



REMUNERATION REPORT

Pursuant to art. 123-ter TUF and art. 84-*quater* of the CONSOB Issuers Regulation

Issuer: POLIGRAFICA S. FAUSTINO S.P.A.

Website: www.psf.it

Date of approval: March 6, 2020

Subsequently integrated on 07.04.2020

GLOSSARY

Meeting / Shareholders' Meeting: the Shareholders' meeting of Poligrafica S. Faustino S.p.A.

Code / Self-discipline Code: Self-discipline Code of quoted company approved on July 2018 by committee for corporate governance and approved by Borsa Italiana Sapa, Abi, Ania, Assogestioni, Assonime and Confindustria.

Cod. Civ. / C.C.: Civil Code.

Board: Board of Directors of Poligrafica S. Faustino S.p.A..

Issuer or Company: Poligrafica S. Faustino S.p.A..

Exercise: the accounting year covered by the report.

Group: Poligrafica S. Faustino Group.

Consob Issuer Regulation: Regulation issued by Consob with decision n. 11971/1999 in matter of issuers.

Consob Regulation Related Parties: the regulation issued by Consob with deliberation n.17221 of 12 March 2010 (as next modified) in matter of correlated parts.

TUF: Italian Legislative Decree of February 24, 1998, n. 58 ("*Testo Unico della Finanza*").

INTRODUCTION

The Remuneration Policy, which sets out the objectives pursued and the principles that are the basis of the determination of the remuneration of the administrative, general managers and managers with strategic responsibilities, has been approved by the Board of Directors on March 8, 2019 at the proposal of the Remuneration Committee met on the same date.

Subsequently, on 07.04.2020, the CEO Giuseppe Frigoli, equipped with the necessary powers, integrated and corrected the Report in order to adapt it to current legislation.

This Remuneration Report (the "Report") is divided into two sections:

- Section I: Remuneration policy for 2020;
- Section II: Remuneration Statement for 2019.

The Report was prepared pursuant to art. 123-ter of the TUF and art. 84-quater of the Consob Issuers Regulation. It was drafted in accordance with art. 6 of the Code of Conduct.

As provided by Consob Related Parties Regulation no. 17221, as implemented in the procedure adopted by the Company on November 12, 2010, the approval of the Remuneration Policy by the Shareholders' Meeting exempts the Company from applying the above procedure for transactions with related parties in the deliberations on the remuneration of directors and key management personnel, provided the latter are consistent with the Remuneration Policy.

The report for the year 2018, presented for information to the shareholders, provides a final on remuneration highlighting consistency with the policy on remuneration approved by the Company in the previous year.

Remuneration Report

SECTION I

Those involved in the preparation and approval of the Remuneration Policy

The main parties and bodies involved in the preparation and approval of the Remuneration Policy are the Shareholders' Meeting, the Board of Directors, the Remuneration Committee and the Board of Auditors.

Shareholders' Meeting:

- determines the remuneration of the members of the Board of Directors, the Executive Committee, if appointed, and the Board of Auditors pursuant to Article 2364, paragraph 1, no. 3) Civil Code;
- deliberates on Section I of the Report with binding power in accordance with the provisions of art. 123, paragraph 3 ter of the TUF;
- deliberates on Section II of the Report, without binding power;
- decide on any remuneration plans based on shares or other financial instruments intended for directors, employees and collaborators, including the managers with strategic responsibilities, pursuant to Article 114-bis of the TUF.

Board of Directors:

- constitutes an internal Remuneration Committee composed of non-executive directors, most of whom are independent; at least one member of the Committee must possess sufficient knowledge and experience in financial matters;
- determines the remuneration of directors holding particular positions, after consulting the Board of Auditors and on the proposal of the Remuneration Committee;
- defines, on the proposal of the Remuneration Committee, the Remuneration Policy;
- approve the Remuneration Report, prepared in accordance with the criteria and application principles of art. 6 of the Code of Conduct, to be submitted to the shareholders;
- prepares, with the assistance of the Compensation Committee, any plans of remuneration based on shares or other financial instruments intended for directors, employees and collaborators, including the managers with strategic responsibilities, submit them for approval of Shareholders' meeting pursuant to Article 114-*bis* of TUF and will ensure its implementation.

