or harmful or seriously damaging conduct such as to alter the data utilised for the achievement of the objectives.</p>

Executive Director Luca Pelosin

The gross annual overall remuneration of the Executive Director Luca Pelosin is established as follows.

REMUNERATION COMPONENT	DESCRIPTION OF THE GROUP OBJECTIVES AND APPLICABLE CLAUSES
Fixed component	Fixed annual component (the ED Fixed Annual Component).
Short-term variable component	Short-term variable component of a maximum amount of approx. 120% of the ED Annual Fixed Component (the ED Short-term Variable Component) linked to the reaching of the quantitative objectives and qualitative objectives described below.
	- Quantitative objectives: 70% of the ED Short-term Variable Component is issuable on the meeting of the

	<p>EBITDA and NFP objectives established by the annual consolidated budget of the Group approved by the Board of Directors. In particular:</p> <ul style="list-style-type: none"> ○ 70% linked to the reaching of the consolidated EBITDA objectives on the basis of a performance scale with a variable range from a minimum 80% to a maximum of 105% (corresponding to the issue of a short-term variable remuneration respectively from 34.3% to 58.8% of the CEO Annual Fixed Component). Within this range, the amount of the variable component linked to EBITDA will be based according to the pre-set brackets; and ○ 30% linked to the reaching of the consolidated NFP objectives on the basis of a performance scale with a variable range from a minimum of Euro 40 million to a maximum of Euro 40 million (corresponding to the issue of a variable remuneration respectively from 14.7% to 31.5% of the ED Annual Fixed Component). Within this range, the amount of the variable component linked to NFP will be based according to the pre-set brackets.
	<ul style="list-style-type: none"> - Qualitative objectives: 30% of the ED Short-term Variable Component (the ED Qualitative Component) is issuable subject to the reaching of the following qualitative objectives (defined in 2018): <ul style="list-style-type: none"> • Operability of the Annonay hub according to the deadlines established by the road map; • Corporate reorganisations as per the road map (collectively, the ED Short-term Qualitative Objectives)
	<ul style="list-style-type: none"> - Issue: following approval of the 2018 consolidated financial statements, with the passing of a motion by the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors. <p>The Executive Director, in advance of the date set for the approval of the 2018 consolidated financial statements, should present to the Remuneration Committee and the Board of Directors a report on the state of implementation of the activities whose completion constitutes a condition for the issue of the ED Qualitative Component. On the basis of this report, the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors, will verify the reaching of the Short-term ED Qualitative Objectives, deciding upon the allocation of the ED Qualitative Component.</p>
	<ul style="list-style-type: none"> - Compliance with the financial covenants: the Executive Director shall not receive any variable remuneration where

	<p>one or more of the financial covenants set out in the loan contracts undertaken by the Company have not been met.</p> <p>- Claw-back clause: obligation for the repayment to the Company of the variable remuneration components in the case of material violation of company or legal rules, or harmful or seriously damaging conduct such as to alter the data utilised for the achievement of the objectives.</p>
<p>Medium/long-term variable component</p>	<p>Variable medium/long-term component of a maximum, aggregated over a three-year period, of approx. 167% of the ED Annual Fixed Component (the ED Medium/Long-term Variable Component) linked to the reaching of the quantitative objectives and the qualitative objectives described below.</p>
	<p>- Quantitative objective: 70% of the ED Medium/Long-term Variable Component is issuable on condition that, in the 2016-2018 three-year period, the ROI objectives are met. In particular: The ED Medium/Long-term Variable Component shall be calculated as follows:</p> <ul style="list-style-type: none"> • where the performance is below 95% of the objective, no quantitative component shall be issuable; • where the performance is between 95% and 97.5% - lower extreme included - of the objective, 50% of the quantitative component shall be issuable; • where the performance is between 97.5% and 100% - lower extreme included - of the objective, 75% of the quantitative component shall be issuable; • where the performance is equal to or above 100% of the objective, 100% of the quantitative component shall be issuable. <p>- Qualitative objective: 30% of the ED Medium/Long-term Variable Component (the ED Medium/Long-term Qualitative Variable Component) is issuable on condition that in the 2016-2018 three-year period the following objectives are met:</p> <ul style="list-style-type: none"> ○ three-year retention; ○ by December 31, 2018, presentation to the Board of Directors of a succession plan; ○ by January 31, 2018, roll-out of the ERP system, with review of all first-line software systems; <p>(collectively, the ED Medium/Long-term Qualitative Objectives).</p>

