DIRECTORS' REPORT
ON THE SECOND, THIRD AND FOURTH ITEMS ON THE AGENDA

to Shareholders' Meeting
of Equita Group S.p.A.
of 7th May 2020

(Published on 7th April 2020)

ITEM 2 ON THE AGENDA

Remuneration and incentive policies applicable to the Equita Group starting from 2020: related and consequent resolutions.

Dear Shareholders,

given the fact that the Company wishes to adopt a new multiannual compensation plan based on financial instruments ("**Plan**") that will be submitted to the approval of the Shareholders Meeting during the discussion on the fourth item on the Agenda, it was necessary to make some amendments to the **Remuneration and incentive policies applicable to the Equita Group** – as approved on the Shareholders Meeting held on 30th April 2019 - in order to incorporate the new provisions set out by the new Plan.

Specifically, the new Remuneration and incentive policies applicable to the Equita Group provides for the possibility to adopt multiannual compensation plans. In the case of adoption of the above-mentioned plans, the determination of the individual quote of financial instruments should be carried out in compliance with the provisions set out by the adopted plan.

With reference to the decision-making process, the Remuneration Committee – established by the Company – should set out the portion of individual incentives. The plan may also provide for further correctional rules *ex post*.

Moreover, among the other amendments to the Remuneration and Incentive Policies, it is specifically provided that, if the deferred quote of the remuneration is totally or partially issued through the allocation of financial instruments, a retention period of almost 6 months (instead of the period of 12 months set under the previous Policies) from the allocation/transferral of the financial instruments should be provided. In the case of stock options, the stock option should be exercisable from the allocation/transferral date. Finally, the stocks purchased after the exercise of stock options should be subjected to a retention period of almost 6 months from the allocation/transferral date.

Excepting the above-mentioned amendments, the provisions of Remuneration and Incentive Policies applicable to the Equita Group as approved on the Shareholders Meeting held on 30th April 2019 shall be apply.

It is specified that, given that the Shareholders Meeting held on the 30th April 2019 has also approved the determination of the ratio between variable and fixed components of remuneration up to a maximum of 2:1, and given that under the new Remuneration and incentive policies (i) the condition under which this limit has been approved, (ii) the personnel to which this ratio is applicable and (iii) the measures of the ratio are not changed, it is not necessary a new approval of the increasing of the limit.

In compliance with the applicable law, the Board of Directors of Equita Group held on 18th March 2020 approved the new Remuneration and Incentive Policies containing the above-mentioned amendments. The Remuneration Committee had given a positive evaluation on the policies, no detecting critical issues.

The main terms of the Remuneration and Incentive Policies, applicable to the Equita Group from 2020 onwards, are contained in the document entitled "Equita Group S.p.A.- Remuneration Policy 2020 - Executive Summary", as well as in the Section I of the Report on the remuneration policy and compensation paid - which shall be discussed in point 3 on the Agenda - , made available to the public at the Company's registered office in Milan, Via Filippo Turati, 9, on the Company's website www.equita.eu (Corporate Governance section, Shareholders' Meetings area) and on the eMarket Storage authorised storage mechanism, www.emarketstorage.com.

The Shareholders' Meeting will be called to approve:

- the Remuneration and Incentive Policies applicable to the Equita Group from 2020;
- the assignment to the Chairman of the Board of Directors and the Chief Executive Officer, severally and with the power to subdelegate, to meet the legislative and regulatory obligations resulting from the adopted resolution.

ITEM 3 ON THE AGENDA

Report on the remuneration policy and compensation paid: resolutions pursuant to Art. 123-ter of Italian Legislative Decree No. 58/98 as amended.

Dear Shareholders,

in accordance with article 123-ter of Legislative Decree February 24, 1998 n. 58 ("TUF"), as subsequently amended, article 84-quater and Annex 3A, Schedule 7-bis, of the Issuers Regulation adopted by CONSOB with resolution no. 11971 of 14 May 1999, as subsequently amended ("Issuers Regulation"), the Board of Directors of Equita Group prepared and approved, on 18th March 2020, a report on the remuneration policy and the remuneration paid ("Report on the Remuneration").