Remuneration Committee, established within the Board of Directors since 2001 in accordance with the Code of Conduct, is composed exclusively of non-executive directors, most of whom are independent; at least one member of the Committee must possess sufficient knowledge and experience in financial matters.

Following the renewal of the Board of Directors, the Board by resolution of April 18, 2019, appointed the following internal directors as members of the Remuneration Committee:

- Carlo Alberto Carnevale Maffé - Chairman (independent)
- Alberto Piantoni (independent)
- Ilaria Frigoli (non-executive)

The composition remained unchanged in comparison to the previous year.

In accordance with the Code, the Committee is therefore composed of non-executive directors, the majority independent.

Following the appointment, there were no changes in the composition of the Committee.

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Directors Alberto Piantoni and Carlo Alberto Carnevale Maffè have experience in accounting and finance considered appropriate by the Board of Directors at the time of appointment in the light of their previous professional experience.

The Remuneration Committee shall meet whenever its Chairman deems appropriate, i.e. when a request is made by at least one component and, in any case, with appropriate frequency for the proper performance of their duties.

During the Exercise the Committee has been collected two times. The average length of meetings was about half hour. For the 2020 accounting year two meetings were scheduled in an already held on March 6.

The Remuneration Committee:

- makes proposals to the Board of Directors regarding the remuneration of executive directors and those who hold particular positions or which are assigned specific powers;
- submits to the Board of Directors proposals on the remuneration of executive directors and on the correct identification and assessment of the performance targets;
- makes proposals to the Board of Directors on the adoption of the remuneration policy;
- supports the Board of Directors in the preparation and implementation of any compensation plans based on shares or other financial instruments;
- periodically assesses the adequacy, overall consistency and concrete application of the Remuneration Policy;
- examine and submit to the Board of Directors report on the remuneration paid to members of the administration and control.

The Committee may accede to the information and functions necessary for the accomplishing of its duties and use external consultants, within the terms expressed by the Board when necessary.

The documentation and information available (and in any case, those necessary) are transmitted to all members of the Remuneration Committee with enough time to express the meeting.

For the validity of the meetings of the Compensation Committee it is required the presence of a majority of members in office and the resolutions are passed by an absolute majority of the members present. The meetings of the Remuneration Committee may be held by means of telecommunication and are duly recorded and transcribed into a specific.

No financial resources have been destined to the Committee as it uses the Issuer's structures to fulfil its duties.

The Remuneration Policy has therefore been outlined and approved by the Remuneration Committee and the Board of Directors.

The **Board of Auditors** expresses its opinion on the proposals of remuneration of executive directors, and more generally, of the directors holding particular positions, checking the consistency of the proposals themselves with the Remuneration Policy.

Aims and outline of the Remuneration Policy and description of the policies on fixed and variable components of remuneration

The remuneration of Directors, general managers and managers with strategic responsibilities is defined so as to ensure a total compensation structure able to recognize the value of professional actors to enable an appropriate balance of fixed and variable components with the goal of creating sustainable value in the medium and long term and to ensure a direct link between pay and specific performance objectives.

In particular, the guidelines which inspired the remuneration policy are based on the following criteria:

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- the fixed component and the variable component shall take account of the strategic objectives and the related business risks undertaken by the Company;
- the variable component is a maximum;
- the fixed component is sufficient to reward the performance of the person concerned if the variable is not paid for the failure to achieve their goals;
- in evaluating the suitability of the fixed component to remunerate the service of the person concerned, it is taken into account also what may be perceived by the same in the other Group companies;
- performance goals are predetermined, measurable and linked to the creation of shareholder value in the medium to long term;
- the payment of the variable component is deferred for an appropriate period at the time of maturity;
- the provision of contractual arrangements that allow the Company to request the return, in whole or in part, of the components of the remuneration paid, calculated on the basis of data that will be revealed later manifestly erroneous;
- the amount of the incentive to be paid to each person involved is determined based on the achievement of results actually pursued.

Treatments provided in the event of termination of office or termination of the employment relationship

In the event of the interruption worker's relationship with the Group for reasons other than just cause, the orientation of the Company is to find agreements to define the relationship in a consensual way. This being said, the Company has not formalized a specific policy in this regard.