	<p>- Issue: following approval of the 2018 consolidated financial statements, with the passing of a motion by the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors.</p> <p>The Executive Director, in advance of the date set for the approval of the 2018 consolidated financial statements, should present to the Remuneration Committee and the Board of Directors a report on the state of implementation of the activities whose completion constitutes a condition for the issue of the ED Medium/Long-term Variable Qualitative Component. On the basis of this report, the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors, will verify the reaching of the Medium/Long-term ED Qualitative Objectives, deciding upon the allocation of the ED Medium/Long-term Qualitative Component</p>
	<p>- Claw-back clause: obligation for the repayment to the Company of the variable remuneration components in the case of material violation of company or legal rules, or harmful or seriously damaging conduct such as to alter the data utilised for the achievement of the objectives.</p>
	<p>- Retention clause:</p> <ul style="list-style-type: none"> • obligation to repay to the Company 50% of the net amount of the ED Medium/Long-term Variable Component matured and received (the Pay-Out) in the case of voluntary resignation without just cause or revocation/dismissal for just cause (Bad Leaver Cases), communicated by the first anniversary of the Issue Date; • repayment of 25% of the Pay-Out in the Bad Leaver Cases communicated by the second anniversary of the Issue Date, <p>subject to the fact that in the case of dismissal from (or however conclusion of office) the Board of Directors in circumstances other than Bad Leaver Cases, the Executive Director Luca Pelosin will receive the pro-rata amount of the remuneration until the matured date.</p>

Common application provisions

The criteria for the normalisation of EBITDA and the NFP are described at Annex A of the present Report. The calculation of the EBITDA and the NFP will be based on a like-for-like consolidation scope (without including therefore the EBITDA and NFP of the companies acquired and/or disposed of and/or merged and/or incorporated and not considered in the 2016-2018 Plan), normalising (i) in the calculation of the NFP also the acquisition costs and (ii) in the calculation of the EBITDA the value of the bonus, both in the budget and actual figures, for the verification of the achievement of the quantitative objectives of this component of the Executive Directors as well as the Senior Executives and Senior Management.

Where one or more of the Relevant Events occurs, the Board of Directors - also on the proposal on the Remuneration Committee - shall make the amendments and supplementations considered necessary and appropriate to neutralise the effects of the Relevant Events to the objectives and/or governance of the remuneration plans of the executive directors, and maintain therefore as far as possible the substantial content of the plan and the concrete opportunity to achieve the bonuses therein unchanged.

(ii) SENIOR EXECUTIVES AND SENIOR MANAGEMENT - SHORT-TERM VARIABLE COMPONENT

The variable remuneration of Senior Executives is composed of a short-term variable component and a medium/long term variable component.

The short-term variable component is based on different principles concerning the various persons qualifying as Senior Executives. In particular, in the establishment of the short-term variable component, Senior Executives are distinguished between:

- the Country CEO;
- the CFO;
- Senior Managers with Global/Regional/Local responsibilities.

The principles and procedures for the establishment of the short-term variable component of Senior Executives is shown below.

	Country CEO	CFO and Senior Managers with global responsibility	Managers with Regional or Local responsibility
Short-term variable component	Short-term variable component of a maximum amount of between 15% and 50% of the Annual Fixed Component (the Short-term Variable Component) linked to the reaching of the quantitative objectives and qualitative objectives described below.		
Quantitative objectives	<p>70% of the CEO Short-term Variable Component is issuable on the meeting of the EBITDA and NFP objectives established by the local annual budget.</p> <p>In particular:</p> <ul style="list-style-type: none"> • 70% linked to the reaching of the EBITDA objectives on the basis of a performance scale with a variable range; and • 30% linked to the reaching of the NFP objectives on the basis of a performance 	<p>50% of the CFO and FG Short-term Variable Component is issuable on the meeting of the EBITDA and NFP objectives established by the annual consolidated budget of the Group approved by the Board of Directors.</p> <p>In particular:</p> <ul style="list-style-type: none"> • 70% linked to the reaching of the EBITDA objectives on the basis of a performance scale with a variable range; and • 30% linked to the reaching of the NFP 	<p>50% of the FRRL Short-term Variable Component is issuable on the meeting of the EBITDA and NFP objectives established by the relative annual budget approved by the Board of Directors.</p> <p>In particular:</p> <ul style="list-style-type: none"> • 70% linked to the reaching of the EBITDA objectives on the basis of a performance scale with a variable range; and

