

# Report on the policy for remuneration and paid compensation

2020

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Pursuant to article 123-ter of Legislative Decree 58/1998 (Consolidated Finance Act/TUF)

Management and control model: **traditional**

Issuer: **SALINI IMPREGILO S.P.A.**

Website: [www.salini-impregilo.com](http://www.salini-impregilo.com)

Year to which the Report refers: **2019**

Date of approval of the Report by the Board of Directors: **March 13, 2020**



## **Letter of the Chairman of the Compensation and Nominating Committee**



**Dear Shareholders,**

As Chairman of the Compensation and Nominating Committee, and on behalf of the Board of Directors I am honoured to present to you the Remuneration Report. Section I illustrates the Remuneration Policy for 2020, describing the principles and structure of the Group's incentive systems while, Section II details the remuneration paid pursuant to Art. 123 ter of the T.U.F. , even according to the results that have been achieved in relation to the current incentive plans.

The 2020 Remuneration Policy, in particular, during this phase of significant industrial, organizational and corporate change, was prepared taking into account "Progetto Italia", an industrial operation that aims at bringing together, through a strategy that will impact the Italian system as a whole, some of the top Italian companies of the sector, to create a global player that is solid in the Italian market, and competitive in the international ones. With this in mind, to meet your expectations in terms of medium-to-long term growth increase in value for the Group, we decided to introduce elements capable of consolidating the alignment and therefore the sustainability of the remuneration, according to the *best practices* in use. This results in an increasingly transparent, competitive, meritocratic and loyalty-focused remuneration system.

### **THE "REMUNERATION-CORPORATE STRATEGY" CONNECTION**

The Group's three-year Business Plan will be presented in 2020, and will focus on "Progetto Italia". It will pursue challenging development strategies and integration targets with other companies of the infrastructure sector.

The principles and contents of the 2020 Remuneration Policy are therefore strictly tied to the success of "Progetto Italia", seen as the strategic priority for all our Shareholders.

We therefore deemed it important to equip ourselves with a remuneration policy capable of aligning and guiding the Group's Management towards its corporate strategic targets. This operation, by correlating the interests of the Group's Management, of its Shareholders and of all its Stakeholders, is characterised by a solid presence of the milestones of the new organizational model: Creating this large global player cannot, in fact, disregard the success of the consolidation of the sector's target realities.

A careful review of the variable component logic was consequently carried out, significantly parametrized to achieve the targets set by "Progetto Italia", both in a short- and long-term perspective.

In addition, for 2020, the remuneration model was elaborated according to further reference principles: the meritocracy of the systems used, the connection between remuneration, risk and performance sustainability, the consistency with market practices, and the transparency and disclosure towards Shareholders and Investors.

According to this logic, we introduced financial and equity instruments (performance shares) and mechanisms for deferring payments and ex post corrections, to better align the interests of our Group's Management with those of its Shareholders and Stakeholders. These, as a whole, are preordained to ensure that the variable remuneration objectively reflects the performance levels - net of the actually assumed or achieved risks – whilst at the same time considering and measuring individual behaviours.

### **THE REMUNERATION POLICY**

The 2020 Remuneration Policy was prepared to underpin Salini Impegilo's intention to be a virtuous reference model for the whole sector. We therefore chose to see the empowerment of our Management as a competitive factor for achieving long-term sustainable results: Our Management is, in fact, called to play a central role in the strategic priorities of the three-year Business Plan as well as 'Progetto Italia'.

This is why we thought of "launching" a new LTI 2020-2022 Plan, aligned with the current regulatory framework and international best practices which, also by implementing objectives of long-term stability and rewarding of the Group's Management, will allow the latter to benefit from the value created.

Consistently, the short-term annual incentive also provides for a significant presence of indicators linked to "Progetto Italia". Our strategic ambitions are, in fact, also aimed at monitoring the achievement of the annual objectives, as a further guarantee of a performance in any case distributed, in a balanced manner, throughout the three-year cycle.

Finally, we included 'sustainability' objectives, in line with best market practices, confirming the Company's utmost attention to safeguarding its essential "assets", such as occupational Health and Safety, as well as the reduction of harmful gas emissions (the latter was

included for the first time in the KPIs of the incentive plans).

### ***Dear Shareholders,***

We will continue to work to enhance the use of balanced tools, with respect to the need of remunerating and retaining our Management, due to the latter's ability of achieving challenging targets. Our activity will always be aimed at processing and developing all the remuneration elements that, for their design and relative implementation methods, are capable of promoting medium-to-long term sustainable value creation, besides allowing the competitiveness of Salini Impegilo to grow in the global market.

I would like to thank all the members of the previous Committee, in particular its Chairperson, Marina Brogi, for the valuable work carried out, and the Directors Nicola Greco and Giuseppe Marazzita, for their constant, motivated and competent contribution to the Committee's work.

### ***Dear Shareholders,***

I would like to thank you all for your support towards the Remuneration Policy scheduled for 2020.

Ferdinando Parente

Chairman of the Compensation and  
Nominating Committee

# Contents

<b>SECTION I: REMUNERATION POLICY FOR THE FINANCIAL YEAR 2020</b>	<b>4</b>
<b>1. GOVERNANCE OF THE REMUNERATION PROCESS</b>	<b>5</b>
THE BOARD OF DIRECTORS	5
THE STRATEGIC COMMITTEE	6
THE COMPENSATION AND NOMINATING COMMITTEE	
THE BOARD OF STATUTORY AUDITORS	11
ACTIVITIES CARRIED OUT IN 2020 – APPROVAL <i>PROCESS</i> OF THE REMUNERATION POLICY	9
<b>2. GENERAL PURPOSES AND PRINCIPLES OF THE 2020 REMUNERATION POLICY</b>	<b>10</b>
PURPOSES OF THE 2020 REMUNERATION POLICY	10
REMUNERATION POLICY PRINCIPLES	10
BALANCE BETWEEN THE FIXED COMPONENT AND THE VARIABLE COMPONENT OF REMUNERATION (I.E. PAY MIX), ALSO WITH REFERENCE TO SECTOR PRACTICES	11
<b>3. GUIDELINES OF THE 2020 REMUNERATION POLICY</b>	<b>12</b>
3.1. FIXED COMPONENTS OF REMUNERATION PAYMENTS	12
3.2. VARIABLE COMPONENTS OF REMUNERATION PAYMENTS	13
3.3. OTHER TYPES OF DISCRETIONARY, OCCASIONAL AND NON-RECURRING REMUNERATION	18
3.4 THE POLICY ON NON-MONETARY BENEFITS AND INSURANCE COVERAGE, OR SOCIAL SECURITY OR PENSION PAYMENTS OTHER THAN STATUTORY OBLIGATIONS	19
3.5. THE POLICY RELATING TO PAYMENTS IN CASE OF TERMINATION OF OFFICE OR TERMINATION OF EMPLOYMENT	19
<b>4. THE PRACTICAL APPLICATION OF REMUNERATION GUIDELINES</b>	<b>21</b>
4.1. REMUNERATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS	21
4.2. REMUNERATION OF THE DEPUTY VICE CHAIRMAN OF THE BOARD OF DIRECTORS	21
4.3. REMUNERATION OF NON-EXECUTIVE DIRECTORS	21
4.4. REMUNERATION OF THE CEO	22
4.5. REMUNERATION OF GENERAL MANAGERS, KMPs, AND OTHER KMPs	24
<b>SECTION II: DETAILS OF ITEMS THAT MAKE UP THE REMUNERATION AND THE COMPENSATION PAID IN 2019</b>	<b>29</b>
<b>5. DETAILS OF THE ITEMS THAT MAKE UP REMUNERATION (BY REMUNERATION ITEM)</b>	<b>29</b>
5.1. FIXED AND VARIABLE REMUNERATION COMPONENTS FOR MEMBERS OF THE BOARD OF DIRECTORS CURRENTLY IN OFFICE	29
5.2. FIXED AND VARIABLE REMUNERATION COMPONENTS FOR THE CHIEF EXECUTIVE OFFICER	29
5.3. FIXED AND VARIABLE REMUNERATION COMPONENTS FOR GENERAL MANAGERS AND KMPs.	31
5.4. COMPONENTS OF THE REMUNERATION OF THE BOARD OF STATUTORY AUDITORS	33
5.5. REMUNERATION PAID IN 2019	33
TABLE 1: REMUNERATION PAID TO MEMBERS OF THE BOARD OF DIRECTORS AND THE BOARD OF STATUTORY AUDITORS, GENERAL MANAGERS AND KMPs.	33
TABLE 3.B: MONETARY INCENTIVE PLANS FOR THE MEMBERS OF THE BOARD OF DIRECTORS, GENERAL MANAGERS AND KMPs	33
5.6. EQUITY INVESTMENTS OF MEMBERS OF THE BOARD OF DIRECTORS AND THE BOARD OF STATUTORY AUDITORS, GENERAL MANAGERS AND KEY MANAGEMENT PERSONNEL	32
TABLE 4.1: EQUITY INVESTMENTS OF MEMBERS OF THE BOARD OF DIRECTORS AND THE BOARD OF STATUTORY AUDITORS AS WELL AS GENERAL MANAGERS	32
TABLE 4.2: EQUITY INVESTMENTS OF KMPs	32
<b>GLOSSARY</b>	<b>39</b>

## REPORT ON THE POLICY FOR REMUNERATION AND PAID COMPENSATION

This Report (hereinafter, the “**Report**” or “**Remuneration Report**”) on the Policy, relative to 2020, for remuneration and paid compensation (“**Remuneration Policy**”) was prepared in compliance with art. 123-ter of the Consolidated Finance Act (TUF)<sup>1</sup>, pursuant to (i) art. 84-quater and Annex 3A, Scheme 7-bis and 7-ter currently in force, of the Issuers’ Regulation, (ii) the recommendations under art. 6 of the Corporate Governance Code, as well as (iii) art. 11.1 of the Related Party Transaction Procedure adopted by the Company on November 30th, 2010 and subsequently amended, most recently on December 6th, 2019, and available on the Company’s website ([www.salini-impregilo.com](http://www.salini-impregilo.com), “Governance/Procedure and Regulations” section) (the “**RPT Procedure**”). This Report also takes into account the 2019 Report (“*Seventh report on the implementation of the Corporate Governance Code*”) by the Corporate Governance Committee, with particular regard to the recommendations contained therein, and the letter of December 19th, 2019 sent by the Chairperson Patrizia Grieco to the Chairpersons of the Boards of Directors and Boards of Statutory Auditors of Italian listed companies as well as the national and international best practices found in drafting this remuneration report, in order to make the content as clear and usable as possible.

The Remuneration Report, approved by the Board of Directors on March 13th, 2020, upon proposal of the Compensation and Nominating Committee (the “CNC”), consists of two sections.

**In Section I**, subject to the binding vote of the Shareholders’ Meeting pursuant to art. 123-ter, paragraph 3-ter of the Consolidated Finance Act (TUF), the remuneration policy of Salini Impregilo is described:

- a) For members of the Board of Directors, divided into Directors vested with specific duties (including Executive Directors) and Non-Executive Directors of the Company.
- b) For General Managers;
- c) For other Key Management Personnel (specifically, the “**KMPs**” and “**Other KMPs**” indicated in paragraph 3.10 below);
- d) For members of the Board of Statutory Auditors, without prejudice to the provisions of art. 2402 of the Italian Civil Code.

Section I also provides details on the procedures followed by the Company for the adoption and implementation of the 2020 Remuneration Policy and the parties involved in the process.

The Remuneration Policy described in the Report relates to the three-year period 2020-2022, with the provision that, in that three-year period, it may be submitted again to the vote of the Shareholders’ Meeting and, in any case, it will be submitted again if there are any substantial amendments.

**In Section II**, subject instead to an annual advisory, non-binding vote of the Shareholders’ Meeting pursuant to art. 123-ter, paragraph 6 of the Consolidated Finance Act (TUF), shows the individual items that make up the remuneration paid by the Company to the members of the Board of Directors and of the Board of Statutory Auditors, as well as to General Managers and, in aggregate form, to KMPs, detailed for 2019, for any reason and in any form, including any benefits envisaged for redundancies and/or termination of the employment relations, with explanations of the consistency with the Remuneration Policy approved by the Company for the relevant financial year.

