



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

**DISCLOSURE DOCUMENT**

*(pursuant to Article 114-bis of Legislative Decree 58/98 and Article 84-bis, paragraph 1 of the Regulation adopted by Consob with Resolution No. 11971 of 14 May 1999, and subsequent amendments and supplements)*

**CONCERNING**

**THE PERFORMANCE SHARES SCHEME 2017-2019  
AND  
THE ONE-OFF EXTRAORDINARY BONUS**

**BASED ON THE ASSIGNMENT OF F.I.L.A. – FABBRICA ITALIANA LAPIS ED AFFINI S.P.A.  
FREE SHARES**

## INTRODUCTION

On 21 March 2017, the Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. (**FILA** or the **Company**), on the proposal of the Remuneration Committee and with the prior approval of the Board of Statutory Auditors, pursuant to Article 2389 of the Civil Code, approved, under the terms described below:

- The proposal for a *one-off* extraordinary bonus in FILA shares (the **extraordinary bonus**) reserved for the Executive Director of the Company Dr. Luca Pelosin, certain key management personnel and managers of the FILA Group named by the Board of Directors of the Company on 21 March 2017 on the proposal of the Chief Executive Officer, and after having consulted the Remuneration Committee (the **Extraordinary Bonus Beneficiaries**). The proposal is to be presented for the approval of the Shareholders' Meeting called at the registered office in Pero (Milan), Via XXV No. 5 on 27 April 2017, at 10:00am, in single call (the **Shareholders' Meeting**); and
- The proposal for a share incentive scheme called "Performance Shares Scheme 2017-2019" (the **Scheme**) reserved for certain key management personnel and managers of the FILA Group, named by the Board of Directors of the Company on 21 March 2017 on the proposal of the Chief Executive Officer and after having consulted the Remuneration Committee (the **Scheme Beneficiaries**), also to be presented for the approval of the Shareholders' Meeting.

This disclosure document was drawn up pursuant to Article 114-*bis* of Legislative Decree No. 58 of 24 February 1998, and subsequent amendments and supplements (the **CFA**) and Article 84-*bis* of the Regulation adopted by Consob with Resolution No. 11971 of 14 May 1999, and subsequent amendments and supplements (the **Issuers' Regulation** or **IR**), also with respect to the numbering of the related paragraphs, in compliance with the instructions contained in Schedule 7 of Annex 3A of the Issuers' Regulation.

It should be noted that, for the purposes of the detailed information contained herein, the Extraordinary Bonus and the Scheme are to be considered as being "of specific significance" pursuant to Article 114-*bis*, paragraph 3, of the CFA and Article 84-*bis*, paragraph 2, of the Issuers' Regulations.

This disclosure document is available to the public at the registered office of FILA, Via XXV Aprile No. 5, Pero, Milan at the authorised storage mechanism used by the Company at [www.emarketstorage.com](http://www.emarketstorage.com), on the website of the Borsa Italiana S.p.A. at [www.borsaitaliana.it](http://www.borsaitaliana.it) and on the company website at [www.filagroup.it](http://www.filagroup.it) (in the Investor Relations section).

## DEFINITIONS

For the purposes of this disclosure document, the terms listed below have the following meaning:

<b>Allocation</b>	The actual allocation of free Shares to each Scheme Beneficiary after the end of the Vesting Period.
<b>Shareholders' Meeting</b>	The FILA Shareholders' Meeting called at the registered office in Pero (Milan), Via XXV No. 5 on 27 April 2017, at 10:00am in single call to, among other business, approve the Extraordinary Bonus and the Scheme.
<b>Assignment</b>	The assignment of the Right to Receive Free Shares to each Scheme Beneficiary, by the Board of Directors and after having consulted the Remuneration Committee.
<b>Shares</b>	FILA ordinary shares.
<b>Bad Leavers</b>	All cases involving the termination of the Relationship other than the cases of Good Leavers.
<b>Extraordinary Bonus Beneficiaries</b>	The Executive Director of FILA Dr. Luca Pelosin, 2 Key Management Personnel, 6 Management Personnel and an employee of a Subsidiary.
<b>Scheme Beneficiaries</b>	5 Key Management Personnel and 14 Management Personnel, notwithstanding the Board of Directors' authority to possibly identify additional beneficiaries.
<b>Extraordinary Bonus</b>	The <i>one-off</i> extraordinary bonus in FILA shares to be allocated free of charge to the Extraordinary Bonus Beneficiaries, subject to the approval of the Shareholders' Meeting.
<b>Change of Control</b>	(a) The acquisition by one or more Third-Party Acquirers of the control of the Company pursuant to Article 93 of the CFA; (b) the acquisition by one or more Third-Party Acquirers of a number of shares or of a share of a Subsidiary or of companies directly or indirectly controlling the latter, even if different from the Company, overall higher than 50% of its share capital, unless the Company does not continue to retain control pursuant to Article 2359 of the Civil Code; (c) the permanent transfer, for whatever reason, to one or more Third-Party Acquirers of the company or of the business unit which the Beneficiary's