	scale with a variable range.	objectives on the basis of a performance scale with a variable range.	<ul style="list-style-type: none"> 30% linked to the reaching of the NFP objectives on the basis of a performance scale with a variable range.
	The performance curve is set as between a minimum of 90% and a maximum of 100% of the EBITDA and of the NFP of the relative local entities.	The performance curve is set as between a minimum of 90% and a maximum of 100% of the EBITDA and of the NFP of the Group consolidated annual budget.	The performance curve is differentiated by country.
Pay-out curve	EBITDA and NFP: between 70% of the relative bonus (if minimum level reached) and 100% of the relative bonus (if maximum level reached).		
Qualitative objectives	Between 30% and 50% of the variable component (the Qualitative Component), is issuable subject to the reaching of the qualitative objectives which depend on the specific characteristics of the role.		
Compliance with financial covenants	The Senior Executives and Senior Managers shall not receive any variable remuneration where one or more of the financial covenants set out in the loan contracts undertaken by the Company have not been met.		

(iii) SENIOR EXECUTIVES AND SENIOR MANAGEMENT - MEDIUM/LONG TERM VARIABLE COMPONENT

The Remuneration Policy of the company provides that the medium/long-term variable component for Senior Executives and Senior Management is established in accordance with the objectives and principles outlined in the 2017-2019 Performance Shares Plan.

The 2017-2019 Performance Shares Plan represents a medium/long-term incentive plan based on the free assignment of shares of the company and subject to the performance of the company and, in particular, the achievement of the objectives of the Industrial Plan for the three-year period 2017-2019. The 2017-2019 Performance Shares Plan was approved by the Shareholders' Meeting of the company on April 27, 2017.

The 2017-2019 Performance Shares Plan was implemented in order to:

- link remuneration with the medium/long-term enterprise performance, in order to further align managerial prospects with the interests of the shareholders, ensuring conduct based on the sustainability of the performance and the achievement of the industrial and business objectives defined;
- increase the level of motivation and engagement of management;
- increase the potential to attract talent and a strong retention policy through its Remuneration Policy.

The guidelines of the 2017-2019 Performance Shares Plan are outlined below.

2017-2019 Performance Shares Plan		
1.	Beneficiaries	Senior Executives (4) and Senior Management (18 ¹).
2.	Quantitative objective	<p>Achievement of the average ROI in the 2017-2019 three-year period. The shares to be allocated to each beneficiary on the achievement of the quantitative objectives are as follows:</p> <ul style="list-style-type: none"> • performance less than 95%: no issuance; • performance between 95% (included) and 97.5%: issuance of 50% of the shares assigned in relation to the quantitative objective; • performance between 97.5% (included) and 100%: issuance of 75% of the shares assigned in relation to the quantitative objective; • performance equal to or greater than 100%: issuance of 100% of the shares assigned in relation to the quantitative objective.
3	Qualitative objective	<p>Achievement of the individual or group strategic objectives.</p> <p>The achievement of this objective will result in the issuance of the shares in accordance with the weighting and the number assigned for this objective.</p>
4	Vesting period of the results	January 1, 2017 - December 31, 2019.
5	Conditions for the assignment of the shares	<ul style="list-style-type: none"> • Maintenance of the relationship of the beneficiary with the company or with the companies of the Group on the issuance of the bonus; • achievement of the objectives as per points 2 and 3.
6	Assignment of the shares	In a single tranche, subsequent to the vesting period as per point 4.
7	Caw-back clause	Obligation for the repayment to the Company of the variable remuneration components in the case of material violation of company or legal rules, or harmful or seriously damaging conduct such as to alter the data utilised for the achievement of the objectives.