It is possible to provide for the CEOs compensation in case of termination of administration the amount that, as a rule, and except in exceptional cases, may not exceed an amount corresponding to 40% of its fixed remuneration to the same total recognized over of office.

The payment of a specific allowance may be recognized, moreover, always after evaluation of the competent bodies, in the following cases:

- termination by the Company without good cause;
- termination by the Administrator for cause, meaning, without limitation, the substantial change in the role or to his assignments and / or cases of cd. Opa "hostile."

In the above assumptions the allowance is equal to two years of gross annual remuneration (fixed component).

In the definition of the remuneration policy, the Company will be possibly as a reference remuneration policy implemented by other companies and did not avail itself of the assistance of independent experts.

Reference to the remuneration policies of other companies.

In defining the remuneration policy, the Company did not use the remuneration policies implemented by other companies as a reference and did not make use of the collaboration of independent experts.

Main changes compared to the previous year

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The Remuneration Policy in 2020 confirms, both in terms of principles of remuneration structures, the setting applied in the previous accounting year.

Remuneration of Directors

Managing Directors

With a deliberation of the Board on April 18, 2019, Alberto Frigoli, Giuseppe Frigoli and Emilio Frigoli have been appointed Managing directors with the attribution of full powers in ordinary and extraordinary administration, except for those expressly prohibited in art. 2381 C.C..

The remuneration of CEOs, determined according to the size and structure of the Company is as follows:

- a fixed component, determined to a significant extent, conform to the position and effort required and, in any case, as to be sufficient to reward performance in the event that the variable component is not paid due to failure to achieve the objectives set out infra;
- a variable component related to the attainment of the objectives - economic performance - measured and related to the creation of value for shareholders over the medium term, as a rule not less than 36 months.

The amount of the fixed and variable component is determined annually by the Board of Directors, upon recommendation made by the Remuneration Committee, according to the actual achievement of the objectives and the tasks assigned. For the evaluation of the suitability of the fixed component of the reward of the CEOs should the variable component not be paid for the failure to achieve the assigned objectives it must also be considered the fixed compensation possibly received by the same persons in the other Group companies.

The variable component will be paid every three years to achieve the goals set by the Board of Directors (according to the parameters on the consolidated results of the Group) with deferred payment at the end of the determined period.

The variable component may not exceed 50% of the amount set for the fixed compensation (taking as a reference total amount paid in the three years). In respect of the above mentioned parameters above-mentioned, it is possible to predict stock-based compensation plans.

The costs incurred by the Managing Directors for the performance of their duties are reimbursed by the Company.

The Remuneration Policy does not provide for the payment of non-monetary benefits.

Executive Directors

There are no executive directors within the Company.

However, Giovanni Frigoli should be considered executive director as CEO of the subsidiaries Linkonline S.r.l. and Sanfaustino Label S.r.l. which are both considered strategically relevant for the Group.

The remuneration of Executive Directors, determined according to the size and structure of the Company is as follows:

- a fixed component, determined to a significant extent, conform to the position and effort required and, in any case, as to be sufficient to reward performance in the event that the variable component is not paid due to failure to achieve the objectives set out infra;
- a variable component related to the attainment of the objectives - economic performance - measured and related to the creation of value for shareholders over the medium term, as a rule not less than 36 months.

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The amount of the fixed and variable component is determined annually by the Board of Directors, upon recommendation made by the Remuneration Committee, according to the actual achievement of the objectives and the tasks assigned. For the evaluation of the suitability of the fixed component of the reward of the CEOs should the variable component not be paid for the failure to achieve the assigned objectives it must also be considered the fixed compensation possibly received by the same persons in the other Group companies.

The variable component will be paid every three years to achieve the goals set by the Board of Directors (according to the parameters on the consolidated results of the Group) with deferred payment at the end of the determined period.

The variable component may not exceed 30% of the amount set for the fixed compensation (taking as a reference total amount paid in the three years). In respect of the above-mentioned parameters above-mentioned, it is possible to predict stock-based compensation plans.