<b>Remuneration Committee</b>	Relationship falls under. The Remuneration Committee established and appointed by the Board of Directors of the Company in line with the Self-Governance Code.
<b>Board of Directors</b>	The Board of Directors of FILA.
<b>Subsidiaries or Subsidiary Companies</b>	Without distinction, each of the companies that are from time to time directly or indirectly controlled by the Company, pursuant to Article 2359 of the Civil Code, with which there is a Relationship with one or more Beneficiaries.
<b>Date of Share Allocation</b>	<b>With</b> reference to each Scheme Beneficiary, the date of the Board of Directors' resolution concerning the free allocation of Shares to this Beneficiary.
<b>Date of Assignment of the Right</b>	With reference to each Scheme Beneficiary, the date of the Board of Directors' resolution concerning the identification of this Scheme Beneficiary and this beneficiary's assignment of the Right to Receive Free Shares.
<b>Key Management Personnel</b>	Managers of the FILA Group who have direct or indirect authority and responsibility for the planning, management and control of the Company's activities.
<b>Right to Receive Shares</b>	The conditional right, free and non-transferable <i>inter vivos</i> , to the allocation of Shares.
<b>Management Personnel</b>	Company and Subsidiary Employees who occupy positions earmarked for the long-term business growth and sustainability of the FILA Group.
<b>Good Leavers</b>	The following cases involving the Relationship's termination: (i) voluntary resignations, only on the condition that the Beneficiary is in possession of statutory pension requirements and has within 30 days submitted an application for the respective indemnity; (ii) death or permanent disability.
<b>FILA Group or Group</b>	FILA and its Subsidiary Companies.
<b>Letter of Assignment</b>	The letter which the Company will send to each Scheme Beneficiary to communicate the assignment of the Right to Receive Shares and whose subscription and delivery to the Company by the Scheme Beneficiaries will be their full and unconditional acceptance of this Scheme.
<b>Basic Number of Shares</b>	The number of shares obtainable on the achievement of 100% Performance Objectives

	for each Scheme Beneficiary.
<b>Performance Objectives</b>	Performance Objectives calculated with reference to the following indices: (i) Average ROI for the three-year period 2017-2019 (70% relative weighting) linked to the Business Plan; (ii) individual or business unit strategic objectives (30% relative weighting).
<b>Vesting Period</b>	The results measurement period which commences on 1 January 2017 and ends on 31 December 2019, at the end of which the achievement of Performance Objectives will be verified.
<b>Scheme</b>	The long-term incentive scheme 2017-2019 based on FILA shares to be allocated free of charge to the Scheme Beneficiaries, subject to the approval of the Shareholders' Meeting.
<b>Business Plan</b>	The Business Plan approved by the Board of Directors of the Company.
<b>Relationship</b>	The employment and/or administration Relationship in place between the individual Beneficiary and FILA or one of its Subsidiary Companies.
<b>Issuers' Regulation</b>	The Regulation adopted by Consob with Resolution No. 11971 of 14 May 1999, and subsequent amendments and supplements.
<b>ROI</b>	The ratio between the consolidated EBITDA and the net invested capital as per the Business Plan (cf. pages 90 and 91).
<b>Company or FILA</b>	FILA S.p.A., with registered office at Via XXV Aprile 5, 20016 Pero.
<b>CFA</b>	Legislative decree No. 58 of 24 February 1998, and subsequent amendments and supplements.

## 1. BENEFICIARIES

### 1.1 The names of the beneficiaries who are members of the financial instruments issuer's board of directors or of the management board, the companies controlling the issuer and the companies directly or indirectly controlled by it

The Extraordinary Bonus includes Dr. Luca Pelosin, Executive Director of FILA, among its beneficiaries.

The Scheme is reserved for Key Management Personnel and Management Personnel. No Scheme Beneficiaries are a member of the Board of Directors of the Company.

### 1.2 Categories of employees or associate workers of the financial instruments' issuer and such issuer's controlling or controlled companies

The extraordinary bonus is designated for:

- The Executive Director of FILA, Dr Luca Pelosin;
- 2 Key Management Personnel;
- 6 Management Personnel; and
- An employee of a Subsidiary Company.

The Scheme is reserved for:

- 5 Key Management Personnel; and
- 14 Management Personnel,

notwithstanding the Board of Directors' authority to possibly identify additional beneficiaries.

### 1.3 Naming of persons benefiting from the schemes pertaining to the groups referred to in point 1.3(a), (b) and (c) of Annex 3A, Schedule 7 of the Issuers' Regulation

#### a) *The Issuer's General Managers*

Not applicable since FILA has not appointed General Managers as at the date of this disclosure document.