In particular, the Remuneration Report consists of two Sections:

- Section I, which illustrates in a clear and understandable way the Remuneration Policies applicable from 2020 (described in the previous item on the Agenda) referring to the members of the Board of Directors, to the "managers with strategic responsibilities" and to Group employees, as well as the procedures to be used for the adoption and implementation of the Remuneration Policies, including the identification process of the "most relevant personnel";

- Section II, which in a clear and comprehensible way, by name, for the remuneration paid in 2019 to the members of the Board of Directors and to the members of the Board of Statutory Auditors of the Company and, in aggregate form, for the remuneration for 2019 of the "managers with strategic responsibilities":
  a) provides an adequate representation of each of the items comprising the remuneration, highlighting their consistency with the Company's Remuneration and Incentive Policies approved in the previous fiscal year;
  b) analytically illustrates the remuneration for the fiscal year 2019 due in any capacity and form from the Company and its subsidiaries or associates, indicating any components of the above remuneration which refer to activities conduct during the fiscal years prior to that of 2019 and also highlighting the remuneration to be paid in one or more subsequent fiscal years for the activity executed in the fiscal year in question, possibly indicating an estimate value for the components which cannot be objectively quantifiable in that fiscal year.

Section II of the Remuneration Report also contains information on the shareholdings held in the Company by the Directors, Statutory Auditors and "managers with strategic responsibilities", as well as by spouses who are not legally separated and the minor children of the aforementioned subjects, in compliance with the provisions of Article 84-quater, paragraph 4, of the Issuers Regulation.

The additional information required pursuant to Article 450 of the Regulation (EU) No. 575 of 26 June 2013 is then included in tabular form, in addition to Scheme 7 - Annex 3A envisaged by the Issuers Regulation and which described the details regarding the implementation of the incentive plan based on financial instruments approved by the Shareholders' Meeting on 30 April 2019 (the so-called "Equita Group Plan 2019 -2021 ") with reference to the financial year 2019.

The Remuneration Report, to which reference should be made for further details, is made available to the public at the Company's registered office in Milan, Via Filippo Turati no. 9, on the Company's website www.equita.eu (Corporate Governance section, Shareholders' Meetings area) and on the eMarket Storage authorised storage mechanism www.emarketstorage.com.

Pursuant to article 123-*ter* of the TUF, the Shareholders' Meeting will be called to approve:

- with binding resolution, Section I of the Remuneration Report;
- with a non-binding resolution, Section II of the Remuneration Report;
- the assignment to the Chairman of the Board of Directors and to the Chief Executive Officer, severally, all powers, with the power to sub-delegate, to implement the legislative and regulatory obligations resulting from the adopted resolutions.

Finally, please note that, pursuant to Article 123-*ter*, paragraph 3-bis, of the TUF, if the Shareholders' Meeting does not approve Section I of the Remuneration Report, relating to the Remuneration and Incentive Policies applicable to the Equita Group from 2020, the Company will continue to pay remuneration in compliance with the most recent remuneration policy approved by the Shareholders' Meeting or, failing that, it may continue to pay remuneration in accordance with current practices.

ITEM 4 ON THE AGENDA

New 2020-2022 Stock Option Plan: related and consequent resolutions.

Dear Shareholders,

in compliance with article 114-*bis* of TUF as subsequently amended, the Board of Directors wishes to submit to the Shareholders Meeting the approval of an incentive and loyalty plan named "Equita Group 2020-2022 Stock Option Plan for the Senior Management" ("Plan").

The information document on the Plan, to which reference should be made for further details, drawn up pursuant to Article 84-bis and Annex 3A of the Issuers Regulations, is made available to the public at the Company's registered office in Milan, Via Filippo Turati, 9, on the Company's website www.equita.eu (Corporate Governance section, Shareholders' Meetings area) and on the eMarket Storage authorised mechanism www.emarketstorage.com.

1) The Plan

In compliance with the Remuneration Policies, the Plan provides that on 15th May 2020 (Assignment Date) the Company shall freely assign to each Beneficiary a number of Stock Option, which will be subsequently transferred/allocated on 2023, at the end of the Deferral Period (Allocation Date).