For further information on the 2017-2019 Performance Shares Plan reference should be made to the Information Document prepared in accordance with Article 84-*bis* and Statement 7 of Attachment 3A of the Issuers' Regulations (as updated) and of the relative Illustrative Report prepared in accordance with Articles 114-*bis* and 125-*ter* of the CFA, both made available to the public in accordance with the terms and conditions required by applicable legislation.

¹ As indicated in the documentation published concerning the Plan, the Board of Directors may change over time the number of beneficiaries (also, for example, following the identification of new Senior Executives or new Key Management Personnel), subject to the limit in terms of the maximum number of company shares which may be issued in service of the Plan, as approved by the Shareholders' Meeting.

1.4 POLICY UPON NON-MONETARY BENEFITS (FRINGE BENEFITS)

The non-executive directors are not assigned non-monetary benefits, with the exception of insurance coverage for liability arising from the exercise of office.

The remuneration package of the Honorary Chairman comprises, with regard to non-monetary benefits, insurance coverage for liability arising from the exercise of office, insurance coverage in the case of death or accident, a health policy and the assignment of a company car for general use.

The remuneration package of the Executive Directors comprises, with regard to the non-monetary benefits, D&O insurance coverage, insurance coverage in the case of death or accident, a health policy and the assignment of a company car for general use.

The recognition of non-monetary benefits to Senior Executives and Senior Management is in line with market practice and applicable regulations.

1.5 POLICY UPON BENEFITS ON CONCLUSION OF OFFICE

Subject to that outlined in the previous Paragraph in relation to the payment of the medium/long-term variable component, no severance payments are provided, except where specific circumstances render such appropriate. In this regard, the company signed - in 2017 - two severance agreements with two Senior Managers, applying a longer notice period than usual; this ensures greater stability for management also in the case of dismissal.

The company may stipulate - and normally does - with Senior Executives and Senior Managers non-competition agreements.

No agreements have been undertaken between the Company and directors which provide for post-employment benefits following a public purchase offer.

1.6 INSURANCE, SOCIAL SECURITY AND PENSION COVERAGE

See Paragraph 1.4.

1.7 AMENDMENTS TO FIXED OR VARIABLE REMUNERATION AND EXTRAORDINARY FORMS OF REMUNERATION

The competent corporate boards may assess and approve:

- a) adjustments and amendments of any type to remuneration (fixed or variable) in favour of the parties indicated in this Report, in order to maintain an appropriate incentive and retention effect, although always in line with the principles and guidelines expressed in the Remuneration Policy above, as a consequence of - and to reflect - specific and/or extraordinary events such as, for example purposes, acquisitions, mergers and spin-offs with a significant impact on the Group scope or significant changes to the duties assigned to a director;

- b) monetary disbursements, through bonuses and one off discretionary payments, awarding pre-established results or performances and not already included in the variable components of short and medium/long-term remuneration. These disbursements may be put in place for parties considered in this Report and who have a particularly significant strategic importance and/or in terms of guaranteeing particularly significant results also in strategic terms (for example, the completion of significant corporate operations for the Group).

SECTION II

In the first part of Section II of the present Report, an adequate outline of each of the items comprising the remuneration paid to directors and to statutory auditors of the Company is provided.

1.1 FIRST PART - ITEMS COMPRISING 2017 REMUNERATION

1.1.1 Board of Directors

On July 22, 2015, the Shareholders' Meeting of FILA approved (i) a gross annual remuneration of Euro 15,000.00 for each non-executive director; and (ii) a gross annual remuneration of Euro 90,000.00 for the Chairman of the Board of Directors.

Also on July 22, 2015, the Board of Directors of the Company, with the approval of the Related Parties Committee and the Board of Statutory Auditors, allocated a gross annual remuneration of Euro 80,000.00 until December 31, 2015 and, from January 1, 2016, a gross annual remuneration of Euro 150,000.00, to the Honorary Chairman.