#### b) *Other key management personnel of the financial instruments' issuer that is not of a "smaller size", pursuant to Article 3, paragraph 1(f) of Regulation No. 17221 of 12 March 2010, in the case wherein they have received higher total remuneration (obtained by adding up monetary remuneration and emoluments based on financial instruments) during the financial year when compared to the higher total emoluments paid to the members of the board of directors or the management board and to the General Managers of the financial instruments' issuer.*

Not applicable since FILA qualifies as a "smaller-sized" company pursuant to Article 3, paragraph 1(f) of Regulation No. 17221 of 12 March 2010.

c) *Natural persons controlling the share issuer, who are either employees or associate workers with the share issuer*

Not applicable since no natural persons controlling FILA are recipients of the Extraordinary Bonus or the Scheme.

#### **1.4 Description and number indication of the beneficiaries, separated for the categories listed in point 1.4(a), (b) and (c) of Annex 3A, Schedule 7 of the Issuers' Regulation**

a) *Key Management Personnel other than those listed in paragraph 3(b) of paragraph 1.3*

Not applicable since FILA qualifies as a "smaller-sized" company pursuant to Article 3, paragraph 1(f) of Regulation No. 17221 of 12 March 2010.

b) *In the case of "smaller-sized" companies, pursuant to Article 3, paragraph 1(f) of Regulation No. 17221 of 12 March 2010, the aggregate listing of all the key management personnel of the financial instruments' issuer*

At the date of this disclosure document:

- 2 Key Management Personnel are Extraordinary Bonus Beneficiaries, in addition to the Executive Director Dr. Luca Pelosin;
- 5 Key Management Personnel are Scheme Beneficiaries.

c) *Other potential categories of employees or associate workers for which differentiated features of the scheme were provided (such as executives, managers, employees, etc.)*

There are no employee categories provided with differentiated features of the Extraordinary Bonus.

Furthermore, there are no employee categories provided with differentiated features of the Scheme within the individual remuneration systems.

## **2. REASONS FOR THE ADOPTION OF THE SCHEMES**

### **2.1 Objectives to be achieved through the schemes' assignment**

The Extraordinary Bonus is designed to reward significant efforts made by certain Company managers with higher corporate seniority, who have played a key role in the Group's path toward growth and development, from the merger by incorporation of FILA in Space S.p.A. - which took place in May 2015 – to-date.

The scheme's adoption is designed to align the interests of management with those of shareholders, to reward the achievement of Business Plan targets and to retain strategic personnel for the implementation of the business development plan and the Group's growth.

#### **2.1.1 Additional information**

The reasons and criteria on which the Company has established the ratio between the assignment of the Extraordinary Bonus and other components of the overall remuneration

are attributed, on the one hand, to facilitate the goals of employee retention referred to in the previous paragraph 2.1 and, on the other, to pay an overall benefit to those concerned which is aligned with market practices.

The free Share allocation to Extraordinary Bonus Beneficiaries will take place in a single payment after the date of the Shareholders' Meeting. With this allocation, the Extraordinary Bonus shall be deemed to be depleted.

The Scheme is included in the range of instruments used by the Company to integrate the fixed component of the remuneration package of strategic resources through variable components based on certain performance objectives, according to a best market practices approach.

The Scheme is spread over a medium to long-term time horizon. In particular, this period was considered as the most appropriate to achieve the incentive and retention objectives pursued by the Scheme itself.

## **2.2 Key variables, also in the form of performance indicators, considered for the schemes' assignment based on financial instruments**

With reference to the Extraordinary Bonus, the assignment of the underlying Shares is free, and is not subject to the achievement of performance objectives or related to other key variables.

With regard to the Scheme, the Right to Receive Shares is subject to:

- The retention of the Scheme Beneficiary's Relationship on the Date of the Share Allocation, without the nature of the position identified for the growth and sustainability of the Group's business having diminished as regards the role held within the Company, the relevant Subsidiary Company or the Group itself; and
- The achievement of Minimum Performance Objectives.

The Scheme's guidelines are set out below. The details of the Performance Objectives for each Scheme Beneficiary will be communicated to them in the relative Letter of Assignment.

<b>1.</b>	<b>Quantitative Objective</b>	<p>Achievement of the average ROI for the three-year period 2017-2019. The shares to be issued to each beneficiary in the event that the quantitative object is achieved are determined as follows:</p> <ul style="list-style-type: none"> <li>• Performance lower than 95%: no disbursement;</li> <li>• Performance between 95% (inclusive) and 97.5%: 50% disbursement of the shares allocated to the quantitative objective;</li> <li>• Performance between 97.5% (inclusive) and 100%: 75% disbursement of the shares allocated to the quantitative objective;</li> <li>• Performance equal to or greater than 100%: 100% disbursement of the shares allocated to the quantitative</li> </ul>
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		objective.
2.	<b>Qualitative Objective</b>	Achievement of individual or organisational strategic objectives. The achievement of this objective entails the disbursement of shares according to the weighting and the number of shares allocated to this objective.
3.	<b>Results measurement period (vesting period)</b>	From 1 January 2017 to 31 December 2019.
4.	<b>Share allocation</b>	In a single tranche, following the measurement period referred to in Point 3.