The final number of Stock Option allocated is determined subject to:

(i) the continuity of the employment relationship between the Beneficiary and the Equita Group;

(ii) the achievement on 2022 and 2023 of the following three-year business goals (to which are assign different weight as defined below):

- the consolidated *Total Capital Ratio (TCR)* of the three-year period 1st January 2020 – 31st December 2022 higher than 15% (in each year of the three-year period); in the case of a failure to achieve this goal, the number of Stock Options allocated to each Beneficiary at the Assignment Date is reduced of 20%;
- the average consolidate *Return on Tangible Equity (RoTE) (ex dividend)* of the three-year period 1st January 2020 – 31st December 2022 higher than 15%; in the case of a failure to achieve this goal, the number of Stock Options allocated to each Beneficiary at the Assignment Date is reduced of 40%;
- the average Total Shareholders Return (TSR) of the three-year period 30th April 2020 – 30th April 2023 higher than 10%; in the case of a failure to achieve this goal, the number of Stock Options allocated to each Beneficiary at the Assignment Date is reduced of 40%.

A reference indicative and non-exhaustive of the all the possible cases, two examples are given below:

- if the TCR goal is not achieved, 80% of the Stock Options assigned on the Assignment Date will be allocated to each Beneficiary;
- if, on the other hand, both the TCR target and the RoTE target are not achieved, 40% of the Stock Options assigned on the Assignment Date will be allocated.

The aforementioned three-year corporate objectives (and related weights), upon achievement of which - according to the Plan - the assignment of the Stock Options takes place, have been defined by the Board of Directors, after obtaining the opinion of the Remuneration Committee, in compliance with the Group Remuneration Policies.

The verification of the achievement is carried out by the Company's Board of Directors, after hearing the Remuneration Committee; this verification is carried out:
(i) with reference to the TCR and RoTE, in May 2023, on the basis of the data of the consolidated financial statements at 31stDecember 2022, 31st December 2021 and 31st December 2020;
(ii) with reference to the TSR, in May 2023, based on the data referring to the aforementioned three-year period 30th April 2020 – 30th April 2023.

Without prejudice that the number of assignable Stock Options will be determined on the basis of the achievement of the aforementioned three-year business objectives in 2022 and 2023, the maximum number of Stock Options that can be assigned pursuant to the Plan, and therefore of shares that can be purchased through the the Stock Options, is equal to 1,300,000 (with diluting effect of the Plan equal to a maximum of 2,53%).

It is also understood that, if the Board of Directors ascertains that none of the aforementioned three-year corporate objectives have been achieved, or where the other conditions set out in the Plan are not met, the Beneficiaries will not be assigned any Stock Options.

Each Stock Option, once assigned, entitles the purchase, during the Exercise Period and upon payment of the Exercise Price, of one (1) Equita Group Share.

"Exercise Price" means the unit purchase price of the Shares deriving from the exercise of the Stock Options, as determined by the Board of Directors and indicated in the Attribution Letter, equal to the greater of:

(i) the book price at which the Company's own shares, in service of the exercise of the Stock Options, are accounted by the Company on the Assignment Date; and
(ii) the arithmetic mean of the official closing prices recorded by Equita Group Shares on the Mercato Telematico Azionario - STAR segment, organized and managed by Borsa Italiana SpA, in the last 3 (three) months prior to the date of the Board of Directors - which meets before the Assignment Date - in which the number of Stock Options to be allocated to each Beneficiary is determined by the Board itself.

"Exercise Period" means the period of 5 years, starting from the Assignment Date, within which the assigned Stock Options may be exercised.

In the first 6 months from the Assignment Date, any Shares purchased are subject to lock-up.

The Stock Options not exercised at the end of the Exercise Period automatically lapse and, consequently, are devoid of any effect or validity for the Beneficiary, no longer attributing any rights to it.

The Company's own shares will be used to serve the Plan.

2) Beneficiaries of the Plan

The Plan is aimed at the Group's top management, namely:

- to the CEO of the Company, Andrea Vismara, who is also CEO of the subsidiary Equita SIM S.p.A. (of which he is an employee and General Manager);
- to the CEO of the subsidiary Equita Capital SGR S.p.A., Matteo Ghilotti, of which he is an employee;
- to the Company's executive director, Stefano Lustig, employee of the subsidiary Equita Capital SGR S.p.A.;
- to the executive director of the subsidiaries Equita SIM S.p.A. and Equita Capital SGR S.p.A., Stefania Milanesi, CFO & COO of the Equita Group and employee of the Company;
- to all other Group employees who are head of divisions as well as Managers with Strategic Responsibilities.