In addition to the above, the Report also includes:

- a) pursuant to paragraph 4 of art. 84-quater and Annex 3, Scheme 7-ter, of the Issuers’ Regulation, the **Tables** containing data on the equity investments held by members of the Board of Directors and the Board of Statutory Auditors, as well as by General Managers and KMPs in the Company or in companies controlled by the latter;
- b) A **Glossary** with the main definitions included in the Report.

In compliance with Consob Regulation no. 17221 of 12 March 2010 on Related Party Transactions and the Related Party Transaction Procedure implemented by the Company, the adoption of the Remuneration Policy by Salini Impregilo exempts the company from implementing the provisions under the aforementioned procedure, with respect to Board of Directors’ resolutions on the remuneration for Directors vested with special duties and Key Management Personnel, pursuant to art. 13 of the aforementioned Consob Regulation and art. 11 of the Company’s Related Party Transaction Procedure.

<sup>1</sup> As amended by Legislative Decree no. 49 of May 10th, 2019, in implementation of European Directive 2017/828/EU

The Remuneration Report is made available to the public, in accordance with the deadlines set by law, at the Company's Registered Office and on its website [www.salini-impregilo.com](http://www.salini-impregilo.com), in the "Governance/Remuneration" and "Governance/Shareholders' Meeting" sections, so that it can be reviewed prior to the Shareholders' Meeting called to approve the 2019 Financial Statements.

With regard to the tasks and activities of the Compensation and Nominating Committee concerning nominations, see chapters 7-8 of the 2019 Report on the Corporate Governance and Ownership Structure (the "**2019 Governance Report**"), published on the Company's website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the "Governance/Governance System/Corporate Governance Report" section.

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## SECTION I: REMUNERATION POLICY FOR THE FINANCIAL YEAR 2020

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The 2020 Remuneration Policy, based on *best market practices* and international *benchmarks* and in compliance with the fundamental principles of fairness, transparency, meritocracy and sustainability, aims to:

- a) Pursue the Company's long-term sustainable success;
- b) Attract, motivate and retain within the Company and Group key resources having the technical and professional skills required to efficiently pursue Salini Impregilo's targets, with regard not only to the current ones but also to the future size and complexity of a Company in rapid expansion and with ambitious objectives;
- c) Align the interests of Management with those of shareholders and stakeholders over the medium/long term, thereby promoting the Company's long-term sustainability.

Moreover, the Remuneration Policy represents a fundamental tool to promote loyalty, strengthen and make the managerial team more cohesive with respect to business strategies, so that they are highly motivated to pursue the objectives and ready to accept new challenges and opportunities, in order to achieve a further improvement of the Company's competitive positioning.

The Remuneration Policy must be defined and interpreted based on the unique phase that distinguishes the Company's business and the specific market in which it operates. In this scenario, Salini Impregilo is currently engaged in implementing a medium and long term project, the *Progetto Italia* (Project Italy), which will not only develop the activities that the Group currently pursues through its organisation, but also the possible business combination with other companies in the infrastructure sector in order to improve the sector's solidity, its quality and efficiency, and safeguarding its skills its investment capacity, all through the creation of a global player that is as solid in the domestic market (in favour of the Italian system, also in terms of supporting GDP and protecting jobs) as it is competitive internationally. As part of the multi-faceted strategy described above, the agreement to acquire the company Cossi Costruzioni S.p.A. (former Condotte d'Acqua S.p.A.) was finalised in February 2019, and the offer to acquire Astaldi S.p.A. was also formulated as described in the press release of February 14th, 2019 and thoroughly described in the Annual Financial Report. Furthermore, a share capital increase was carried out in November 2019 which led to the entry into the ownership structure of Cassa Depositi e Prestiti Equity S.p.A. and three important financial institutions: Intesa San Paolo, UniCredit and Banco BPM.

The 2020 Remuneration Policy therefore reflects the desire, including in terms of alignment with market practices and the most recent regulatory changes, that *management*, as a lever for success for the Company and its strategies, benefits from the creation of value for the Company, through incentive and *retention* mechanisms established specifically in accordance with the objectives of the 2020-2022 Business Plan, including the *Progetto Italia* and the aforementioned important system-wide objectives.

Thus, the remuneration structure is based on various components and consists of a remuneration package in which a fixed portion of the remuneration and a significant variable part coexist harmoniously. With these components, interrelated to each other, a remuneration offer was developed that is consistent with the complexity of roles and *performance* levels (corporate and individual).

The 2020 Remuneration Policy has been approved by the Board of Directors on March 11th and 13th, 2020, upon proposal of the CNC, and shall be subject to the vote of the Shareholders' Meeting, pursuant to art. 123-ter, paragraphs 3-ter and 6 of the Consolidated Finance Act (TUF).

The reference principles of the 2020 Remuneration Policy, drafted in continuity with the previous policy, but with some new elements, are highlighted below:

- ✓ balancing the fixed and variable remuneration components according to the Company's strategic objectives and its risk management policy;
- ✓ inclusion of an appropriate weighting for the annual variable remuneration and the long-term variable remuneration;
- ✓ correlation of the disbursement of the remuneration to predetermined short- and medium/long-term *performance* objectives, measurable and closely connected to the creation of value;
- ✓ centrality of the Business Plan and the *Progetto Italia* in defining the objectives and *key performance indicators* of the various forms of variable remuneration, in the short and long term;
- ✓ express and justified recognition of variable remuneration as a key factor for the success of the *Progetto Italia*, through the provision that a significant portion of *management's* variable remuneration is based on achieving the project's targets;
- ✓ provision of *caps* for the disbursement of the variable portion, in its various components;
- ✓ provision of a "closed" long-term incentive plan with a three-year *vesting* period 2020-2022 (the "**2020-2022 LTI Plan**");
- ✓ provision that the 2020-2022 LTI Plan is of a mixed nature, with the introduction, therefore, of an equity component to further strengthen the alignment between the interests of management and those of shareholders, as well as deferral and *ex-post* correction mechanisms suitable to

reflect the performance levels net of the risks effectively assumed or attained, as well as to take into account individual behaviour;

- ✓ provision of a form of short-term annual remuneration (the “2020 STI”) consistent with the *key performance indicators* of the Business Plan and *Progetto Italia*;
- ✓ re-formulation of the “*theoretical pay mix*”, emphasising the weight of the short-term component as a “lever” for the progressive achievement of annual objectives, in support of long-term ones.

Hence, the following paragraphs more fully describe the process adopted by the Company to define and approve the 2020 Remuneration Policy, bodies and parties involved, as well as its goals and key principles.

## 1. GOVERNANCE OF THE REMUNERATION PROCESS

The process of defining the Remuneration Policy of Salini Impregilo involves the following parties, in line with legislative, regulatory and statutory provisions and with the Company's *governance* model.

### The Board of Directors

The Company has adopted a governance model designed to guarantee transparency, consistency at Group level and adequate control in relation to the remuneration policy and its implementation.

The Shareholders' Meeting of Salini Impregilo of April 30th, 2018 resolved on the appointment, for a term of three financial years and, therefore, until the Shareholders' Meeting called to approve the financial statements as at December 31st, 2020, of a Board of Directors, composed as follows:

Alberto Giovannini	Chairman	Non-Independent	Non-Executive
Pietro Salini	Chief Executive Officer	Non-Independent	Executive
Nicola Greco	Deputy Vice Chairman	Independent	Non-Executive
Marina Brogi	Director	Independent	Non-Executive
Giuseppina Capaldo	Director	Independent	Non-Executive
Mario Giuseppe Cattaneo	Director	Independent	Non-Executive
Roberto Cera	Director	Non-Independent	Non-Executive
Maria Raffaella Leone	Director	Independent	Non-Executive
Geert Linnebank	Director	Independent	Non-Executive
Giacomo Marazzi	Director	Independent	Non-Executive
Ferdinando Parente	Director	Independent	Non-Executive
Franco Passacantando	Director	Independent	Non-Executive
Laudomia Pucci	Director	Independent	Non-Executive
Alessandro Salini	Director	Non-Independent	Non-Executive
Grazia Volo	Director	Non-Independent	Non-Executive

Subsequently, during 2019 the following events took place: (a) the Chairman of the Board of Directors Alberto Giovannini passed away on April 24th, 2019; (b) on December 2nd, 2019, in implementation of the Investment Agreement, the Directors Marina Brogi, Maria Raffaella Leone, Geert Linnebank and Giacomo Marazzi resigned from office, effective from the date the new Directors were co-opted; (c) on December 6th, 2019, Directors Donato Iacovone (in the role of Chairman), Francesca Balzani, Pierpaolo Di Stefano, Giuseppe Marazzita and Marina Natale were appointed by co-option, pursuant to art. 2386 of the Italian Civil Code and art. 20 of the Bylaws, so that the Board of Directors is currently composed as follows:

Donato Iacovone	Chairman	Non-Independent	Non-Executive
Pietro Salini	Chief Executive Officer	Non-Independent	Executive
Nicola Greco	Deputy Vice Chairman	Independent	Non-Executive
Francesca Balzani	Director	Independent	Non-Executive
Giuseppina Capaldo	Director	Independent	Non-Executive
Mario Giuseppe Cattaneo	Director	Independent	Non-Executive
Roberto Cera	Director	Non-Independent	Non-Executive
Pierpaolo Di Stefano	Director	Non-Independent	Non-Executive
Giuseppe Marazzita	Director	Independent	Non-Executive
Marina Natale	Director	Independent	Non-Executive
Ferdinando Parente	Director	Independent	Non-Executive
Franco Passacantando	Director	Independent	Non-Executive
Laudomia Pucci	Director	Independent	Non-Executive
Alessandro Salini	Director	Non-Independent	Non-Executive
Grazia Volo	Director	Non-Independent	Non-Executive

For further information regarding the composition of the Board of Directors, please refer to the 2019 Governance Report. With regard to the professional profile of the Directors in office, please refer to the Company's website [www.salini-impregilo.com](http://www.salini-impregilo.com) - section "*Governance - Board of Directors and Committees*".

With regard to remuneration, in addition to approving the Remuneration Policy and presenting it to the Shareholders' Meeting, the Board of Directors is also responsible for:

- a) Distributing the total remuneration for the Directors determined by the Shareholders' Meeting, pursuant to Article 2389, paragraph 1 of the Italian Civil Code, unless the Shareholders' Meeting has already done so;
- b) Determining the remuneration due to the Chief Executive Officer and to the Directors vested with specific duties, in its various components, and also, specifically, to the members of the various committees appointed under the scope of the Board of Directors, pursuant to Article 2389, paragraph 3 of the Italian Civil Code;
- c) Establishing the Compensation and Nominating Committee within the Board, as well as defining their respective responsibilities, in compliance with the recommendations of the Corporate Governance Code<sup>2</sup>;
- d) Reviewing the incentive plans to be submitted to the Shareholders' Meeting for approval;
- e) Defining a Remuneration Policy for Directors, General Managers and Key Management Personnel appointed at a given time, upon proposal of the CNC;
- f) Subject to a reasoned opinion of the CNC, assigning, modifying, or supplementing high-level safeguards to Directors and Senior Managers, upon the occurrence of certain events related to the possible early termination of the employment relationship with the Company (see art. 26 of the Bylaws).

### The Strategic Committee

This is the body established on December 6th, 2019, pursuant to the provisions of art. 26 of the Bylaws, with functions of supervision and assessment of the activities related to the implementation and activation of the Progetto Italia as well as inquiry and advisory functions in relation to the Board of Directors.

With regard to remuneration policies, as specified in its regulation, the Strategic Committee is required to assess - also in support of the activities of the CNC - the implementation status of the *Progetto Italia* in light of - and taking into account - objectives and *key performance indicators* applicable at any given time to the Progetto Italia.