### 2.2.1 More detailed information for the schemes referred to in Article 84-bis, paragraph 2, of the Issuers' Regulation

With reference to the Extraordinary Bonus, the assignment of the underlying Shares is free and is not subject to the achievement of performance objectives or related to other key variables.

With reference to the Scheme, as discussed in paragraph 2.2, the Performance Objectives are the following: (i) Average ROI for the three-year period 2017-2019 (70% relative weighting - quantitative objective; (ii) individual or organisational strategic objectives (30% relative weighting) - qualitative objective.

#### Average ROI for the three-year period 2017-2019 (70% relative weighting) – quantitative objective

The economic and financial performance indicator and associated targets are linked to the Business Plan.

The actual Shares allocated to each Scheme Beneficiary in the event of achieving the quantitative objective are determined as follows:

% of average ROI achieved for the three-year period 2017-2019	% Pay-out with respect to the Basic Number of Shares ( <b>NBA</b> )
ROI < 95 %	70% x 0
95% ≤ ROI < 97,5%	70% x 50% NBA
97,5% ≤ ROI < 100%	70% x 75% NBA
ROI > 100%	70% x 100% NBA

If the quantitative objective on the average ROI for the three-year period 2017-2019 is achieved:

- i. Performance lower than 95%: no disbursement;
- ii. Performance between 95% (inclusive) and 97.5%: 50% disbursement of the Shares allocated to the quantitative objective;
- iii. Performance between 97.5% (inclusive) and 100%: 75% disbursement of the

- Shares allocated to the quantitative objective;
- iv. Performance equal to or greater than 100%: 100% disbursement of the Shares allocated to the quantitative objective.

The quantitative objective (average ROI for the three-year period 2017-2019) will be calculated by taking into account the standardisation criteria agreed upon with the auditors and in line with the definitions stipulated in the Company's loan agreements, a scope of consolidation consistent with that referred to in the Scheme, making reference to the EBITDA and taking the associated impact on the capital employed into account.

Individual or organisational strategic objectives (30% relative weighting) - qualitative objective

The achievement of the qualitative objective entails the disbursement of Shares according to the weighting and the number of Shares allocated to this objective.

These objectives are defined for each Scheme Beneficiary in their Letter of Assignment.

If the performance objectives achieved exceed 100%, the Scheme Beneficiary will be entitled to the allocation of a number of Shares that are still equivalent to and never more than 100% of the Basic Number of Shares.

At the time of Allocation, the Board of Directors has the authority to disburse a sum of money equal to the value of the number of shares payable and at their normal value to the Scheme Beneficiary, determined as per Article 9 of Presidential Decree 917/1986. This authority is granted to the Board of Directors only in cases in which specific circumstances relating to the Scheme Beneficiary and/or regulatory or tax reasons render, in the Company's reasonable opinion, the Share allocation process more onerous for the Company and/or the Scheme Beneficiaries, from a regulatory or tax perspective.

### **2.3 Factors underlying the determination of the extent of remuneration based on financial instruments, or the criteria used for its determination**

For the determination of the number of free Shares to be allocated to each of the Extraordinary Bonus Beneficiaries, the Company has taken the strategic importance of the role and the characteristics of each of the Extraordinary Bonus Beneficiaries into consideration, including in differentiated terms.

The total number of Shares underlying the Extraordinary Bonus has been determined on the basis of the mid-market closing price of the underlying security in the 30 trading days preceding the date of 21 March 2017 (excluded) (equivalent to EUR 14.77).

With reference to the Scheme, the total number of shares underlying the scheme itself has been determined on the basis of the mid-market closing price of the underlying security in the 30 trading days preceding the date of 21 March 2017 (excluded) and takes into account the Shares that could be allocated by the Board of Directors to any additional Scheme Beneficiaries. The number of shares to be allocated to each Beneficiary will be determined by the Board of Directors, after the end of the Vesting Period. The shares will be allocated in a single payment, based on the achievement of Performance Objectives, provided that the actual number of Shares allocated to each Beneficiary may not exceed 100% of their basic number of shares.

The Performance Objectives are described in the above paragraph 2.2.1.

**2.4 Reasons for any decision to award remuneration schemes based on financial instruments not issued by the issuer, such as financial instruments issued by subsidiaries or controlling companies or third-party companies with respect to the group's companies; if the aforesaid instruments are not tradable on regulated markets, information on the criteria used to determine the value attributable to them**

Not applicable, since the Extraordinary Bonus and the Scheme are based exclusively on financial instruments issued by the Company.

**2.5 Valuations with respect to significant tax and accounting implications that influenced the definition of the schemes**

No significant tax and accounting implications influenced the definition of the Extraordinary Bonus or the Scheme.