The costs incurred by the Executive Directors for the performance of their duties are reimbursed by the Company.

The Remuneration Policy does not provide for the payment of non-monetary benefits.

Non-executive Directors

All non-executive directors are paid only a fixed amount.

For the Directors called to participate in the Control and Risk Committee and the Remuneration Committee, both made up of non-executive directors, there is no provision for the payment of additional remuneration or an attendance fee.

The costs incurred by the Non-executive Directors for the performance of their duties are not reimbursed by the Company.

The Remuneration Policy does not provide for the payment of non-monetary benefits.

Remuneration of key managers with strategic Responsibilities

The remuneration of key management personnel is established in accordance with the principles described for CEOs and consists of:

- a fixed component, determined to a significant extent, conform to the position and effort required and, in any case, as to be sufficient to reward performance in the event that the variable component is not paid due to failure to achieve the objectives set out infra
- a variable component related to the attainment of the objectives - economic performance - measured and related to the creation of value for shareholders over the medium/long term, as a rule not less than 36 months.

The variable component is equal to a predetermined percentage of the fixed gross annual salary of generally not less than 20% of that remuneration.

The Remuneration Policy does not provide for the payment of non-monetary benefits.

The costs incurred by the key managers with strategic responsibilities for the performance of their duties are reimbursed by the Company.

Incentive mechanisms of the Head of the Internal Audit and the Manager responsible for preparing corporate accounting documents

In relation to the Head of the Internal Audit function, please note that this being outside the Company, it is not expected in his favor any incentive.

Regarding the Manager responsible, however, it is not expected any incentive as the fixed fee paid is considered in any case enough and coherent with the assigned tasks.

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Further considerations on the remuneration of the administrative bodies and executives with strategic responsibilities.

With reference to the variable components of the remuneration of directors and managers, the company does not currently provide for the assignment of shares, options or other financial instruments. The formalization of a plan for the assignment of shares is expected to be submitted for approval by the shareholders' meeting in the next year. For the same reasons, there are no clauses for maintaining financial instruments in the portfolio after their acquisition.

The Company does not provide for a diversified remuneration policy in relation to independent directors, participation in committees and the performance of particular tasks

Insurance, social security or pension coverage other than mandatory

There are no insurance cover, or social security or pension plans other than the mandatory ones, with the exception of a Third Party Liability Policy (RCT) and Work Providers (RCO) to cover the risks affecting the company as a consequence of civil liability towards third parties and employees connected with the performance of all the activities that constitute its corporate object.

SECTION II

This section is divided into two parts and shows, using the attached tables in the second part, the remuneration of the members of the administrative and control in line with the Remuneration Policy 2018, and information relating the shares in the Company owned themselves.

Remuneration paid to members of the Board of Directors

The Shareholders' meeting held on April 18, 2019 has determined the total remuneration payable to the Board of Directors in the amount of € 221,288.00 start from 1st May of 2019.

The Board of Directors, which met on May 10, 2019, set the fixed compensation to the extent specified below (unchanged in comparison to the previous Exercise):

- Alberto Frigoli (Chairman and CEO): € 118,000.00
- Alberto Piantoni, Carlo Alberto Carnevale Maffé, Andrea Collalti, Ilaria Frigoli, Maurizia Frigoli, Elisa Frigoli, Maristella Pedrinelli, Francesca Cropelli (Non-executive Directors): € 12,911.00.

No fixed remuneration was determined for directors Giuseppe Frigoli, Emilio Frigoli, Francesco Frigoli and Giovanni Frigoli taking into consideration what they received as fixed remuneration from the subsidiaries Linkonline S.r.l. and Sanfaustino Label S.r.l..

Coherently with the provisions of the Remuneration Policy, part of the remuneration of the executive directors is linked to the results achieved by the Issuer. This variable part, determined by the Board of Directors on proposal of the Remuneration Committee, is determined as follows:

- for each CEO

Net Result	Variable payment
€ 3,500,000	€ 80,000
€ 4,000,000	€ 90,000

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€ 4,500,000	€ 100,000
€ 5,000,000	€ 150,000

- for each executive Director

Net Result	Variable payment
€ 3,500,000	€ 60,000
€ 4,000,000	€ 65,000
€ 4,500,000	€ 70,000
€ 5,000,000	€ 100,000

The above data refer to the net profit that will be achieved in the three-year period 2019-2021. Additional remuneration for committee participation were not paid.