The characteristics of the Plan are the same for all Beneficiaries.

In consideration of the provisions of Article 114-bis, paragraph 3, of the TUF and Article 84-bis, paragraph 2, of the Issuers Regulation, the Plan, having regard to its Beneficiaries, it is qualified as a "plan of particular relevance", as it is also addressed to members of the Board of Directors of the

Company and its subsidiaries, as well as to others Managers with Strategic Responsibilities of the Company.

Except as indicated below, the Beneficiary's right to receive and exercise the Stock Options pursuant to the Plan is primarily ontologically and functionally connected and subject to the continuity of the employment relationship with the Company or Group companies on the Date of Attribution and on the Assignment Date of the Stock Options. Given the above:

(i) in the event of termination of the employment relationship, for any reason, after the Assignment Date (therefore during the Exercise Period), the Beneficiary (i.e. his/her heirs or legitimate successors) will retain the right to exercise the Stock Options again in his/her possession on the date of termination of the relationship;

(ii) in the event of termination of the employment relationship, for any reason, before the Assignment Date, the Beneficiary (i.e. his/her heirs or legitimate successors) will definitively lose any rights assigned by the Plan in relation to the Stock Options previously attributed to him.

3) Reasons for the Plan adoption

Through the implementation of the Plan, the Company intends to promote and achieve the following objectives:

- to further address the behaviours of those employees who have the power and responsibility, directly or indirectly, for planning, directing and controlling the activities of the Company or other Group companies, towards the priorities of the Company and the Group itself, supporting the medium and long term value creation;
- to further encourage the permanence of key resources in the Company;
- to link the total remuneration of key resources to the increase in value for all shareholders;
- to ensure behaviour consistent with the Group's code of conduct, internal regulations and current laws and regulations applicable to the Group, as well as behaviours consistent with attention to social, environmental and ESG issues in general.

The Plan is one of the instruments used by the Company in order to integrate the fixed component of the remuneration of strategic resources with variable components, depending on some three-year performance business goal, in conformity with the best market practices. In any case, the annual variable component of the annual remuneration of each Beneficiary should be coherent with the annual limit for remuneration eventually set out by the applicable law and by the Company's Remuneration Policies.

4) *Ex-post* correction

In compliance with the Group's Remuneration Policies, the Company reserves its right to activate the further initiatives for the refund of the allocated or assigned Stock Options ("ex-post correction) in the case of (i) behaviours from which is derived a significant loss for the Company and/or for the Group; (ii) the breach of the obligations imposed in compliance with article 13 of TUF or, if the subject is an interested party, in compliance with article 53, paragraph 4 and subsequent of TUB (if applicable) or of the obligation regarding the remuneration and incentive; and (iii) further behaviours not compliant with the legislative, regulatory or statutory laws or any ethical codes applicable to the Company and/or to the Group, in the case provided.

In light of the above, the Shareholders' Meeting will be called to:

- examine the illustrative report of the Board of Directors, prepared in accordance with articles 114-*bis* and 125-*ter* of the TUF;

- examine the information document, prepared pursuant to art. 84-*bis* of the Issuers Regulations, made available to the public according to the procedures described above;

- approve, pursuant to and for the purposes of Article 114-*bis* of the TUF, the adoption of the Plan, named the "Equita Group 2020-2022 Stock Option Plan for the Senior Management", with the characteristics indicated in this explanatory report of the Board of Directors and in the information document on the Plan;

- grant to the Board of Directors, with the power to subdelegate, all powers necessary or appropriate for implementing the Plan and each power provided on the information document;

- grant all powers severally to the Chairman of the Board of Directors and the Chief Executive Officer, with the power to subdelegate, in order to meet the legislative and regulatory obligations resulting from the adopted resolutions.

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THE BOARD OF DIRECTORS OF EQUITA GROUP S.P.A.