1.1.2 Executive Directors

On March 16, 2018, with the approval of the Board of Statutory Auditors and the Remuneration Committee, the Board of Directors approved the following short term variable remuneration to the Chief Executive Officer Massimo Candela and the Executive Director Luca Pelosin for the year 2017:

- Chief Executive Officer Massimo Candela
 - short-term quantitative variable remuneration equal to Euro 609,875.00;
 - short-term qualitative variable remuneration equal to Euro 255,000.00;
- Executive Director Luca Pelosin
 - short-term quantitative variable remuneration equal to Euro 215,250.00;
 - short-term qualitative variable remuneration equal to Euro 90,000.00;

Summary of Executive Director remuneration for 2017

<i>(Euro)</i>	2017 Fixed remuneration	2017 quantitative variable remuneration	2017 qualitative variable remuneration
Chief Executive Officer Massimo Candela	850,000.00	609,875.00	255,000.00
Executive Director Luca Pelosin	300,000.00	215,250.00	90,000.00
TOTAL			2,320,125.00

1.1.3 Senior Executives

The Senior Executives are identified by the Board of Directors of the Company, also having consulted with the Remuneration Committee.

The Remuneration Policy described in this Report for Senior Executives is applied in 2018.

With regards to those acting as Senior Executives in 2017, or also for a part of the year, the following remuneration was paid: (i) fixed remuneration as a Group employee; (ii) short-term variable remuneration; (iii) other non-monetary benefits (e.g. car allowance) and non-monetary benefits (company car, meals, insurance).

1.1.4 Board of Statutory Auditors

The Shareholders' Meeting of July 22, 2015 approved a gross annual remuneration for each statutory auditor of Euro 22,000.00 and of Euro 29,000.00 for the Chairman of the Board of Statutory Auditors.

*** **

The remuneration reported in this Report has been based, for financial year 2017, on the Remuneration Policy submitted to the Shareholders' Meeting of April 27, 2017.

For further details on remuneration paid, reference should be made to the tables below, while for greater details on the Plan, reference should be made to the documents and regulations published on the company website (www.filagroup.it), Governance/Stock Grant Plans section.

1.2 SECOND PART - BREAKDOWN OF THE REMUNERATION PAID DURING THE YEAR

Table 1

Remuneration paid to members of the Board of Directors and of the Board of Statutory Auditors, in addition to other Senior Executives.

Name	Office	Period of office	Concl. of office	Fixed Remun.	Remun. for committee attendance	Variable Remuneration non equity		Non-monetary benefits	Other remun.	Total	Fair Value of equity remuner.	Post-employment benefits
						Bonuses and other incentives	Profit sharing					
Gianni Mion	Chairman of the Board of Directors	01/01/2017 - 31/12/2017	Approval Acc. 2017	€ 90,000.00						€ 90,000.00		
Massimo Candela	Chief Executive Officer	01/01/2017 - 31/12/2017	Approval Acc. 2017	€ 850,000.00		€ 864,875.00 (*)		€ 7,829.51		€ 1,722,704.51		
Luca Pelosin	Executive Director	01/01/2017 - 31/12/2017	Approval Acc. 2017	€ 300,000.00		€ 305,250.00 (*)		€ 6,517.67		€ 611,767.67		
Alberto Candela	Director - Honorary Chairman	01/01/2017 - 31/12/2017	Approval Acc. 2017	€ 150,000.00				€ 8,669.75		€ 158,669.75		

Name	Office	Period of office	Concl. of office	Fixed Remun.	Remun. for committee attendance	Variable Remuneration non equity	Non-monetary benefits	Other remun.	Total	Fair Value of equity remuner.	Post-employment benefits
						Bonuses and other incentives	Profit sharing				
Annalisa Barbera	Director	01/01/2017 - 31/12/2017	Approval Acc. 2017	€ 15,000.00	€ 5,000.00				€ 20,000.00		
Fabio Zucchetti	Director	01/01/2017 - 31/12/2017	Approval Acc. 2017	€ 15,000.00	€ 10,000.00				€ 25,000.00		
Sergio Ravagli	Director	01/01/2017 - 31/12/2017	Approval Acc. 2017	€ 15,000.00	€ 15,000.00				€ 30,000.00		
Francesca Prandstraller	Director	01/01/2017 - 31/12/2017	Approval Acc. 2017	€ 15,000.00	€ 10,000.00				€ 25,000.00		
Gerolamo Caccia Dominioni	Director	01/01/2017 - 31/12/2017	Approval Acc. 2017	€ 15,000.00	€ 20,000.00				€ 35,000.00		

