

DIRECTORS' REPORT  
ON THE SECOND ITEM ON THE AGENDA  
(ordinary part)

*for the Ordinary and  
Extraordinary Shareholders' Meeting  
of Equita Group S.p.A.  
of 29 April 2021*

(published on 29 March 2021)



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EQUITA GROUP

(COURTESY TRANSLATION)

## ITEM 2 ON THE AGENDA

### *2. Report on the Remuneration Policy and on Fees Paid:*

*2.1 First Section - Remuneration and incentive policy applicable to the Equita Group with effect from 2021: related and consequent resolutions (binding resolution).*

*2.2 Second Section - Fees paid with reference to the 2020 financial year: related and consequent resolutions (non-binding resolution).*

Dear Shareholders,

The Board of Directors of Equita Group S.p.A. (“**Equita Group**”) has prepared and approved, on 17 March 2021, the report on the remuneration policy and on fees paid (the “**Remuneration Report**” or the “**Report**”). That Report was prepared in accordance with Art. 123-*ter* of Italian Legislative Decree no. 58 of 24 February 1998 (“**Consolidated Finance Law**”) and Art. 84-*quater* of the Issuers’ Regulation adopted by CONSOB with resolution no. 11971 of 14 May 1999, as subsequently amended (the “**Issuers’ Regulation**”).

The Report also intends to respect the rules laid down by the provisions on remuneration contained in Circular no. 285 of 17 December 2013 of the Bank of Italy, as modified by the subsequent amendments (the “**Supervisory Provisions for Banks**”), as well as the provisions of the Bank of Italy Regulation implementing Articles 4-*undecies* and 6, paragraph 1, letters b) and c-*bis*) of the Consolidated Finance Law and the applicable guidelines on remuneration. Therefore, the Report also includes information, in aggregate form, on the so-called *risk takers*.

Furthermore, in accordance with Art. 84-*bis* of the Issuers’ Regulation, the Report includes, among the annexes, Outline 7 - Annex 3A, which includes details on the implementation of the incentive plan based upon financial instruments (namely, the “*2019-2021 Equita Group Plan based upon financial instruments*” and the “*2020-2022 Equita Group Plan for senior management based upon stock options*”, respectively approved by the Shareholders’ Meeting on 30 April 2019 and on 7 May 2020) for the 2020 financial year. The Remuneration Report, to which reference is 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 website [www.equita.eu](http://www.equita.eu) (Corporate Governance section, Shareholders’ Meetings area) and on the authorised storage mechanism eMarket Storage [www.emarketstorage.com](http://www.emarketstorage.com).

## 2.1 First Section - Remuneration and incentive policy applicable to the Equita Group with effect from 2021: related and consequent resolutions (binding resolution).

The first section of the Report illustrates:

- ✓ the Remuneration and Incentive Policy applicable to the Equita Group in force from 2021 (the “Remuneration Policy”), referring to members of the management bodies, Managers with Strategic Responsibilities and employees of the Group, with an indication of how that Policy contributes to the business strategy, to the pursuit of the long-term interests and to sustainability;
- ✓ the procedures used for the adoption, implementation and any revision of the Remuneration Policy, including the process of identifying the Key Personnel.

It is noted that on 7 May 2020, the Company’s Shareholders’ Meeting approved, with 100% of the votes present at the meeting, the remuneration and incentive policy of the Equita Group applicable with effect from 2020. With respect to the remuneration and incentive policy approved in May 2020, no significant changes have been made. The only changes made to the Remuneration Policy for the 2021 financial year concern:

- i) the addition of some necessary parameters to define the thresholds that contribute to determining the *bonus pool* of the subsidiary Equita Capital SGR S.p.A. (namely the asset management company of the Equita Group). That addition became necessary to reflect the key parameters characterising the asset management sector and thus to define thresholds more in line with the characteristic operations of the subsidiary; and
- ii) the indication that, for Directors with executive roles, the performance indicators are defined *ex-ante* by the Remuneration Committee and approved by the Board of Directors, taking account of the duties and delegations attributed each time. In defining those targets, the Remuneration Committee considers the contents of the Corporate Governance Code. The Remuneration Policy also indicates that the targets set must be measurable and coherent with the Group’s strategic objectives and aimed at promoting its sustainable success in the long-term, even including, where relevant, non-financial parameters.

The Remuneration Policy illustrated in the first section of the Report will be submitted for the binding vote of the Shareholders’ Meeting of the Company, as envisaged by Art. 123-ter of the Consolidated Finance Law.

In light of what is illustrated above, the Shareholders' Meeting is asked to:

- examine the first section of the Report, prepared in accordance with Art. 123-ter of the Consolidated Finance Law and Art. 84-quater of the Issuers' Regulation;
- approve, with binding resolution, the first section of the Report and, therefore, the Remuneration and Incentive Policy of the Company applicable to the Equita Group with effect from the 2021 financial year;
- grant to the Chairman of the Board of Directors and to the Managing Director, severally, every power, with the right of sub-delegation, to complete the legislative and regulatory fulfilments consequent to the resolution adopted.

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## **2.2 Second Section - Fees paid with reference to the 2020 financial year: related and consequent resolutions (non-binding resolution).**

The second section, nominatively for fees paid to members of the Board of Directors and to members of the Board of Statutory Auditors of the Company, and in aggregate for fees paid to the Managers with Strategic Responsibilities:

- a) provides an adequate representation of each of the items that make up the remuneration, including any treatment provided upon ending the role or terminating the employment relationship, highlighting its coherence with the Company's Remuneration Policy approved in the previous financial year;
- b) illustrates analytically the fees of the 2020 financial year in any capacity and in any form paid by the Company and by the subsidiary or associated companies, reporting any components of the aforementioned fees that refer to activities performed in previous financial years, before 2020, and also highlighting the fees to be paid in one or more later financial years in view of activities performed in 2020, possibly indicating an estimated value for the components not objectively quantifiable in the financial year of reference.

The second section also contains information on the investments held in the Company by the Directors, Auditors and Managers with Strategic Responsibilities, as well as by the spouses not legally separated and minor children of the persons indicated above, in conformity with the provisions of Art. 84-quater,

paragraph 4 of the Issuers' Regulation.

Further information is then included, in table form, as required in accordance with Article 450 of Regulation (EU) of 26 June 2013, no. 575, along with information on the implementation of the existing incentive plans (in accordance with Outline 7 - Annex 3 A of the Issuers' Regulation).

In light of what is illustrated above, the Shareholders' Meeting is asked to:

- examine the second section of the Report, prepared in accordance with Art. 123-*ter* of the Consolidated Finance Law and Art. 84-*quater* of the Issuers' Regulation;
- approve, with non-binding resolution, the second section of the Report;
- grant to the Chairman of the Board of Directors and to the Managing Director, severally, every power, with the right of sub-delegation, to complete the legislative and regulatory fulfilments consequent to the resolution adopted.

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