The Strategic Committee is composed as follows:

<b>Pierpaolo Di Stefano</b>	<b>Chairman</b>	<b>Non-Independent</b>	<b>Non-Executive</b>
Pietro Salini	Chief Executive Officer	Non-Independent	Executive
Nicola Greco	Deputy Vice Chairman	Independent	Non-Executive
Francesca Balzani	Director	Independent	Non-Executive
Marina Natale	Director	Independent	Non-Executive

### The Compensation and Nominating Committee

The Board of Directors, during the meeting of May 9th, 2018, after the renewal of the Board of Directors by the Shareholders' Meeting of April 30th, 2018, established the CNC and assigned it the responsibilities in matters of remuneration and nominations.

Therefore, the Board of Directors appointed, as members, most recently on December 6th, 2019, all Independent and Non-Executive Directors, in compliance with recommendations of the Corporate Governance Code, after the verification that at least one member possessed suitable skills and experience in the areas of finance and remuneration policies.

With regard to the changes in the ownership structure and to the provisions of art. 26 of the Bylaws, the CNC is currently composed of the following Directors<sup>3</sup>:

<sup>2</sup> In this regard, note that the Company's Board of Directors resolved to assign to a single committee the functions of the Nominating Committee and those of the Compensation Committee, in order to ensure organisational efficiency for the shared performance of these functions, deemed complementary, and in line with the provisions of the Comment on art. 4 of the Corporate Governance Code.

<sup>3</sup> In 2019, before the co-option of five Directors by the Board on December 6th, 2019 and the related renewal of the composition of the individual committees, the Compensation and Nominating Committee was composed of Marina Brogi (Chairperson), Geert Linnebank and Laudomia Pucci.

<b>Ferdinando Parente</b>	<b>Chairman</b>	<b>Independent</b>	<b>Non-Executive</b>
Nicola Greco	Member	Independent	Non-Executive
Giuseppe Marazzita	Member	Independent	Non-Executive

### **Functions**

In line with the provisions of the Corporate Governance Code, the CNC carries out advisory and proposal-making activities. In particular, with respect to remuneration, the CNC:

- a) Submits the Remuneration Report for the approval of the Board of Directors and therefore, specifically, the proposed Remuneration Policy for Directors, General Managers and Key Management Personnel appointed at a given time, for presentation to the Shareholders' Meeting called to approve the financial statements for the year, under the terms laid down by law (Principle 6.P.4. of the Corporate Governance Code);
- b) Periodically assesses the adequacy, overall consistency and actual implementation of the Remuneration Policy for Directors, General Managers and Key Management Personnel, using the information provided by the Chief Executive Officer for this purpose; formulates related proposals to the Board of Directors (Principle 6.C.5. of the Corporate Governance Code);
- c) Formulates proposals or expresses opinions to the Board of Directors on the remuneration of Executive Directors and other Directors vested with specific duties as well as on the setting of *performance* targets related to the variable component of this remuneration (Principle 6.C.5. of the Corporate Governance Code);
- d) Monitors the application of the decisions taken by the Board, verifying, in particular, the effective achievement of *performance* targets (Principle 6.C.5. of the Corporate Governance Code);
- e) Reports, to the first meeting possible of the Board of Directors – through the Chairperson of the Committee – about the most relevant issues examined by the Committee during the meetings (Principle 4.C.1. of the Corporate Governance Code).

According to the provisions of its regulation, the CNC is also required to:

- Formulate opinions to the Board of Directors on the setting of *performance* objectives related to the variable component of remuneration for the Chief Executive Officer, General Managers and Key Management Personnel appointed at a given time, as specified below;
- Formulate opinions on the achievement of the quantitative and qualitative *key performance indicators* based on the financial statements provided by the structure and the support provided by the Strategic Committee;
- After consulting with the Strategic Committee on the effective achievement of objectives and *key performance indicators* applicable at the time in relation to the Progetto Italia, formulate its opinion for the Board of Directors on the remuneration and incentive policies proposed by the Chief Executive Officer which envisage that a significant portion of the variable remuneration of the Company's senior managers is based on the achievement of these objectives and key performance indicators.

### **Operating procedures**

The CNC has its own internal regulations.

Based on the provisions of the aforementioned regulations, the CNC meets with the frequency required to perform its mandate and, in any case, each time the Chairperson deems it necessary, or when at least one member of the Committee or the Chairperson of the Board of Statutory Auditors requests it. The Chairman of the Board of Statutory Auditors attends the CNC meetings. In addition, the Statutory Auditors may also attend, in particular if the Committee discusses matters on which the Board of Directors will resolve after having received the mandatory opinion of the Board of Statutory Auditors.

Furthermore, the Chief Executive Officer, the Manager in Charge of Financial Reporting and other Directors and/or executives of the Company or external consultants may be invited to participate in the Committee meetings.

No Director takes part in the CNC Meetings during which proposals about his/her remuneration to the Board of Directors are formulated.

The CNC is understood to have legitimately met in the presence of the majority of its members, and the related decisions are adopted through the vote in favour of the majority of those present.

In performing its mandate, the CNC may access all information and company functions required to perform its tasks and may also receive support from consultants or other external professionals, including through Group structures, who are not in situations that would compromise the independence of their judgement, should this be necessary in carrying out the Committee's duties, under the conditions established by the Board of Directors.

**Activities carried out in 2019**

The following table provides details about the CNC meetings during 2019 and the participation of its members:

			Participation
7 meetings in the course of 2019	Marina Brogi	Chairperson	100%
	Geert Linnebank	Member	100%
Average duration of meetings: <b>1 hour and 50 minutes</b>	Laudomia Pucci	Member	100%

The following activities, for aspects related solely to remuneration, have been carried out by the CNC during 2019:

aggregation of 2018 results linked to short-term variable incentive plans for the Chief Executive Officer, General Managers and KMPs
definition of 2019 targets linked to variable incentive schemes of the Chief Executive Officer, General Managers and KMPs
definition of Guidelines for the 2019 Remuneration Policy, as well as the 2019 Remuneration Policy itself
drawing up of the Remuneration Report related to the financial year 2018 (Sections I and II) to be submitted to the approval of the Board of Directors to be later submitted to the Annual Shareholders' Meeting
preliminary investigation on occasional, discretionary and non-recurring bonuses, in favour of the Chief Executive Officer as compensation for the disposal of the assets relative to the Plants and Paving Division of Lane
preliminary investigation for a payment in favour of the Deputy Vice Chairman, relative to the statutory functions performed
analysis of the votes of the 2019 meeting season

In 2019, the CRN was supported by a consultant for the purpose of a preliminary investigation regarding the possible provision of occasional, discretionary and non-recurring bonuses.

**Activities carried out in 2020**

The following table provides details about the CNC meetings held during 2020, up to the date of this Report, and the participation of its members:

			Participation
6 meetings during 2020, up to the date of this Report	Ferdinando Parente	Chairman	100%
	Nicola Greco	Member	100%
Average duration of meetings: <b>1 hour and 20 minutes</b>	Giuseppe Marazzita	Member	100%

The following activities, for aspects related solely to remuneration, have been carried out by the CNC during 2020:

analysis of <i>best practices</i> and <i>voting policies</i> of the main <i>proxy advisors</i> and institutional investors in view of the 2020 meeting season
review, with the support of a legal advisor - after verifying that independence requirements were met - of the main regulatory changes to be taken into account in drafting the 2020 Remuneration Policy
aggregation of 2019 STI results for the Chief Executive Officer, General Managers and KMPs
aggregation of 2018-2019 LTI Plan results for the Chief Executive Officer, General Managers and KMPs
preliminary investigation regarding the definition of 2020 targets linked to short-term variable incentive schemes of the Chief Executive Officer, General Managers, KMPs and 'other' KMPs
preliminary investigation regarding the definition of a long-term Incentive Plan (2020-2022 LTI), following the expiration of the 2018-2019 LTI Plan and the related objectives

definition of the remuneration for the Directors on the Strategic Committee, established on December 6th, 2019 and therefore not included in the 2019 Policy
development of a guideline for determining the remuneration of the Board of Statutory Auditors, in view of the renewal of that body
definition of Guidelines for the 2020 Remuneration Policy, as well as the 2020 Remuneration Policy itself
drafting of the Remuneration Report related to the financial year 2019 (Sections I and II) to be submitted to the approval of the Board of Directors to be later submitted to the Annual Shareholders' Meeting

Further information relating to the composition, operating rules and activities conducted by the CNC, especially with regard to the activities performed on nominations, is available in the 2019 Governance Report.

## The Board of Statutory Auditors

With regard to remuneration, the Board of Statutory Auditors, which regularly participates in the CNC meetings, formulates the opinions required by governing legislation with reference, in particular, to the remuneration of Directors vested with specific duties pursuant to art. 2389 of the Italian Civil Code, also verifying its consistency with the general policy adopted by the Company.

## Activities carried out in 2020 – Approval Process of the Remuneration Policy

The definition of the 2020 Remuneration Policy – contained in Section I of the Remuneration Report – is the result of a process, structured in compliance with regulatory provisions and the recommendations of the Corporate Governance Code, in which the CNC, the Board of Statutory Auditors and Board of Directors of the Company play a key role. This Policy is adopted and approved by the Board of Directors on an annual basis, upon proposal of the CNC – which in turn involves the Strategic Committee, for aspects under its jurisdiction, as mentioned above – and subsequently submitted to the vote of the Shareholders' Meeting. The Board of Statutory Auditors expresses its opinion on the Remuneration Policy, particularly with regard to the part concerning the remuneration of Directors vested with specific duties.

The Board of Statutory Auditors monitors the actual implementation of the corporate governance rules laid down in the Corporate Governance Code, including the resolutions on compensation and other benefits.

The CNC, the Board of Statutory Auditors and the Board of Directors oversee the implementation of the Remuneration Policy.

As mentioned previously, during 2020, the CNC met 6 times up to the date of the approval of this Remuneration Report. Specifically, the CNC defined the structure and contents of the 2020 Remuneration Policy, for the purpose of preparing this Remuneration Policy, in compliance with the latest recommendations of the Corporate Governance Code, in the meetings held on January 21st, 2020, on February 25th, 2020, as well as on March 6th, 9th, 11th and 13th, 2020.

The CNC, while preparing this Report, particularly took into account:

- the resolution of the Shareholders' Meeting held on April 30th, 2018, concerning the remuneration of the Chairman of the Board of Directors and the Directors;
- the resolutions of the Board of Directors of June 6th, 2018 and March 11th, 2020 concerning the remuneration of the Directors vested with specific duties and members of Board committees;
- the resolutions of the Board of Directors of July 25th, 2018 and March 11th, 2020 with the regard to the identification of KMPs and 'other' KMPs;
- the resolutions of the Board of Directors of March 11th, 2020, which, based on figures for the Financial Statements at December 31st, 2019, ascertained and approved the level of achievement by the Chief Executive Officer, General Managers and KMPs of the 2019 STI and 2018-2019 LTI targets;
- the decisions taken by the Board of Directors on March 13th, 2020, in relation to the targets of the short- and long-term incentive plans;
- the guidelines of the *proxy advisors* and main institutional investors;
- the support of the independent consultants involved.

The above activities, together with those related to nominations (as described in the 2019 Governance Report, to which reference should be made), were carried out following an assessment of the applicable regulatory framework and of Corporate Governance Code recommendations, also taking into account the practices and recommendations contained in the 2019 Report on the Evolution of *corporate governance* of Listed Companies issued by the *Corporate Governance* Committee.

In the meetings held on March 9th, 11th and 13th, 2020, the CNC, with the input of the competent corporate departments and following the outcome of meetings held, defined and approved the Guidelines and the 2020 Remuneration Policy, for submission to the Board of Directors.

The 2020 Guidelines and Remuneration Policy were approved by the Board of Directors, at the proposal of the CNC, in meetings held on March 11th and 13th, 2020. The Remuneration Report was therefore approved on March 13th, 2020.

The implementation of the remuneration policies defined in line with the guidelines of the Board of Directors, was entrusted to the bodies especially designated for the purpose, with the support of the competent corporate departments.