Name	Office	Period of office	Concl. of office	Fixed Remun.	Remun. for committee attendance	Variable Remuneration non equity		Non-monetary benefits	Other remun.	Total	Fair Value of equity remuner.	Post-employment benefits
						Bonuses and other incentives	Profit sharing					
Claudia Mezzabotta	Chair. Board of Statutory Auditors	01/01/2017 - 31/12/2017	Approval Acc. 2017	€ 29,000.00						€ 29,000.00		
Rosalba Casiraghi	Standing Auditor	01/01/2017 - 27/04/2017	Approval Acc. 2017	€ 7,052.05						€ 7,052.05		
Stefano Amoroso	Standing Auditor	01/01/2017 - 31/12/2017	Approval Acc. 2017	€ 22,000.00					€ 6,500.00	€ 28,500.00		
Pietro Villa	Alternate Auditor	01/01/2017 - 26/04/2017	Approval Acc. 2017									
Pietro Villa	Standing Auditor	27/04/2017 - 31/12/2017	Approval Acc. 2017	€14,665.87						€ 14,665.87		

Name	Office	Period of office	Concl. of office	Fixed Remun.	Remun. for committee attendance	Variable Remuneration non equity	Non-monetary benefits	Other remun.	Total	Fair Value of equity remuner.	Post-employment benefits
						Bonuses and other incentives	Profit sharing				
Sonia Ferrero	Alternate Auditor	01/01/2017 – 31/12/2017	Approval Acc. 2017								
		Remuneration from Company		€ 169,379.00		€ 49,627.00		€ 2,607.00		€ 221,613.00	
Senior Executives		Remuneration from subsidiaries & associates (**)		€ 737,016.53		€ 171,379.92		€ 36,503.94		€ 944,900.39	
		Sub-total		€ 906,395.53		€ 221,006.92		€ 39,110.94		€ 1,166,513.39	

Name	Office	Period of office	Concl. of office	Fixed Remun.	Remun. for committee attendance	Variable Remuneration non equity	Non-monetary benefits	Other remun.	Total	Fair Value of equity remuner.	Post-employment benefits
						Bonuses and other incentives	Profit sharing				
Total				2,444,113.45	60,000.00	1,391,131.92	62,127.87	6,500.00	3,963,873.24		

(*) The 2017 pro-rata of the Long Term Incentive 2016-2018 of the Chief Executive Officer and of the Executive Director for a total amount of Euro 566,666.67 was provisioned to the financial statements, which was not included in this table as it will mature only on conclusion of the three-year reference period where the Board of Directors, having consulted with the Remuneration Committee, approves the achievement of the overall three-year objectives.

(**) The amounts are expressed in Euro, converting the amounts in local currency at the 2017 average exchange rate

Table 3 A

Incentive plans based on financial instruments, other than stock options, in favour of members of the Board of Directors, the Board of Statutory Auditors and other Senior Executives.

A	B	(1)	Financial instruments assigned in previous years not vested in the year		Financial instruments assigned in the year					Financial instruments vested in the year and not attributed	Financial instruments vested in the year and attributable		Financial instruments accruing in the year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name	Office	Plan	Number and Type financial instruments	Vesting period	Number and Type financial instruments	Fair value at assignment date	Vesting period	Date of assignment (date of Shareholders' Meetings)	Market price on allocation	Number and type of financial instruments	Number and type financial instruments	Value at Maturity Date (***)	Fair value *
Luca Pelosin	Executive Director	Plan A_ Extraordinary Bonus (27/04/2017)			64,190 FILA ordinary shares	1,201,636.80		27/04/2017	€ 18.72		64,190	1,187,878.74	
Senior Executives		Plan A_ Extraordinary Bonus (27/04/2017)			6,768 FILA ordinary shares	126,696.96		27/04/2017	€ 18.72		6,768	125,246.36	
		Plan B_Performance Shares Incentives (motion of 27/04/2017)			Maximum 23,690 FILA ordinary shares	392,306.40	2017-2019	27/04/2017	€ 16,56**				130,768.90
Total						1,720,640.16						1,313,125.10	130,768.90

* pro rata of column 5 accruing in 2017 ** estimated price by a third party consultancy company

*** average official Stock Exchange price between 18/04/2017 and 17/05/2017

Table 3 B

Monetary incentive plans in favour of the members of the Board of Directors, Board of Statutory Auditors and other Senior Executives.