**2.6 Prospective support for the schemes from the Special Fund for encouraging employee participation in the companies referred to in Article 4, paragraph 112 of Law 24 No. 350 of December 2003**

The schemes covered by this disclosure document do not receive any support from the Special Fund for encouraging employee participation in the companies referred to in Article 4, paragraph 112 of Law No 350 of 24 December 2003.

**3. APPROVAL PROCEDURE AND TIMEFRAME FOR THE ALLOCATION OF FINANCIAL INSTRUMENTS**

**3.1 Scope of powers and functions delegated to the Board of Directors by the shareholders' meeting for the implementation of the schemes**

On 21 March 2017, the Board of Directors, on the proposal of the Remuneration Committee which met to discuss it on 16 March 2017, resolved to present the Extraordinary Bonus and the Scheme for the approval of the Shareholders' Meeting.

The Shareholders' Meeting will be asked to assign all the necessary and appropriate powers to the Board to award the Extraordinary Bonus and implement the Scheme.

In particular, by way of example, it will be proposed to the Shareholders' Meeting that the Board of Directors may, with the authority to delegate: (i) identify additional participants to the Scheme, also determining the quantity of Shares to be allocated to each of them; (ii) modify the Performance Objectives upon which the allocation of Shares will be made conditional in cases of extraordinary transactions, changes to the corporate structure or changes to the Business Plan; (iii) establish any other terms and conditions for the allocation of the Extraordinary Bonus and for the Scheme's implementation; (iv) ensure the preparation and/or finalisation of every necessary or appropriate document in relation to the Extraordinary Bonus and the Scheme, and perform all acts, compliances, formalities and communications that are necessary or appropriate for the management and/or implementation of the Extraordinary Bonus and the Scheme, with the authority to delegate its powers, duties and responsibilities with respect to the execution and application of the Extraordinary Bonus and the Scheme.

The Remuneration Committee performs consultative and advisory functions in relation to the Scheme's implementation, in accordance with the Self-Governance Code of Borsa Italiana S.p.A.

### **3.2 Parties appointed to administer the schemes and their function and responsibilities**

The authority to assign the Extraordinary Bonus and to execute the Scheme will be vested in the Board of Directors, which will be appointed in this regard by the Shareholders' Meeting.

The Board of Directors may delegate all or part of its powers, duties and responsibilities to one or more of its members for the assignment of the Extraordinary Bonus and the execution of the Scheme.

### **3.3 Any existing procedures for the review of the schemes, also in relation to potential changes in the basic objectives**

With reference to the Extraordinary Bonus, the free allocation of shares to the beneficiaries will take place in a single payment after the date of the Shareholders' Meeting. With this allocation, the Extraordinary Bonus shall be deemed to be depleted.

As regards the Scheme, subject to what is specified hereunder, the Board of Directors will have the authority, after having consulted the Remuneration Committee, to make any changes or supplements to the Regulation, through the most appropriate methods that it considers useful or necessary for the best achievement of the Scheme's aims, having regard to the interests of the Company and of the Scheme Beneficiaries.

In the case of events such as:

1. Extraordinary transactions on the Company's share capital and therefore, including but not limited to, a reduction in share capital due to losses through the cancellation of shares, the Company's share capital increases, whether free of charge or against payment, offered as options to shareholders or without option rights, possibly also to be settled by conferment in kind, rearrangement or the splitting of Shares which may affect the Shares;
2. Mergers or spin-offs, the purchase or sale of shareholdings, companies or business units; or
3. Legislative or regulatory changes or other events likely to affect the Rights, Shares or the Company.

The Board of Directors may, independently and without the need for further approval from the Shareholders' Meeting of the Company, make all the changes and supplements to the Scheme that are considered necessary and appropriate to continue to apply the Scheme's essential and economic content, to the extent permitted by applicable regulations, and after having consulted the Remuneration Committee.

If, during the Vesting Period:

1. A Change of Control should occur;
2. A public purchase offer or a public exchange offer concerning the Shares should be promoted; or
3. The listing of Shares on the Italian Stock Exchange organised and managed by

Borsa Italiana S.p.A. (**MTA**) should be revoked,

The Board of Directors shall have the authority to grant the Scheme Beneficiaries all or part of the Shares in advance, with respect to the due date provided for in the Scheme, also independently of the actual achievement of Performance Objectives, namely, to provide for the Scheme's early termination. This decision will be binding on the Scheme Beneficiaries.

In the event of a significant revision of the Business Plan's targets and therefore, including but not limited to, in the event of acquisitions and divestitures of companies or business units that entail a new approval of this Business Plan by the Board of Directors, the latter shall have the authority to propose and approve any changes to the Scheme's objectives in order to adapt them to the changes in the Business Plan.

### **3.4 Description of the methods used to determine the availability and the allocation of financial instruments on which the schemes are based**

Both the Extraordinary Bonus and the Scheme provide for the free assignment of Shares to Beneficiaries.