During the year, the directors have received the remunerations indicated in "Table 1 - Scheme 7-*bis*" attached below.

Remuneration of the Board of Auditors

The annual remuneration payable to the Board of Auditors was approved by Shareholders, on the occasion of the appointment of the Auditors, which took place on April 18, 2019, taking into account the commitment required, the importance of the role as well as the dimensional and sectorial characteristics of the company, in proportion to sales and service revenues, i.e. an amount equal to 0.050% of the predicted value for the president and of 0.033% for the effective members.

Remuneration of key managers with strategic responsibilities

At the date of approval of this report there are no Key managers or general managers in the company

All decisions with strategic implications are taken by the executive directors in accordance with the responsibilities of the Board of Directors.

Indemnity for resignation, dismissal or termination of employment (pursuant the art. 123-*bis*, par. 1, letter i) TUF)

No agreements have been signed between the Company and the directors which provide indemnity fees in case of resignation or dismissal / termination without just cause or if the employment relationship is terminated following a takeover bid.

During the 2019 accounting year any director has not quitted his office.

Incentive plans based on financial instruments

Incentive plans based on financial instruments have not been approved.

Table 1 Scheme 7-bis

Remuneration paid to Directors

Name and Surname	Position	Office holder's period of service	Term of office expiry	Fixed remuneration	Committee membership remuneration	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance indemnity for end of office or termination of employment
						Bonuses and other incent.	Profit sharing					
Alberto Frigoli	Chairman and CEO	01.01.2019 31.12.2019	Approval of 2021 Financial Statement									
Remuneration at the company drawing up the financial statements				118						118		
Remuneration at subsidiaries and affiliates				0						0		
Total				118						118		
Giuseppe Frigoli	CEO	01.01.2019 31.12.2019	Approval of 2021 Financial Statement									
Remuneration at the company drawing up the financial statements				0						0		
Remuneration at subsidiaries and affiliates				307.5						307.5		
Total				307.5						307.5		
Emilio Frigoli	CEO	01.01.2019 31.12.2019	Approval of 2021 Financial Statement									
Remuneration at the company drawing up the financial statements				0						0		
Remuneration at subsidiaries and affiliates				307.5						307.5		
Total				307.5						307.5		
Francesco Frigoli	Director	01.01.2019 31.12.2019	Approval of 2021 Financial Statement									
Remuneration at the company drawing up the financial statements				0						0		
Remuneration at subsidiaries and affiliates				130						130		
Total				130						130		
Giovanni Frigoli	Director	01.01.2019 31.12.2019	Approval of 2021 Financial Statement									
Remuneration at the company drawing up the financial statements				0						0		
Remuneration at subsidiaries and affiliates				307.5						307.5		
Total				307.5						307.5		
Alberto Piantoni	Director	01.01.2019 31.12.2019	Approval of 2021 Financial Statement									
Remuneration at the company drawing up the financial statements				12.9						12.9		
Remuneration at subsidiaries and affiliates				0						0		