## 2. GENERAL PURPOSES AND PRINCIPLES OF THE 2020 REMUNERATION POLICY

### Purposes of the 2020 Remuneration Policy

The Remuneration Policy is aimed at attracting and motivating qualified professional resources for pursuing Company and Group goals, as well as incentivizing retention of these resources and, therefore, the stability of their professional relationship with the Company.

With a view to sustainable value creation for the Company, the 2020 Remuneration Policy also has the objective of aligning *management* interests as much as possible with medium/long-term interests of shareholders and *stakeholders*, through a performance assessment process that takes place not only on a yearly basis, but also over a longer time frame.

Specifically, the 2020 Remuneration Policy, in keeping with the remuneration plans approved in 2019 for Directors, General Managers and KMPs, responds to the need for considering, apart from the sector's unique aspects and complexity, also new and important development and integration challenges arising from the Group's expansion on the market, the implementation of the *Progetto Italia* and its specific objectives, an activity whose oversight requires the ability to manage complex integrated business processes aimed at developing large infrastructure works that require highly specialized *know-how* within a scenario of marked geographical and social-cultural differences.

In this scenario, the Company considers remuneration policies to be an important tool to support the implementation of the corporate strategy, the pursuit of long-term interests and its sustainability over time.

This contribution is provided, in particular, through the relevance of executive roles, characterized by a greater impact on corporate results, by the long-term variable components of remuneration and the related targets and benchmarks, from a perspective of sustainability of results, creation of medium/long-term value for shareholders and *stakeholders*, as well as enhancement of the Group's reputation.

The alignment of remuneration payments with market practices and trends is equally important for offices and roles of comparable levels in terms of responsibility and complexity, as identified through a *benchmark* analysis of remuneration on the basis of a *panel* of companies qualifying as peers or comparables of the Company, which is regularly updated.

The 2020 Remuneration Policy, as approved by the Shareholders' Meeting, constitutes the exclusive perimeter within which the related benefits in favour of *management* involved are assured, if the conditions are met.

The Policy must be specifically integrated within the current corporate, legislative and regulatory context (with particular reference to governing accounting standards and their interpretation) as well as the economic and *business* context and, therefore, as required by paragraph 3 of art. 123-ter of the Consolidated Finance Act (TUF), may be temporarily waived by the Company if there are exceptional circumstances and provided that this is necessary for the pursuit of the long-term interests and sustainability of the Company or to ensure its ability to remain on the market.

This waiver may be resolved by the Board of Directors, upon proposal of the CNC and subject to the favourable opinion of the Related Party Transaction Committee and the Board of Statutory Auditors, as well as, for aspects under its competency, the Strategic Committee.

### Remuneration Policy principles

The Remuneration Policy of Salini Impregilo is defined on the basis of the following principles:

- a) **fairness**, in terms of rewarding the knowledge and professional skills of individuals as well as recognizing the roles and responsibilities assigned, the results achieved, and the quality of the professional contribution rendered;
- b) **proportionality**, in terms of consistency and correspondence of the remuneration with the role performed, the complexity of the tasks assigned and the related responsibilities, as well as the skills and abilities demonstrated, without prejudice to compliance with national collective agreements in force, where applicable. Specifically, as regards:
  - the Chief Executive Officer, General Managers and Key Management Personnel appointed at a

given time, whose remuneration structure is appropriately balanced between (i) a fixed component, consistent with the powers and/or responsibilities assigned and (ii) a variable component defined within the maximum limits and aimed at linking remuneration to actual performance, with greater weighting given to the long-term variable component, in line with the long-term cycles of the Company's *business*;

- Non-Executive Directors, for whom remuneration is commensurate with the efforts required of them in relation to their participation in the Board committees that they are members of, with appropriate differentiation between the remuneration envisaged for the Chairperson, considering his/her role of coordinator and liaison with corporate bodies and departments;
- c) **competitiveness**, in terms of essential balance of the remuneration levels in relation to those of the reference market for similar positions and roles with a similar level of responsibility and complexity, as analysed through a *benchmark* analysis conducted and periodically reviewed using a *panel* of large-cap Italian and European listed companies qualifying as peers or comparables in terms of business sector and industrial complexity and in terms of peers or comparables;
- d) **meritocracy**, in terms of consistent valuation of results obtained based on actions put in place for their achievement, (which must be oriented towards constant compliance with existing regulations and procedures), with performance targets defined based on the assumptions and general conditions known at the moment of said definition and with the elimination of external and unforeseeable factors that do not fall under the manager's control when assessing and finalising *performance* targets, in order to guarantee comparability of results and the valuation of the actual company performance linked to managerial activity;
- e) **sustainability**, in terms of consistency of overall remuneration payments made with the primary need of maintaining the economic-financial balance of the Company over time;
- f) **transparency**, in terms of:
- Recognition of the incentives linked to variable remuneration following a scrupulous process of verification of the results achieved, carried out also through the assistance of structures responsible for analysing and certifying the fairness and consistency of the data and methods used to calculate the above-mentioned incentives;
  - The provision of *clawback* clauses which allow the Company to reclaim - or in the context of *malus* clauses, not to disburse - in whole or in part, variable components of remuneration that were awarded to individuals who, whether intentionally or through gross negligence, altered the data used to achieve objectives or carried out behaviours in breach of corporate, contractual or legal regulations.

### **Balance between the fixed component and the variable component of remuneration (i.e. pay mix), also with reference to sector practices**

The balance between the fixed component and the variable component of remuneration, appropriate and consistent with the Company's strategic objectives and risk management policy, was determined in light of the characteristics of the business activity and its reference sector, considering that the variable remuneration component assumes a key role for the success of the *Progetto Italia*, as well as of the Business Plan as a whole.

Consequently, wanting to correlate the interests of *management* with those of shareholders, the balance is characterized by the high relevance of objectives that constitute the "*milestones*" of the new organizational model; in fact, the creation of the "*global player*", referred to as the central purpose of the *Progetto Italia*, cannot ignore - and indeed is strongly focused on - the success of the gradual and annual consolidation of targets in the infrastructure sector.

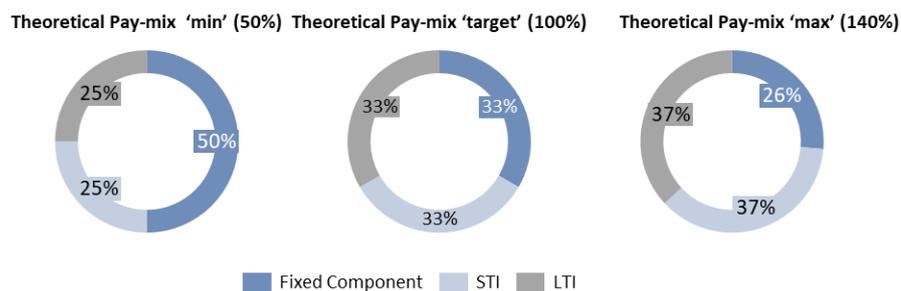
In this sense, by maintaining the pay mix adopted in the context of previous Remuneration Policies, which provided for 1/3 reserved for fixed remuneration, 1/3 reserved for the short-term component and 1/3 dedicated to the long-term component, it was decided to make the *key performance indicators* connected to the *Progetto Italia* highly relevant, in terms of content, targets and consequent impact on the different forms of variable remuneration. This compensation structure was confirmed following the updating of the benchmark analysis conducted on a panel of large-cap Italian and European listed companies qualifying as peers or comparables in terms of business sector and industrial complexity.

A new *pay mix* was also introduced for 'other' KMPs (appointed by the Board of Directors on March 11th, 2020) which 1/2 reserved for fixed remuneration, 1/4 reserved for the short-term component and 1/4 dedicated to the long-term component.

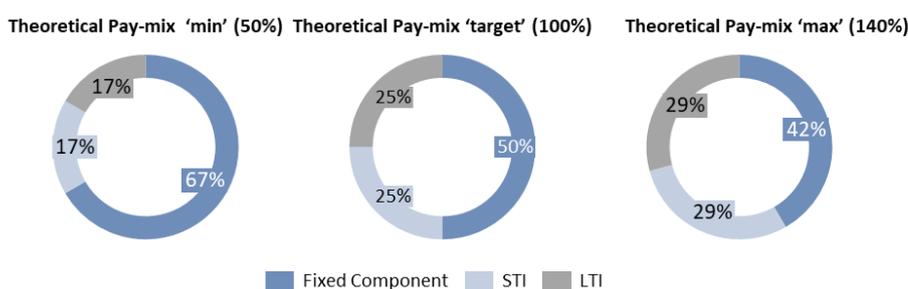
The pay mix of the fixed and variable components of remuneration is, in particular, consistent with the position assigned to each, with an increasing weight on variable remuneration for the roles that can most directly affect the corporate results.

Specifically, in implementing these criteria, the **Total Compensation** of the Chief Executive Officer, General Managers, KMPs and 'other' KMPs was determined according to the following pay mix (theoretical, i.e. possible upon 100% achievement of all targets linked to variable remuneration components):

#### Pay mix for the Chief Executive Officer, General Managers and KMPs



#### Pay mix for "other" KMPs



### 3. GUIDELINES OF THE 2020 REMUNERATION POLICY

#### 3.1. Fixed components of remuneration payments

The fixed component of remuneration values the skills and experience and compensates *management* consistent with the characteristics of the role and the related responsibilities.

In order to ensure competitive and fair fixed remuneration, the Company also takes into account, with the support of a qualified external consultant, market trends, practices and remuneration levels, using companies in sectors comparable in size and *business* activities as *benchmarks*.

In line with the recommendations of the Corporate Governance Code, the fixed component is determined to an extent that sufficiently rewards the performance, even when the variable component is not awarded due to failure to meet the relevant targets.

The fixed component is established:

- for Directors (and, possibly, for the Chairman and Deputy Chairman, if appointed) by the Shareholders' Meeting convened to appoint the Board of Directors;
- for Directors vested with specific duties (and possibly also the Chairman and Deputy Vice Chairman, if the Shareholders' Meeting has not done so), with a resolution of the Board of Directors, upon proposal of the CNC and with positive opinion of the Board of Statutory Auditors, upon appointment or subsequently, as an overall yearly amount;
- for General Managers and Key Management Personnel, upon hiring, subject to any reviews based on *performance*, change of office with a with new responsibilities, as well as on the basis of relevant retribution market trends or other possible factors, all of the above in line and in compliance with Remuneration Policy guidelines;
- for the Board of Statutory Auditors, by the Shareholders' Meeting.

The fixed remuneration for the Chief Executive Officer, General Managers and Key Management Personnel is determined by using that of other similar offices in the panels of peer and comparable companies as a reference, also taking into account (i) professional characteristics and specialization, (ii) role performed and relevant responsibilities (iii), *performance*, as well as (iv) availability on the market of similar candidates and business risk in the event of termination of the employment relationship, as well as (v) size and management complexity of the Company.

Given the aims of attracting and retaining qualified and experienced managers, the Company constantly monitors market conditions for the purpose of aligning itself with *best practices*.

With regard to Non-Executive Directors vested with specific duties, in keeping with Corporate Governance Code recommendations, the related compensation is not linked to the Company's financial results and is commensurate with the commitment required in relation to participation in Board committees, and also taking into account (i) the responsibilities of each collegial body, in compliance with the specific relevant applicable rules; (ii) the required skills and/or professional qualifications of each member, including in compliance with professional requirements provided by the afore-mentioned applicable rules; (iii) to the expected duration and frequency of committee meetings, which can be assumed based on their assigned duties, with different compensation for the Chairman and the members of each committee, taking into consideration their role in coordinating proceedings and liaising with corporate bodies and departments. Similarly, as regards the members of the Board of Statutory Auditors, the amount of the related compensation must be adequate for the skills, professionalism and commitment required by the appointment, as appropriately assessed also by the Board of Directors which can, for this purpose, formulate the relative compensation/adjustment disbursement proposals for the Shareholders' Meeting. For purposes of determining the remuneration to be paid to Non-Executive Directors and to the members of the Board of Statutory Auditors, the Board of Directors and the CNC may reference, as an assessment tool, common remuneration practices, including abroad, in the relevant sectors and for companies of similar size.