The total number of shares to be allocated to Extraordinary Bonus Beneficiaries is established at 100,181 Shares. This number was calculated on the basis of the mid-market closing price of the underlying security in the trading days preceding the date of 21 March 2017 (excluded) (equivalent to EUR 14.77).

The total maximum number of shares to be allocated to the Scheme Beneficiaries for its execution is established at 94,765 Shares. This number was calculated on the basis of the mid-market closing price of the underlying security in the 30 trading days preceding the date of 21 March 2017 (excluded) and takes into account the Shares that could be allocated by the Board of Directors to any additional Scheme Beneficiaries.

On 21 March 2017, the Board of Directors resolved to present for the approval of the Shareholders' Meeting:

- The proposal for the free and indivisible increase of share capital, pursuant to Article 2349, paragraph 1, of the Civil Code, for an amount of EUR 90,314.00, to be fully attributed to share capital through the issue of 100,181 Shares, without nominal value and with regular dividend rights, to be used for the Extraordinary Bonus' assignment; and
- The proposal to vest the Board of Directors, pursuant to Article 2443 of the Civil Code, with the authority for the free and indivisible increase of share capital, including in several tranches, pursuant to Article 2349, paragraph 1, of the Civil Code, for a maximum amount of EUR 86,000.00 to be fully attributed to share capital through the issue of a maximum of 94,765 Shares, without nominal value and with regular dividend rights, to be used for the Scheme.

The Company will make the Shares available to (i) the Extraordinary Bonus Beneficiary, after the date of the Shareholders' Meeting, and (ii) the Scheme Beneficiary in accordance with the terms and conditions set out in the Scheme.

### **3.5 The role performed by each director in determining the schemes' characteristics; any conflicts of interest for the directors concerned**

The Remuneration Committee was involved in the various phases for the study and

structuring of the Extraordinary Bonus and the Scheme.

The Board of Directors, having taken note of the proposal made by the Remuneration Committee, has approved the proposed Extraordinary Bonus and the Scheme to be presented for the approval of the Shareholders' Meeting.

One of the Extraordinary Bonus Beneficiaries is the Executive Director of the Company, Dr. Luca Pelosin. The Board resolution approving the proposal of the Extraordinary Bonus was, therefore, adopted in compliance with the provisions of Article 2391 of the Civil Code.

**3.6 For the purposes of the requirements in Article 84-bis, paragraph 1, the date of the decision taken by the relevant body to propose the approval of the schemes to the shareholders' meeting and the potential proposal of the potential remuneration committee**

On 16 March 2017, the Remuneration Committee proposed the adoption of the Extraordinary Bonus and the Scheme to the Board of Directors.

On 21 March 2017, the Board of Directors, on the basis of the Remuneration Committee's recommendations, approved the Extraordinary Bonus and the Scheme's proposal, as well as their presentation to the Shareholders' Meeting for approval. On the same date, the Board of Directors, with the prior approval of the Remuneration Committee, also approved this disclosure document and the directors' explanatory report on the schemes as per Article 114-bis of the CFA.

**3.7 For the purposes of the requirements in Article 84-bis, paragraph 5(a), the date of the decision taken by the relevant body for the allocation of financial instruments and this body's potential proposal drawn up by the potential remuneration committee**

The Shareholders' Meeting, in which the proposal for the approval of the Extraordinary Bonus and the Scheme will be presented, is scheduled for 27 April 2017.

The free Share allocation underlying the Extraordinary Bonus to Extraordinary Bonus Beneficiaries will take place in a single payment after the date of the Shareholders' Meeting.

As regards the Scheme, on the Date of the Share Allocation, the Company's Board of Directors will determine the number of Shares to be paid to each Scheme Beneficiary in accordance with the criteria specified in this disclosure document.

The information required by Article 84-bis, paragraph 5(a) of the Issuers' Regulation is not currently available, and will be provided during the implementation of the schemes that are the subject of this disclosure document.

**3.8 Market price recorded on the aforementioned dates for the financial instruments on which the schemes are based, if traded on regulated markets**

The official Share price was EUR 15.97 and EUR 16.20 respectively, on 16 March 2017 and 21 March 2017 when the Remuneration Committee and the Board of Directors respectively, met to examine the proposals for the Extraordinary Bonus and the Scheme

to be presented to the Shareholders' Meeting.

The Share price at the time of the Extraordinary Bonus allocation and at the date of the Share Allocation will be communicated according to the procedures and timeframes specified by Article 84-*bis*, paragraph 5(a), of the Issuers' Regulation.

**3.9 In the case of schemes based on financial instruments traded on regulated markets, in what ways and according to which procedures the issuer takes the possible overlap in time into account when establishing the timeframes for the allocation of financial instruments to implement the schemes, between:**

**(i) This allocation or any decisions taken in this regard by the Remuneration Committee; and (ii) the disclosure of any relevant information pursuant to Article 114, paragraph 1; for example, in the case where such information is: (a) not already disclosed and capable of positively influencing the market quotations, or (b) already disclosed and capable of adversely influencing the market quotations**

The execution of the schemes under this Disclosure Document will take place in full compliance with the disclosure obligations imposed on the Company, in order to ensure the transparency and homogeneity of information to the market, as well as in compliance with the procedures adopted by the Company.