Total				12.9						12.9	
Carlo Alberto Carnevale Maffé	Direct or	01.01.2019 31.12.2019	Approval of 2021 Financial Statement								
Remuneration at the company drawing up the financial statements				12.9						12.9	
Remuneration at subsidiaries and affiliates				0						0	
Total				12.9						12.9	
Andrea Collalti	Direct or	01.01.2019 31.12.2019	Approval of 2021 Financial Statement								
Remuneration at the company drawing up the financial statements				12.9						12.9	
Remuneration at subsidiaries and affiliates				0						0	
Total				12.9						12.9	
Iliaria Frigoli	Direct or	01.01.2019 31.12.2019	Approval of 2021 Financial Statement								
Remuneration at the company drawing up the financial statements				12.9						12.9	
Remuneration at subsidiaries and affiliates				0						0	
Total				12.9						12.9	
Maurizia Frigoli	Direct or	01.01.2019 31.12.2019	Approval of 2021 Financial Statement								
Remuneration at the company drawing up the financial statements				12.9					17.5	30.4	
Remuneration at subsidiaries and affiliates				0					0	0	
Total				12.9					17.5	30.4	
Elisa Frigoli	Direct or	01.01.2019 31.12.2019	Approval of 2021 Financial Statement								
Remuneration at the company drawing up the financial statements				12.9						12.9	
Remuneration at subsidiaries and affiliates				0						0	
Total				12.9						12.9	
Maristella Pedrinelli	Direct or	01.01.2019 31.12.2019	Approval of 2021 Financial Statement								
Remuneration at the company drawing up the financial statements				12.9						12.9	
Remuneration at subsidiaries and affiliates				0						0	
Total				12.9						12.9	
Francesca Cropelli	Direct or	01.01.2019 31.12.2019	Approval of 2021 Financial Statement								
Remuneration at the company drawing up the financial statements				12.9						12.9	
Remuneration at subsidiaries and affiliates				0						0	
Total				12.9						12.9	

- * assignment ceased with effect from 31.01.2020 following the presentation of the resignation from the office of director

Remuneration paid to Board of Auditors

Name and Surname	Position	Office holder's period of service	Term of office expiry	Fixed remuneration	Committee membership remuneration	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance indemnity for end of office or termination of employment
						Bonuses and other incent.	Profit sharing					
Francesco Curone	Chairman	01.01.2019 31.12.2019	Approval of 2021 Financial Statement									
Remuneration at the company drawing up the financial statements				5						5		
Remuneration at subsidiaries and affiliates				8						8		
Total				13						13		
Umberto Bisesti	Effective Member	01.01.2019 31.12.2019	Approval of 2021 Financial Statement									
Remuneration at the company drawing up the financial statements				3.3						3.3		
Remuneration at subsidiaries and affiliates				8.5						8.5		
Total				11.8						11.8		
Mariagrazia Bisesti	Effective Member	01.01.2019 31.12.2019	Approval of 2021 Financial Statement									
Remuneration at the company drawing up the financial statements				3.3						3.3		
Remuneration at subsidiaries and affiliates				0						0		
Total				3.3						3.3		

Scheme 7-ter

Shareholdings held by directors, auditors and chief executive officers

Name and Surname	Position	Subsidiary	No. of shares held as at 31.12.2018	No. of shares purchased	No. of shares sold	No. of shares held as at 31.12.2019
Alberto Frigoli	Chairman and CEO	Poligrafica S. Faustino S.p.A.	107,807	0	0	107,807
Giuseppe Frigoli	CEO	Poligrafica S. Faustino S.p.A.	107,127	0	0	107,127
Emilio Frigoli	CEO	Poligrafica S. Faustino S.p.A.	107,686	0	0	107,686
Francesco Frigoli	Director	Poligrafica S. Faustino S.p.A.	110,059	0	0	110,059
Giovanni Frigoli	Director	Poligrafica S. Faustino S.p.A.	107,909	0	0	107,909
Alberto Piantoni	Director	Poligrafica S. Faustino S.p.A.	0	0	0	0
Carlo Alberto Carnevale Maffé	Director	Poligrafica S. Faustino S.p.A.	0	0	0	0
Andrea Collalti	Director	Poligrafica S. Faustino S.p.A.	60,791	0	0	60,791
Ilaria Frigoli	Director	Poligrafica S. Faustino S.p.A.	0	0	0	0
Maurizia Frigoli	Director	Poligrafica S. Faustino S.p.A.	0	0	0	0
Elisa Frigoli	Director	Poligrafica S. Faustino S.p.A.	0	0	0	0
Maristella Pedrinelli	Director	Poligrafica S. Faustino S.p.A.	0	0	0	0
Francesca Cropelli	Director	Poligrafica S. Faustino S.p.A.	0	0	0	0
Francesco Curone	Chairman of Board of Auditor	Poligrafica S. Faustino S.p.A.	0	0	0	0
Umberto Bisesti	Effective member	Poligrafica S. Faustino S.p.A.	0	0	0	0
Mariagrazia Bisesti	Effective member	Poligrafica S. Faustino S.p.A.	0	0	0	0