Directors, General Managers, Key Management Personnel appointed at a given time and Statutory Auditors are also entitled to reimbursement for out-of-pocket expenses linked to the role performed.

Note that the current Group *policies* require that employees repay, where approved, fees and/or compensation paid for organic activities carried out on the Group's mandate. This is because the individual remuneration benefits are already considered as compensation for the aforementioned benefits.

### 3.2. Variable components of remuneration payments

The variable component of remuneration has the aim of creating a direct link between compensation and performance using the *Management by Objectives* ("MBO") tool or long-term incentive schemes.

The variable component of remuneration is divided into a short-term component and a long-term component in a perspective of sustainability of results and value creation for shareholders in the medium/long term.

The variable component of remuneration envisages maximum amounts with respect to disbursement, as well as predetermined *performance* targets, measurable and linked to a long-term horizon.

These are *performance* targets consistent with the Company's strategic objectives, mainly of a financial nature but also providing for non-financial qualitative parameters.

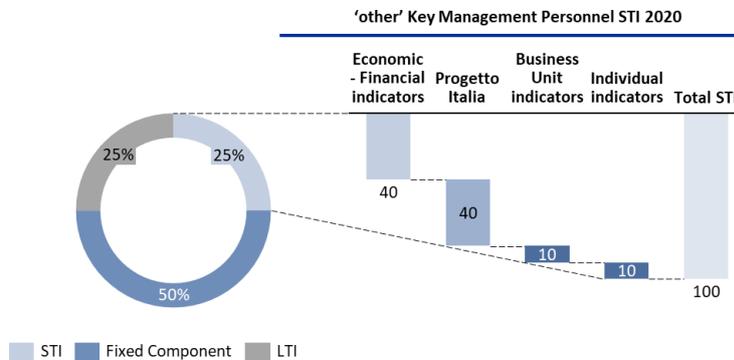
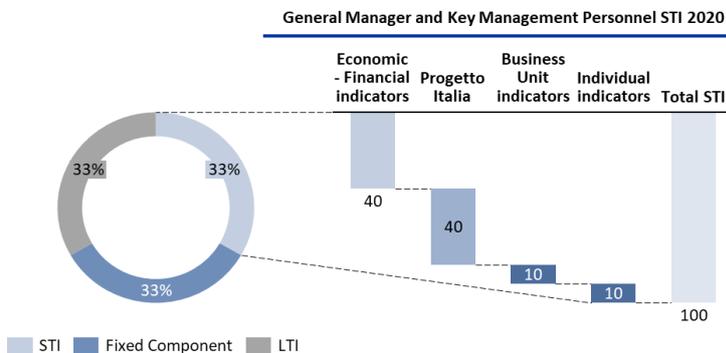
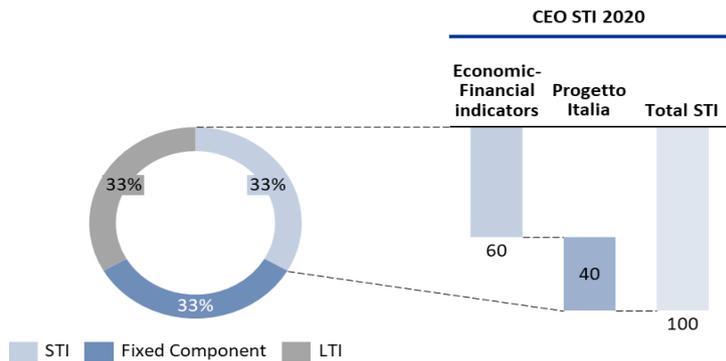
#### ***Short-period variable components of remuneration.***

Short-term variable remuneration of the Chief Executive Officer ("**2020 CEO STI**") is directly linked to the achievement (i) of the Group's annual results indexed to a set of predetermined and measurable metrics, focused on the Group's financial and operating performance defined in accordance with the Business Plan, as well as (ii) of specific targets linked to the Progetto Italia.

With respect to General Managers, KMPs and 'other' KMPs, the relative short-term incentive plans ("**2020 KMP STI**" and "**2020 OTHER KMP STI**") follow a "cascading" results measurement approach, i.e. are indexed to the achievement of (i) the Group's annual results in line with the aforementioned KPIs; (ii) the results associated with the Progetto Italia, and (iii) the results of the specific Department/*Business Unit*, defined in line with the Company's Business Plan, and (iv) results linked to individual performance.

Note that, with specific reference to 'other' KMPs assigned the role of Internal Audit & Compliance Director and Chief Financial Officer & Group Risk Officer, in order to further ensure and strengthen the position of independence they must assume, it is envisaged not only that the composition of the remuneration *pay mix* includes a higher percentage for the fixed component with respect to the variable component, but also that the related objectives are not linked to economic and financial targets. Thus, the relative short-term incentive plans also follow the "cascading" results measurement approach but indexed to the achievement of (i) results of the relevant specific Department/*Business Unit* and (ii) results linked to individual *performance*, following an investigation by the Control, Risk and Sustainability Committee.

## Remuneration Pay mix



This system - in line with the most recent *best practices* - appropriately balances individual *performance* incentives, on one hand, with sustainability, on the other.

The targets for *Department/Business Unit* and for individual performance - both quantitative and qualitative - are predetermined, can be measured and differentiated based on the various skills and operational fields of the respective recipients, thereby allowing, on one side, to monitor multiple aspects of corporate and individual performances and, on the other, to identify the contribution by each General Manager/KMP/'other' KMP with regard to achieving general strategic targets pursued by the Company. The determination of the targets relating to the 2020 CEO STI (i) of an economic/financial nature for the Group is carried out by the Board of Directors, after receiving the opinion of the CNC, (ii) connected to the *Progetto Italia*, is carried out by the Board of Directors, after receiving the opinion of the CNC and, for aspects under its competency, of the Strategic Committee.

With regard to setting the targets for the 2020 KMP STI and the 2020 OTHER KMP STI, the resulting activity is carried out (i) for economic/financial targets, by the CEO, after receiving the opinion of the CNC, (ii) for those concerning the *Progetto Italia*, by the CEO, having received the opinion of the CNC and, for aspects

under its competency, the Strategic Committee, (iii) for Department/*Business Unit* and individual performance targets, by the CEO, having received the opinion of the CNC<sup>4</sup>.

A minimum performance threshold is indicated for each parameter - below which no sum is awarded - positioned close to the target figure. On reaching this minimum threshold, a bonus will be paid that is lower than the *Target Bonus*, which only accrues when 100% of the targets are achieved.

At the end of each financial year, the verification regarding the extent to which the assigned targets were achieved for purposes of disbursing the relative 2020 STI compensation is performed by the Board of Directors for the 2020 CEO STI, having received the opinion of the CNC, with regard to economic/financial targets (making a quantitative assessment with respect to the *budget*) and, for targets linked to the *Progetto Italia*, by the Strategic Committee, for aspects under its competency.

Instead, with regard to verifying extent to which the targets were achieved, for purposes of the 2020 KMP STI and 2020 OTHER KMP STI, (i) the assessment of the achievement of the economic/financial, Department/*Business Unit* and individual performance targets is performed by the Chief Executive Officer, after consulting the CNC, while (ii) the assessment of the achievement of the targets linked to the *Progetto Italia* is the responsibility of the Chief Executive Officer, after consulting the CNC and, for aspects under its competency, the Strategic Committee.

With regard to short-term variable components of remuneration, clawback clauses are envisaged, within the terms prescribed by governing regulations and regardless of whether the employment relationship is still in place, that allow the Company to ask for a partial or total return of variable components of remuneration (or not to pay these variable components, in the context of *malus* clauses) whose amount was determined based on data that was subsequently found to be manifestly incorrect due to the violation, by the beneficiary, of company regulations, contracts, or the law, or due to his/her wilful misconduct or gravely malicious behaviour aimed at altering data to measure the achievement of targets. No compensation is paid to individuals whose conduct breached company regulations (especially the Code of Ethics and the Organizational Model pursuant to Legislative Decree 231/01 and the *Anti-corruption Model*), or contractual clauses or the law or in the event of wilful misconduct or gravely malicious behaviour to damage the company.

However, these mechanisms are applied without prejudice to any other action permitted by the law to protect the Company's interests.

Mechanisms for deferring the payment of the short-term variable portion of remuneration over multiple years are not envisaged.

#### **Long-term variable components of remuneration. The 2020-2022 LTI Plan**

On March 11th 2020, the Board of Directors, upon proposal of the CNC and with the favourable opinion of the Board of Statutory Auditors, resolved to submit to the Shareholders' Meeting the proposal to adopt a new long-term variable remuneration plan, **2020-2022 LTI Plan**, with a three-year duration starting from January 1st, 2020 and closing on December 31st, 2022<sup>5</sup>.

#### **2020-2022 LTI Plan objectives**

This Plan, linked to the 2020-2022 performance period, is intended for managers whose roles are relevant for results ("**Beneficiaries of the 2020-2022 LTI Plan**"); the plan, in line with current legislation and international *best practices*, seeks, with transparency in procedures and content, to incentivize management by allowing it to benefit from creating value for the Company through long-term reward mechanisms.

Hence, the 2020-2022 LTI Plan has the objective of (i) focusing the attention of beneficiaries on factors of strategic interest in the medium/long term and any updates as it *progresses*, (ii) promoting stability and *retention of beneficiaries*, (iii) aligning remuneration of beneficiaries to the creation of medium/long-term value for shareholders and *stakeholders* and (iv) guaranteeing an overall competitive level of remuneration.

#### **Targets and the performance scale**

In this perspective, the long-term variable component is linked to achieving certain results at Group level, consistently with those set out in the Business Plan and, therefore, the *Progetto Italia*; for this reason, the 2020-2022 LTI Plan is a closed plan that seeks to avoid a discrepancy between the time horizon of corporate strategies and the horizon of the incentive system.

<sup>4</sup> With reference to the Internal Audit & Compliance Director, the setting of the targets and the resulting activity is carried out by the Board of Directors, after receiving the opinion of the Control, Risk & Sustainability Committee.

<sup>5</sup> Given the presence of an interest with respect to the 2020-2022 LTI Plan, as Beneficiary, the Chief Executive Officer participated in the relevant Board discussion, whilst abstaining from voting. Moreover, with the exception of the mandate granted to the Chief Executive Officer for the identification of additional Beneficiaries of the 2020-2022 LTI Plan and the determination of their respective bonuses, the Chief Executive Officer does not play any role in managing the Plan.

The reference targets are set by the Board of Directors, after receiving the opinion of the CNC and, for aspects under its competency, the Strategic Committee.

Provided the reference targets are met, the 2020-2022 LTI Plan awards a bonus consisting of a monetary component, or 50%, and *performance shares* for the remaining 50%, in an effort to align with the relevant provisions which require the disbursement of a portion of variable remuneration in *equity* instruments, indexing it over a long-term horizon, as well as subjecting it to *performance* conditions, that is, to the sustainability of positive results over time.

The shares will be effectively assigned at the end of a vesting period over a three-year time horizon.

In particular, the method of payment of the long-term variable remuneration provides for a first tranche equal to 50% up front after the aforementioned vesting period and a second tranche, again equal to 50%, deferred to the second year following the three-year performance period. As stated above, the targets and KPIs of the 2020-2022 LTI Plan are aligned with the Business Plan and, as a result, also with the *Progetto Italia*, to anchor the results to the level of achievement of the strategic objectives. In particular, the 2020-2022 LTI Plan is based on two types of indicators, measured independently, with respect to the values in the Budget/Business Plan, which are as follows:

- (i) economic-financial indicators defined as *Gross Debt* on EBITDA (with a weight of 25% and measurement of the % ratio as a result of the *Progetto Italia* effect), *Total Shareholder Return* (TSR) with a weight of 25% (improvement of the TSR index in the performance period) and *Overheads on revenues*, with a 30% weight and percentage measurement determined by the implementation status of the *Progetto Italia*;
- (ii) indicators related to risk and sustainability, defined as *Lost Time Injury Frequency Rate* (with a weight of 10% and measurement of the average % reduction in the performance period of the LTIFR index) and reduction of the intensity of “*greenhouse gas emissions*” (with 10% weight and quantitative measurement of the reduction of GHG gas emissions - Scope 1-2 - as compared to revenues<sup>6</sup> together with the “*2020-2022 LTI Plan Targets*”).