**4. CHARACTERISTICS OF THE FINANCIAL INSTRUMENTS GRANTED**

**4.1 Description of the structure of the schemes**

A total of 100,181 free Shares will be granted to Extraordinary Bonus Beneficiaries.

A total of 94,765 free Shares will be granted to Scheme Beneficiaries.

**4.2 Specification of the schemes' effective implementation period, also with reference to any different cycles provided**

With reference to the Extraordinary Bonus, Shares will be allocated to each Extraordinary Bonus Beneficiary in a single payment and free of charge after the date of the Shareholders' Meeting.

With reference to the Scheme, the Board of Directors will determine the actual number of Shares to be allocated to each Beneficiary in a single payment on the achievement of Performance Objectives, after the end of the Vesting Period,.

The Company will provide the number of determined Shares to the Scheme Beneficiaries by no later than the 60th calendar day following the approval of the 2019 Annual Accounts for the last year of the Vesting Period.

**4.3 The Scheme's Timeframe**

Please refer to what is discussed in the previous paragraph 4.2.

**4.4 Maximum number of financial instruments including in the form of options, allocated in each fiscal year in relation to named individuals or specified categories**

The Extraordinary Bonus envisages the assignment of a total of 100,181 free Shares in a single payment.

The Scheme provides for the assignment of a total maximum number of 94,765 free Shares. This number takes into account the Shares that could be allocated to any additional Scheme Beneficiaries as may be identified by the Board of Directors.

The Scheme does not provide for a maximum number of shares to be allocated in a fiscal year.

**4.5 The scheme's implementation procedures and clauses, specifying whether the actual assignment of instruments is subject to meeting certain conditions or the achievement of specific results, including performance-related; description of such conditions and results**

As regards the Extraordinary Bonus and the Scheme's implementation procedures and clauses, please refer to what is discussed in the individual points of this Disclosure Document.

With specific reference to the Scheme, it should be noted that after the end of the Vesting Period, the Board of Directors will determine the actual number of Shares to be allocated to each Scheme Beneficiary on the achievement of Performance Objectives, according to the criteria set out in the previous paragraph 2.2.1.

**4.6 Details of any restrictions on the availability of the instruments granted or on the instruments resulting from the exercise of the options, with particular reference to the periods within which the subsequent transfer to the company or to third parties is permitted or prohibited**

Not applicable, since there are no restrictions on the transfer of Shares that will be assigned to Extraordinary Bonus Beneficiaries and Scheme Beneficiaries.

**4.7 Description of any termination conditions for the assignment of schemes if the beneficiaries conduct hedging transactions that neutralise any restrictions on the sale of the allocated financial instruments, including those in the form of options, or the financial instruments resulting from the exercise of such options**

Not applicable, since there are no termination conditions in the case where Extraordinary Bonus Beneficiaries or Scheme Beneficiaries conduct hedging transactions.

**4.8 Description of the effects of the employment relationship's termination**

The Shares underlying the Extraordinary Bonus will be allocated to Extraordinary Bonus Beneficiaries in a single payment and free of charge, after the date of the Shareholders' Meeting. Therefore, no effects arising from the termination of the Extraordinary Bonus Beneficiaries' employment relationship is envisaged.

With reference to the Scheme, since the right to receive the shares is genetically and functionally linked to the continuation of the Relationship between the Scheme Beneficiaries and the Company or its Subsidiaries, the following provisions will apply in the event of the Relationship's termination, unless a more favourable decision is taken for

the Scheme Beneficiaries by the Board of Directors.

If the Relationship is terminated due to a Bad Leaver during the Vesting Period or, in any case, prior to the delivery of the Shares, the Scheme Beneficiary will permanently and fully lose the right to receive the allotted Shares.

If the Relationship is terminated due to a Good Leaver during the Vesting Period or, in any case, prior to the delivery of the Shares, the Scheme Beneficiary (or his heirs) may retain the right to receive a pro-rata quantity of Shares allocated before the Termination Date, based on the incontestable valuation of the Board of Directors on the level of achievement of Performance Objectives. It is understood that the verification of the objectives' level of achievement will be conducted with reference to the last approved annual financial statements and that the pro-rata quantity will be determined by taking the fiscal year as the reference calculation unit.

Finally, it is understood that if the Relationship is transferred to another Group company and/or if the Relationship is terminated with the simultaneous establishment of a new Relationship within the Group, always in the capacity of Scheme Beneficiary, the same person will retain, *mutatis mutandis*, any right granted by this Scheme.