Name	Office	Plan	Bonus for the year			Prior year bonuses			Other Bonuses
			Issuable/Issued	Deferred	Period of deferment	No longer issuable	Issuable/Issued	Still deferred	
Massimo Candela	Chief Executive Officer	Short-term variable component	864,875.00						
		Medium/long-term variable component		400,000.00 (*)	2016- 2018			400,000.00 (**)	
Luca Pelosin	Executive Director	Short-term variable component	305,250.00						
		Medium/long-term variable component		166,666.67 (*)	2016-2018			166,666.67 (**)	
			Bonus for the year			Prior year bonuses			

Name	Office	Plan	Issuable/Issued	Deferred	Period of deferment	No longer issuable	Issuable/Issued	Still deferred	Other Bonuses
DIRS	Remuneration from Company	Short-term variable component	49,627.00						
	Emoluments from subsidiary and associates	Short-term variable component	171,379.92						
	Sub-total		221,006.92						
Total:		1,957,798.59	1,391,131.92	566,666.67				566,666.67	

(*) Pro-rata accrual 2017

(**) Pro-rata accrual 2016

(***) Amounts relating to still deferred prior year bonuses have been excluded

Third Part - List of investments held

Table 1

Investments of members of the Board of Directors, Board of Statutory Auditors and other Senior Executives

Name	Office	Investee	Manner of holding (direct / indirect)	Number of shares held at 31/12/2016	Number of shares purchased	Number of shares sold	Number of shares held at 31/12/2017
Massimo Candela		F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.	Indirect	6,566,508 Class B Shares			6,566,508 Class B Shares
		Omyacolor S.A.		13,133,032 ordinary shares			13,133,032 ordinary shares
		Fila Hispania S.L.	Direct	500			500
		Lycin Ltda (Brazil)	Direct	1		1	0
		Dixon SA	Direct	445			445
		Servidix (Mexico)	Direct	1			1
		Dixon comercializadora (Mexico)	Direct	4			4

Name	Office	Investee	Manner of holding (direct / indirect)	Number of shares held at 31/12/2016	Number of shares purchased	Number of shares sold	Number of shares held at 31/12/2017
		Dixon Ticonderoga (Mexico)					
Luca Pelosin		F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.	Direct		64.190*		64,190
		Omyacolor S.A.	Direct	1		1	0
Alberto Candela		F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.					
		Omyacolor S.A.					
Annalisa Barbera		F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.	Direct	1,635 ordinary shares			1,635 ordinary shares

Name	Office	Investee	Manner of holding (direct / indirect)	Number of shares held at 31/12/2016		Number of shares purchased	Number of shares sold	Number of shares held at 31/12/2017
DIRS		F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.	Direct	10,000 shares	ordinary	6.768*	1,040	15,728 ordinary shares

* The shares were assigned according to Plan A - Extraordinary Bonus

ATTACHMENT A

The Actual EBITDA and the Actual NFP are normalised through precise formulae which take into account the economic and financial elements to be considered and to be excluded from the normalisation scope.

More specifically, the Actual EBITDA and the Actual NFP are calculated beginning with the reported EBITDA/NFP as per the consolidated financial statements and normalised through neutralisation of all costs/charges and revenue/income (and relative financial movements) outside of the ordinary operations of the company and not envisaged in the 2016-2018 Plan (both conditions should be present).

For example: extra direct and indirect costs concerning goodwill, the transfer and closure of commercial or industrial operations; restructuring charges for the portion not capitalised, such as for example, leaving and mobility incentives, bonuses; consultancy charges incurred by the companies of the FILA Group in relation to market research, regulatory adjustments, the acquisition of new companies, the listing of securities of the Company on regulated markets and any other extraordinary corporate operations; commissions and consultancy charges concerning financing operations or the issue of debt securities deriving from changes to the accounting standards during the year; indemnities, penalties, bonuses or similar cash amounts received or recognised as compensation in relation to any disputes concerning non-recurring events.

Milan, March 16, 2018

F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.

For the Board of Directors

Gianni Mion

Chairman