The Accrued Bonus will be determined based on the level of achievement of the 2020-2022 LTI Plan Targets. Each Target that has been at least 80% achieved will then be multiplied by the relative weight in order to determine the amount of Accrued Bonus referable to this Target, as indicated in the following table:

Achievement level	% Accrued Bonus, with respect to the Target Bonus
<b>2020-2022 Gross Debt on EBITDA</b>	
less than 80%	0%
equal to 80%	12.5%
equal to 100%	25%
equal to or greater than 120%	35%
between 80% and 100%	Linear interpolation of extreme values between 12.5% and 25%
between 100% and 120%	Linear interpolation of extreme values between 25% and 35%
<b>TSR</b>	
less than 80%	0%
equal to 80%	12.5%
equal to 100%	25%
equal to or greater than 120%	35%
between 80% and 100%	Linear interpolation of extreme values between 12.5% and 25%
between 100% and 120%	Linear interpolation of extreme values between 25% and 35%

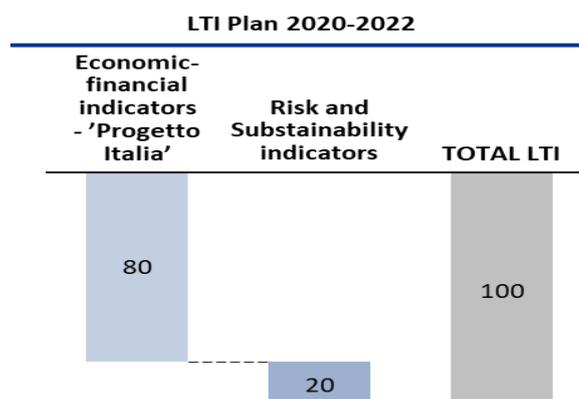
<sup>6</sup> It should be noted that the Internal Audit & Compliance Director and the Chief Financial Officer & Group Risk Officer are both recipients of the 2020-2022 LTI Plan, with targets, indexed scale of achievement of targets and a payout curve similar to that described for Beneficiaries of the 2020-2022 LTI Plan, excluding economic/financial targets and with a specific breakdown of indicators related to risk and sustainability, each with a weight of 50% of the total LTI, in line with the assigned duties.

<b>2020-2022 Overheads on revenue</b>	
less than 80%	0%
equal to 80%	15%
equal to 100%	30%
equal to or greater than 120%	42%
between 80% and 100%	Linear interpolation of extreme values between 15% and 30%
between 100% and 120%	Linear interpolation of extreme values between 30% and 42%
<b>LTIFR</b>	
less than 80%	0%
equal to 80%	5%
equal to 100%	10%
equal to or greater than 120%	14%
between 80% and 100%	Linear interpolation of extreme values between 5% and 10%
between 100% and 120%	Linear interpolation of extreme values between 10% and 14%
<b>Reduction of the intensity of "greenhouse gas emissions"</b>	
less than 80%	0%
equal to 80%	5%
equal to 100%	10%
equal to or greater than 120%	14%
between 80% and 100%	Linear interpolation of extreme values between 5% and 10%
between 100% and 120%	Linear interpolation of extreme values between 10% and 14%

Consequently, if all Targets of the 2020-2022 LTI Plan have been achieved at the level of:

- less than 80%, the Accrued Bonus will be zero;
- equal to 80%, the Accrued Bonus will be 50% of the Target Bonus;
- equal to 100%, the Accrued Bonus will be 100% of the Target Bonus;
- equal to or greater than 120%, the Accrued Bonus will be 140% of the Target Bonus.

The Targets of the 2020-2022 LTI Plan that have not been reached to at least an 80% level will not be taken into consideration for the calculation of the Accrued Bonus, which will be determined on the basis of the level of achievement of the other Targets of the 2020-2022 LTI Plan that were reached for at least 80%, multiplied by the relative weight.



The achievement of the 2020-2022 LTI Plan Targets is ascertained by the Board of Directors, on proposal of the CNC and, for aspects under its competency, the Strategic Committee, subject to verification that the minimum performance level has been attained.

The 2020-2022 LTI Plan may also be extended to those who, during the three-year period, become part of the Group's *Management* and/or assume, for internal career growth, the position of General Manager and/or the status of Key Management Personnel. In this case, inclusion is subject to the condition of being able to participate in the Plan for at least one full year and the incentive percentages will be re-indexed to the number of months of effective participation in the 2020-2022 LTI Plan.

### 2020-2022 LTI Plan - Performance Scale

Indicators	KPIs	Reference target and measurement	Weight	Performance and Payout Min	Performance and Payout Target	Performance and Payout Max (CAP)
Economic-financial indicators - KPIs 'Progetto Italia'	Gross Debt on EBITDA	Measurement of the % ratio as a result of the 'Progetto Italia' effect	25%	80% 13%	100% 25%	120% 35%
	TSR	Improvement of the TSR index in the performance period	25%	80% 13%	100% 25%	120% 35%
	Overheads on revenues	Percentage measurement determined by the implementation status of the 'Progetto Italia'	30%	80% 15%	100% 30%	120% 42%
Risk and Sustainability indicators	Lost Time Injury Frequency Rate	Measurement of the average % reduction in the performance period of the LTIFR index	10%	80% 5%	100% 10%	120% 14%
	Reduction of the intensity of "greenhouse gas emissions"	Measurement of the reduction of GHG gas emissions - Scope 1-2 - as compared to revenues	10%	80% 5%	100% 10%	120% 14%

■ Performance    ■ Payout

#### Malus and claw-back clauses

With regard to long-term variable components of remuneration, *claw-back* clauses are envisaged, within the terms established by current legislation and regardless of the termination of the employment relationship, that allow the Company to activate initiatives aimed at the partial or total return of variable components of remuneration (or not to pay them, even withholding, in the context of *malus* clauses, the components subject to deferment). The foregoing may be provided in the event that it is ascertained that such amounts were determined based on objectives whose achievement is attributable to wilful misconduct or gravely malicious behaviour or, in any case, due to the violation of reference regulations (corporate, legal, contractual), or were achieved based on data that is subsequently found to be manifestly erroneous.

The Company can also decide not to pay individuals whose conduct breached company regulations (especially the Code of Ethics and the Organizational Model pursuant to Legislative Decree 231/01 and the Anti-corruption Model), or contractual clauses or the law or whose wilful misconduct or seriously malicious behaviour may have damaged the Company.

However, these *ex post* mechanisms are applied without prejudice to any other action or remediation permitted by the law to protect the Company's interests.

For further information on the 2020-2022 Performance Share Plan, please refer to the Information Document published on the Company's website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the section "Governance – Shareholders' Meeting".

### 3.3. Other types of discretionary, occasional and non-recurring remuneration

Taking into account the unique complexity of its *business* and reference market, the Company may pay, residually and in the presence of exceptional circumstances, occasional and additional bonuses with respect to those identified in the Remuneration Policy.

These extraordinary disbursements must, however, be consequent to the pursuit of the Company's important long-term interests, linked to its sustainability, aimed at ensuring its ability to stay on the market, functional for the implementation of the Business Plan and the Progetto Italia, as well as being of such significance as to have a substantial impact on the Company's value and business volumes and/or on the relative profitability and as such are not adequately met by ordinary variable remuneration systems.

Further parameters suitable for justifying these additional and extraordinary disbursements are represented by the existence of any extraordinary transactions or results as well as of individual behaviours which constitute *over-performance* that are not already included in the STI and LTI variable components.

In this regard, the procedural conditions, determined in compliance with the remuneration *governance* processes applicable to the various categories of recipients, envisage (i) the competency of the Board of Directors, upon proposal of the CNC, with regard to the Chief Executive Officer, (ii) the competency of the Chief Executive Officer with regard to General Managers, KMPs and 'other' KMPs, and (iii) adequate *disclosure* according to the provisions of governing regulations, in Section II of the first Remuneration Report following the disbursement.

The amount of the aforementioned extraordinary disbursements cannot exceed 140% of the fixed remuneration component on an annual basis.

### **3.4. The policy on non-monetary benefits and insurance coverage, or social security or pension payments other than statutory obligations**

With the aim of offering overall remuneration that is as competitive as possible and in line with national and international best practices, the total pay of Directors, General Managers, KMPs and 'other' KMPs is supplemented by non-monetary *benefits*.

Directors receive insurance coverage for work-related and non-work-related accidents which result in death or permanent invalidity.

The Chief Executive Officer, General Managers, KMPs, and 'other' KMPs, in line with the provisions of the Collective Agreement for Managers of Companies Producing Goods and Services (the "**Managers' CCNL**") applied by the Company, are guaranteed insurance coverage in case of death or permanent invalidity that would reduce their employment capacity by more than 2/3 as a result of a work-related accident or illness. In compliance with sector best practices, the Company also has a "D&O" (i.e., *Directors & Officers*) insurance policy to cover any liability with regard to third parties (and the Company) for the non-culpable conduct of the aforementioned individuals.

The Chief Executive Officer, General Managers, KMPs and 'other' KMPs may also be assigned company cars for both personal and business use, as well as housing, in accordance with company *policies* applicable from time to time.

### **3.5. The policy relating to payments in case of termination of office or termination of employment**

In the case of a possible anticipated termination of office or termination of employment initiated by the Company or by the individual *manager*, the provisions of the regulations in force as well as those of the Managers' CCNL shall apply.

Agreements for the consensual termination of the employment relationship with the aforementioned parties may be concluded, when a termination of the relationship is not related to the achievement of objectively inadequate results, in line with the reference *benchmarks* on the matter, while also pursuing post-contractual methods for protecting the Company's assets, in the form of non-competition agreements and specific agreements regarding confidentiality and prohibition of transfers.

With respect to the effect of the termination of the employment relationship or the office of Director on the 2020-2022 LTI Plan before the end of the relevant *Vesting Period*, given that the right to receive the bonus is intrinsically and functionally linked to the continuation of the employment relationship of the Beneficiaries with the Company or its subsidiaries, unless the Board of Directors resolves in a more favourable way for the Beneficiaries, the following scenarios are possible:

- a) in the event of termination of the employment relationship and/or office during the *Vesting Period* as a result of one of the following scenarios ("**Bad Leaver**"):
  - voluntary resignation of the Beneficiary;
  - termination of the employment relationship initiated by the Company for just cause pursuant to art. 2119 of the Italian Civil Code;
  - revocation or non-renewal of the office of Director without just cause;
  - early termination of the freelance work agreement for just cause;

the Beneficiary will automatically lose the right to participate in the 2020-2022 LTI Plan, definitively and irrevocably.

- b) in all remaining cases of termination of the employment relationship and/or office during the Vesting Period as a result of a scenario other than those listed above ("**Good Leaver**"), the Beneficiary (or his/her heirs) will retain the right to a portion of the bonus determined on a *pro rata temporis* basis;
- c) in the event of termination of the employment relationship and/or office due to ("**Leaver**"):
- death;
  - total and permanent disability;
  - retirement.

the Beneficiary (or his/her heirs) will in any case retain the right to participate in the 2020-2022 LTI Plan if the termination took place after the Vesting Period or, if it took place during the Vesting Period, will retain the right to the related portion determined on a *pro rata temporis* basis.

With reference to the STI, the Beneficiary will lose the right to receive the related benefit in the event the employment relationship is not in place at the time of its disbursement or if the beneficiary has been notified of the termination but is still working.

It is understood that (i) except in cases of death and infirmity, the employment relationship is understood as terminated for these purposes from the moment of the communication of termination for any reason, regardless of any period of notice contractually due, (ii) the Board of Directors retains the right, having received the opinion of the CNC, to waive the application of the provisions of the art. 3.5, in the terms and methods that will be identified by the Board at its sole discretion.