#### **4.9 Details of any other causes for the schemes' cancellation**

There are no causes envisaged for the cancellation of the Extraordinary Bonus or the Scheme.

#### **4.10 Reasons for the possible provision of the Company's "redemption" of financial instruments covered by the schemes, arranged pursuant to Articles 2357 *et seq.* of the Civil Code; the beneficiaries of the redemption, specifying whether it only applies to particular categories of employees; and the effects of the termination of the employment relationship on the aforementioned redemption**

The right to redeem Shares is not envisaged by the Company.

#### **4.11 Any loans or concessions due to be granted for the purchase of the shares pursuant to Article 2358, paragraph 3, of the Civil Code**

Not applicable.

#### **4.12 Valuation details on the expected cost for the company as at the relative allocation date, as determinable on the basis of the terms and conditions already defined, by overall amount and in relation to each financial instrument**

The total expected cost for the Company in relation to the Extraordinary Bonus and the Scheme is estimated at a total amount of EUR 176,314.00 (EUR 90,314.00 for the Extraordinary Bonus and EUR 86,000.00 for the Scheme), in addition to the costs for consultants. This amount was determined on the basis of the information available at the date of the Board of Directors' approval of the Extraordinary Bonus and the Scheme's proposal (which occurred on 21 March 2017).

#### **4.13 Details of any dilution effects on the capital resulting from the remuneration schemes**

The maximum number of Shares to be used for the Extraordinary Bonus (equivalent to

100,181 Shares) will correspond to a percentage equal to approximately 0.289% of the Company's current share capital.

The maximum number of Shares to be used for the Scheme (equivalent to 94,765 Shares) will correspond to a percentage equal to approximately 0.273% of the Company's current share capital.

**4.14 Any limits established for the exercise of voting rights and for the assignment of dividend rights**

No limits are envisaged for the exercise of voting rights and for the assignment of dividend rights inherent in the Shares.

**4.15 If the shares are not traded on regulated markets, any information useful for a thorough assessment of their value**

Not applicable since the shares are listed on the MTA.

**4.16 Remuneration schemes based on financial instruments**

Not applicable since the assignment of Shares concerns the Extraordinary Bonus and the Scheme.

**4.17 Table**

Table 1 laid down in paragraph 4.24 of Schedule 7 of Annex 3A to the Issuers' Regulation will be more detailed and updated with the procedures and timeframes indicated by Article 84-bis, paragraph 5(a), of the Issuers' Regulation.

**REMUNERATION SCHEMES BASED ON FINANCIAL INSTRUMENTS**  
**Table 1 of Schedule 7 of Annex 3A of Consob Regulation No. 11971/99**

**The Extraordinary bonus**

Name and Surname or category	Post (to be specified only for persons listed by name)	FRAMEWORK 1							
		Financial instruments other than stock options							
		<u>Section 2</u>							
		Newly-allocated instruments based on the decision: x of the B.O.D.'s proposal for the shareholders' meeting <input type="checkbox"/> of the relevant body for the implementation of the resolution of the shareholders' meeting							
		Date of the relative resolution of the shareholders' meeting	Type of financial instruments	Number of financial instruments allocated	Date of allocation	Potential purchase price of the instruments	Market price on allocation	Vesting Period	
Luca Pelosin	Executive Director FILEA	27 April 2017*	FILEA ordinary shares	67,690	N.A.	-	N.A.	-	
Key Management Personnel (2)		27 April 2017*	FILEA ordinary shares	6,768	N.A.	-	N.A.	-	
Management Personnel (6)		27 April 2017*	FILEA ordinary shares	14,216	N.A.	-	N.A.	-	
Employees (1)		27 April 2017*	FILEA ordinary shares	11,507	N.A.	-	N.A.	-	

*\*The Shareholders' Meeting called to approve the Scheme was convened on 27 April 2017 in a single call*

## Performance Shares Scheme 2017-2019

Name and Surname or category	Post (to be specified only for persons listed by name)	FRAMEWORK 1						
		Financial instruments other than stock options						
		<u>Section 2</u>						
		Newly-allocated instruments based on the decision: x of the B.O.D.'s proposal for the shareholders' meeting <input type="checkbox"/> of the relevant body for the implementation of the resolution of the shareholders' meeting						
		Date of the relative resolution of the shareholders' meeting	Type of financial instruments	Number of financial instruments allocated **	Date of allocation	Potential purchase price of the instruments	Market price on allocation	Vesting Period
Key Management Personnel (5)		27 April 2017*	FILA ordinary shares	50,766	N.A.	-	N.A.	1 January 2017-31 December 2019
Management Personnel (14)		27 April 2017*	FILA ordinary shares	30,461	N.A.	-	N.A.	1 January 2017-31 December 2019

\* The Shareholders' Meeting called to approve the Scheme was convened on 27 April 2017 in a single call.

\*\*In addition to 13,538 FILA ordinary shares issued to take into account any additional scheme beneficiaries who could be identified by the Board of Directors.