## 4. THE PRACTICAL APPLICATION OF REMUNERATION GUIDELINES

### 4.1. Remuneration of the Chairman of the Board of Directors

#### *Shareholders' Meeting remuneration for office*

The Salini Impregilo S.p.A. Shareholders' Meeting held on April 30th, 2018 approved a gross annual remuneration for the Chairman of the Board of Directors, in office until the approval of the financial statements as at December 31st, 2020, of Euro 400,000.00.

#### *Payment in case of office termination*

There are no existing agreements which provide for compensation if the term of office ends prematurely.

#### *Benefits*

Insurance coverage and welfare payments are provided for the Chairman (for details, see Table 1 attached to this Report).

### 4.2. Remuneration of the Deputy Vice Chairman of the Board of Directors

The Board of Directors held on March 27th, 2019 approved the payment of a gross remuneration of Euro 100,000 to the Deputy Vice Chairman for the statutory activities carried out<sup>7</sup>. This amount is in addition to the fees received as Board Director and as member of Board committees.

### 4.3. Remuneration of Non-Executive Directors

#### *Shareholders' Meeting remuneration for office*

The Salini Impregilo S.p.A. Shareholders' Meeting held on April 30th, 2018 approved a gross annual remuneration for each member of the Board of Directors, in office until the approval of the financial statements as at December 31st, 2020, of Euro 60,000.00.

#### *Remuneration for participation in Board committees*

The Board of Directors on June 6th, 2018, with regard to the responsibilities of the different collegial bodies, in compliance with the specific applicable rules and skills and/or professional qualifications required of each member, also in application of the professional requirements provided by the aforementioned applicable law and the expected duration and frequency of committee meetings, assumed in consideration of their duties, upon proposal of the CNC and with the favourable opinion of the Board of Statutory Auditors, has resolved to pay the following compensation to the appointed members of internal committees:

Committee	Members	Annual gross compensation (Euro)		Annual gross total (Euro)
		Chairman	Member	
Control, Risks and Sustainability	6	60,000.00	45,000.00	285,000.00
Compensation and Nominating	3	35,000.00	20,000.00	75,000.00
Related Party Transactions	4	15,000.00	10,000.00	45,000.00

The Board of Directors of March 11th, 2020, concerning the responsibilities attributable to the Strategic Committee - established on December 6th, 2019 and, therefore, not included in the 2019 Remuneration Policy - taking into consideration the functions and responsibilities as well as the expected duration and frequency of the committee's meetings, in light of the tasks assigned to it, on the proposal of the CNC and with the favourable opinion of the Board of Statutory Auditors, resolved, with effect from December 6th 2019, to disburse to the relevant members the following fees for the Directors on said committee:

Committee	Members	Annual gross compensation (Euro)		Annual gross total (Euro)
		Chairman	Member	
Strategic Committee	5	40,000.00	25,000.00	140,000.00

<sup>7</sup> In the same meeting, the Board of Directors also confirmed the role of Deputy Vice Chairman as Non-Executive and Independent Director of the Company, also based on the approved remuneration.

**Payment in case of office termination**

There are no specific termination benefits for Non-Executive Directors or agreements which make provision for compensation if the term of office ends prematurely.

**Benefits**

Insurance coverage and welfare payments are provided for Non-Executive Directors (for details, see Table 1 attached to this Report).

**4.4. Remuneration of the CEO**

The Board of Directors' meeting on April 30th, 2018 appointed Pietro Salini as Chief Executive Officer of the Company, thereby conferring upon him the powers of legal representation of the Company and the signatory powers with regard to third parties and for legal matters, as well as vesting him with the powers for the management of corporate operations, with the right to delegate the responsibility for the organization and conduct of certain business units.

The Chief Executive Officer is currently the sole Executive Director of the Company. He is also a Manager of the Company, thus Pietro Salini is linked to the Company through a permanent contract for the independent and unique functions of Manager.

**Fixed components of remuneration payments**

The amount of GAS due to the Chief Executive Officer with respect to the management employment contract with the Company and in light of the duties that are the subject of that contract, was determined as Euro 650,000.00 gross.

The amount of fixed fee due, pursuant to art. 2389, paragraph 3 of the Italian Civil Code, to the Chief Executive Officer for the performance of his delegated duties is equal to the annual gross amount of Euro 1,350,000.00.

In light of the above, the fixed component of remuneration of the Chief Executive Officer resulting from the sum of the GAS and fixed fee pursuant to art. 2389, paragraph 3 of the Italian Civil Code for the Chief Executive Officer duties (jointly "**CEO Fixed Component**"), is equal to the annual gross amount of Euro 2,000,000.00.

In addition to the CEO Fixed Component, the annual gross amount of Euro 60,000.00 resolved by the Shareholders' Meeting of April 30th, 2018 for the role of Director should be also be considered.

The CEO Fixed Component should be considered sufficient as compensation for the performance of the CEO even if the variable component is not awarded due to failure to meet the relevant *performance* targets indicated by the Board of Directors.

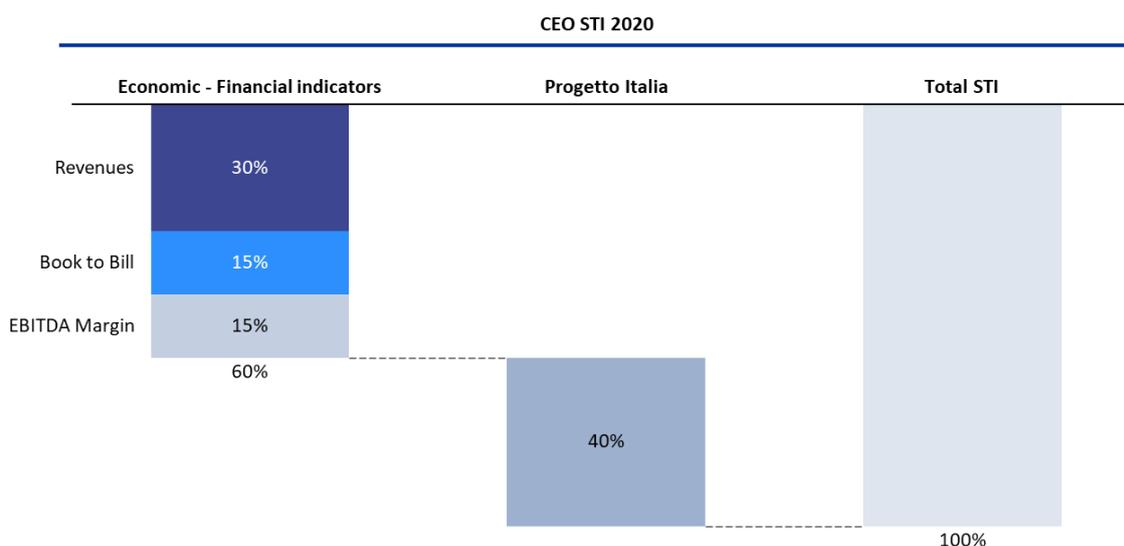
**Short-term variable components of remuneration.**

The Chief Executive Officer, precisely in this capacity and as consideration for exercising his powers, is also entitled to receive a variable remuneration, again pursuant to art. 2389 of the Italian Civil Code, in terms of STI and LTI Plans.

The 2020 STI for the CEO is recognized as a function of the achievement of the targets of the Group and of the Progetto Italia, as targets for *individual performance* and for *department/business unit* envisaged for General Managers, KMPs and 'other' KMPs do not apply to the CEO.

The amount of the 2020 STI for the CEO was confirmed - taking as basis for the calculation the CEO Fixed Component - as Euro 2,000,000.00 upon achieving 100% of the targets. The payment and amount of the 2020 STI are subject and indexed to reaching the fixed targets as described below:

2020 CEO STI		Weight
Economic/Financial Targets	Revenue	30%
	<i>Book to Bill</i>	15%
	<i>EBITDA Margin</i>	15%
<i>Progetto Italia</i> Targets	Implementation of activities, actions and processes connected, as part of the strategic priorities determined for each individual year, to initiatives of: <ul style="list-style-type: none"> <li>▪ acquisition and/or integration</li> <li>▪ integration and/or turnaround of acquired companies (e.g. commercial, operational/procedural efficiency, etc.)</li> <li>▪ technological innovation</li> </ul>	40%



The right to receive the 2020 STI accrues based on the results achieved in the previous year and assessed according to a performance scale with the range varying from a minimum of 80% (**minimum performance**) to a maximum of 120% (**maximum performance**), with the corresponding payout of a variable remuneration from 50% to 140% respectively of CEO Fixed Component, calculated by linear interpolation for pre-set intervals. Should performance in terms of the relevant targets be below 80%, no amount linked to that target shall be paid.

If there are exceptional circumstances, the Chief Executive Officer may also receive discretionary, occasional and non-recurring compensation payments, under the conditions and according to the procedures set out in paragraph 3.3 “*Other types of discretionary, occasional and non-recurrent remuneration*” to which reference should be made.

#### **Long-term variable components of remuneration: 2020-2022 LTI Plan**

With respect to the long-term incentive plan, the Board of Directors identified the Chief Executive Officer as Beneficiary of the 2020-2022 LTI Plan as described in paragraph 3.2. “*Long-term variable components of remuneration*”, to which reference is made.

#### **Remuneration for participation in Board Committees**

At the date this Report was prepared, the Chief Executive Officer holds the position of member of the Strategic Committee, with the corresponding annual gross disbursement of Euro 25,000.

#### **Payments envisaged in the event of termination of office and of employment**

There are no specific payments for the termination of office of the Chief Executive Officer, nor are there agreements which involve compensation if the term of office ends prematurely or revocation of the office and/or mandate or in the case the mandate is not renewed.

Moreover, given that the Chief Executive Officer has an employment contract with the Company, he also benefits, with regard to this relationship, from the ordinary protection regulations envisaged in the Managers’ CCNL in the event of resignation and/or termination of the employment relationship.

**Benefits**

Non-monetary benefits are granted in favour of the Chief Executive Officer at a cost of Euro 124,915 for the Company.

**4.5. Remuneration of General Managers, KMPs, and ‘other’ KMPs**

From time to time, the Company identifies General Managers and Key Management Personnel, based on the duties effectively carried out, in line with the definition referred to in Consob Regulation no. 17221/2010.

The following table shows the current General Managers and ‘other’ Key Management Personnel, highlighting the area to which each individual belongs (Corporate/Operations):

<b>“KMPs”</b>	<b>AREA</b>	
<b>Corporate and Finance General Manager</b>	Corporate	Massimo Ferrari
<b>Global Operations General Manager</b>	Operations	Claudio Lautizi
<b>Group Engineering, Development and Concessions Director</b>	Corporate	Joseph Attias
<b>Deputy General Manager – Transformation Officer</b>	Corporate	Alessandro De Rosa
<b>Group HR, Organization and Systems Director</b>	Corporate	Gian Luca Grondona
<b>Deputy General Manager &amp; Operations Executive Director Americas</b>	Operations	Ignacio Botella
<b>“OTHER KMPs”</b>	<b>AREA</b>	
<b>Global Supply Chain Director</b>	Corporate	Claudio Notarantonio
<b>Chief Financial Officer &amp; Group Risk Officer</b>	Corporate	Massimo Pompei
<b>Internal Audit &amp; Compliance Director</b>	Corporate	Francesco Albieri

**Fixed remuneration component**

The fixed remuneration component for General Managers, KMPs, and ‘other’ KMPs is determined based on the role and responsibilities assigned and may be periodically adjusted as part of the annual salary review process carried out for all managerial positions.

In line with the recommendations of the Corporate Governance Code, the fixed remuneration component is determined to an extent that sufficiently rewards the performance of General Managers, KMPs and ‘other’ KMPs, even if the variable component is not awarded due to failure to meet the relevant performance targets.

Moreover, the Board of Directors that met on August 5th, 2013 and August 5th, 2014, approved the payment of Euro 50,000.00 to the Corporate & Finance General Manager as the Manager in Charge of Financial Reporting.

In addition, General Managers, KMPs and ‘other’ KMPs are entitled to reimbursement of expenses incurred in carrying out their offices.

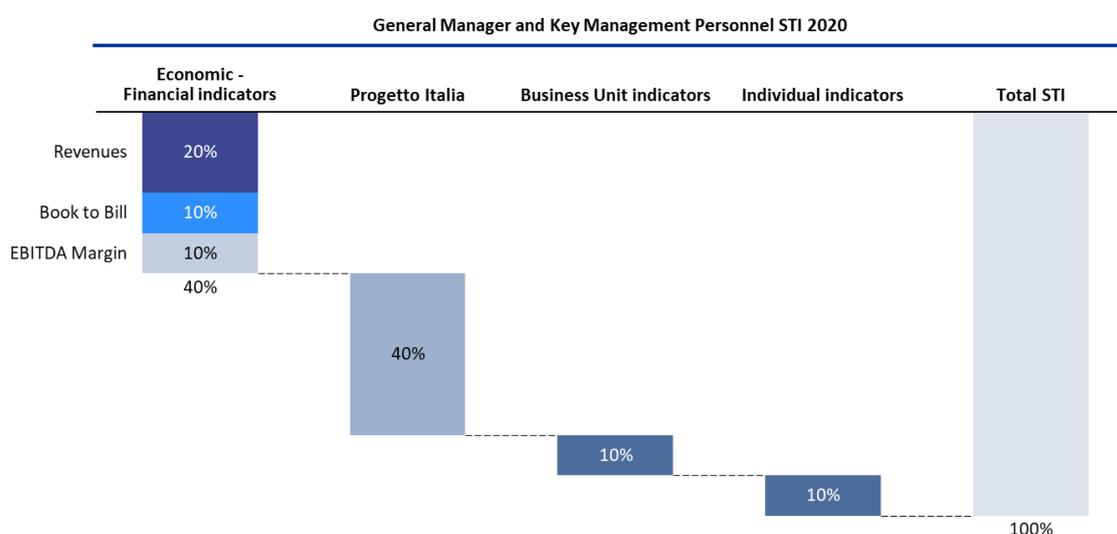
**Short-term variable components of remuneration**

With regard to the variable component for 2020, General Managers and KMPs are also eligible to receive a short-term variable compensation (“**2020 KMP STI**”) upon reaching 100% of the targets in addition to their relevant fixed remuneration components.

The ‘other’ KMPs, upon reaching 100% of their targets, are eligible to receive a short-term variable compensation (“**2020 OTHER KMP STI**”) equal to 50% of their respective fixed remuneration.

The payment and the amount of the relevant 2020 KMP STI and 2020 OTHER KMP STI are subject and indexed to achieving the following results and relative weights on the total amount of the respective STI:

	2020 STI Standards for General Managers, KMPs and 'other' KMPs <sup>8</sup>	Weight
Group objectives	Revenue	20%
	<i>Book to Bill</i>	10%
	<i>EBITDA Margin</i>	10%
<i>Progetto Italia</i> Targets	Implementation of activities, actions and processes related, as part of the strategic priorities determined for each individual year, to initiatives of: acquisition and/or integration; integration and/or turnaround of acquired companies (e.g. commercial, operational/procedural efficiency, etc.); and technological innovation	40%
Management Goals	Specific management goals ( <i>Leadership</i> development in <i>Safety</i> and resources through <i>Academy</i> , initiatives on diversity, effective/efficient management of the bid process, <i>Performance Dialogue</i> , etc.)	10%
Individual Goals	Adherence to the <i>Leadership</i> Model and contribution to <i>Change Management</i>	10%



The right to receive the 2020 KMP STI accrues based on the results achieved in the previous year and assessed according to a performance scale with the range varying from a minimum of 80% ("**minimum performance**") to a maximum of 120% ("**maximum performance**"), with the corresponding payout of a variable remuneration from 50% to 140% respectively of the fixed remuneration component, calculated by linear interpolation at pre-determined intervals. Should performance in terms of the relevant targets be below 80%, no amount linked to that target shall be paid.

Also with regard to General Managers, KMPs, and 'other' KMPs, discretionary, occasional and non-recurring payments may be made, according to the provisions of paragraph 3.3 "*Other types of discretionary, occasional and non-recurrent remuneration*", to which reference is made.

With regard to the successful result of dismissing assets linked to the Lane Plants & Paving Division (as described in the Information Document published on the Company's website on December 27th, 2018), a transaction carried out in a highly adverse market context and not envisaged in the Company's Strategic Plan, and for purposes of *retention* of an individual considered strategic for the achievement of the Group's additional objectives, the Board of Directors of December 19th, 2018, upon proposal of the Chief Executive Officer, after a previous preliminary investigation and a favourable opinion by the CNC and the Related Party Transaction Committee, each one for aspects under its competency, has decided to pay to the General Manager Massimo Ferrari a package of occasional, discretionary and non-recurring bonuses structured in three "premiums", each one equal to the 140% of the fixed component, to be paid up during 2018, 2019 and, should the specific targets be achieved, in 2020. The Company may also require the

<sup>8</sup> The Chief Financial Officer & Group Risk Officer and the Internal Audit & Compliance Director are the recipients of the 2020 Additional KMP STI Plan, with targets, indexed scale of achievement of targets and a payout curve similar to that described for 'other' KMPs, excluding only the economic/financial targets and with a specific breakdown of Management Goals and Individual Goals, each weighing 50% of the Total STI, in line with the assigned duties.

restitution of 80% of the 2018 and 2019 bonuses (claw-back clause), for a maximum period of 3 years (until December 31st, 2021), in the case of the resignation of General Manager Massimo Ferrari that is not related to specific circumstances, already identified in existing agreements, as described in paragraph 5.3 below, to which reference is made.

**Long-term variable components of remuneration: 2020-2022 LTI Plan**

With respect to the long-term variable component, General Managers Massimo Ferrari and Claudio Lautizi, KMPs Alessandro De Rosa, Gian Luca Grondona, Joseph Attias and Ignacio Botella, as well as ‘other’ KMPs Claudio Notarantonio, Massimo Pompei and Francesco Albieri, were included in the 2020-2022 LTI Plan, as described in paragraph “3.2 Long-term variable components of remuneration”, to which reference should be made.

**Payment in case of termination of employment**

For General Managers, KMPs and ‘other’ KMPs who are employees of the Company, in the event of termination of the employment relationship, the payment established, respectively by law and/or by the Manager’s CCNL (National Collective Employment Agreement) and/or the different relevant collective contractual provisions are applied.

Upon termination of the employment relationship, the Company can grant individual General Managers, KMPs and ‘other’ KMPs additional financial benefits with respect to that which is envisaged in the aforementioned provisions (including severance, indemnity in replacement of the notice period, and any replacement indemnity for accrued and not yet used holidays, etc.).

These benefits constitute incentives that can be agreed between the Company and management in view of or on the occasion of early termination of the employment relationship or termination of the office, provided that there is an interest for the Company in this sense.

Consequently, in the event of voluntary resignation or in any other case in which the payment is not in accordance with the interests of the Company, there are no conditions for the stipulation between the parties of such incentives.

The amount deriving from the application of these clauses/agreements cannot in any case exceed a maximum number of 36 months of de facto total remuneration (including the replacement indemnity for notice), defined when the settlement agreement is finalized, taking into consideration the Company’s overall results, the individual performance and the duration of the employment relationship.

A further essential condition for the recognition of the aforementioned additional amounts is that the manager signs a settlement agreement that envisages (i) the waiver of any further claim against the Company, the Group and shareholders, (ii) the termination of any office within the Company and/or Group, and (iii) reciprocal clauses regarding confidentiality and non-denigration.

With reference to professional roles with particularly significant characteristics, such that the termination of the relationship may lead to risks, the Company reserves the right to define, on a case-by-case basis, non-competition agreements that provide for the payment of a consideration commensurate with the duration and extent of the restriction resulting from the agreement following the conclusion of the employment relationship and/or termination of office.

With regard to the existence of agreements concluded during the employment relationship, note that the Company currently has specific agreements with some KMPs designed to govern *ex ante* aspects related to any possible early termination of employment.

The terms of these agreements, defined in line with the regulations in force and with reference *benchmarks*, pursuant to the provisions of the Remuneration Policy, provide for the payment of a 36-month all-inclusive compensation<sup>9</sup> (including the relevant indemnity in replacement of the notice period) in case of (i) a change in the control of the Company<sup>10</sup> or (ii) in the event of termination without just cause pursuant to art. 2119 of the Italian Civil Code.

Lastly, the provisions under paragraph 3.5, with respect to the effects of termination of employment relationships on the 2020-2022 LTI Plan, remain applicable.

**Benefits**

Insurance coverage or welfare payments are provided for KMPs and ‘other’ KMPs with better conditions than those established in the national collective bargaining agreement, as well as the allocation of a company car for personal use and, possibly, housing, for a total amount equal to Euro 119,479.

<sup>9</sup> Using as reference parameter the *de facto* total remuneration, calculated as the sum of the annual gross remuneration, the average variable remuneration of the past three years and the valuation of any fringe benefits.

<sup>10</sup> It being understood that entry into the Company’s share capital by CDPE in execution and under the terms and conditions set out in the Investment Agreement will not constitute a “trigger event” and no payment obligation will arise for change of control as long as CDPE, for the entire duration of the *Progetto Italia*, holds a stake of at least 10% of the ordinary share capital, unless the change of control derives from a full public tender offer (mandatory or voluntary) on the Company.

## SECTION II: DETAILS OF ITEMS THAT MAKE UP THE REMUNERATION AND THE COMPENSATION PAID IN 2019

### 5. DETAILS OF THE ITEMS THAT MAKE UP REMUNERATION (BY REMUNERATION ITEM)

#### 5.1. Fixed and variable remuneration components for members of the Board of Directors currently in office

On April 30th, 2018, the Shareholders' Meeting appointed the Board of Directors currently in office, for the three-year period 2018-2020, establishing the related remuneration for the Chairman of the Board of Directors and for Directors, confirming the amount of the previous appointment, as follows:

Gross annual remuneration approved by the Shareholders' Meeting of April 30th, 2018 (Euro)	
Chairman	400,000.00
Directors	60,000.00

Following this renewal of the Board of Directors, on May 9th, 2018, the Board created the internal committees, establishing the related remuneration, on June 6th, 2018, as follows:

Committee	Gross annual remuneration approved by the Board of Directors on June 6th, 2018 (Euro)	
	Chairman	Members
Control, Risks and Sustainability	60,000.00	45,000.00
Compensation and Nominating	35,000.00	20,000.00
Related Party Transactions	15,000.00	10,000.00

In addition to the above, following the establishment, on December 6th, 2019, of the Strategic Committee and the appointment, on the same date, 2019, of the relative members, the Board of Directors granted a mandate to the CNC to carry out a preliminary investigation for determining the compensation for members of that committee.

This remuneration was thus determined, upon proposal of the CNC, by the Board of Directors of March 11th, 2020 in the following amounts that will be paid during 2020 for the duties assigned starting from December 6th, 2019:

Committee	Gross annual remuneration approved by the Board of Directors on March 11th, 2020 (Euro)	
	Chairman	Members
Strategic Committee	40,000.00	25,000.00

The compensation paid to each Director in office during the 2019 financial year is shown in detail in Table 1 attached to this Report, drawn in compliance with the Consob standard.

#### **Payment in case of office termination**

There are no specific termination benefits for Non-Executive Directors or agreements which provide for compensation if the term of office ends prematurely.

#### **Benefits**

Forms of insurance coverage and welfare benefits have been provided for Non-Executive Directors in office.

## 5.2. Fixed and variable remuneration components for the Chief Executive Officer

### Fixed remuneration component of the Chief Executive Officer

In 2019, in addition to the compensation of the annual gross amount of Euro 60,000.00 paid in relation to the office of Board Director, Chief Executive Officer Pietro Salini received a fixed fee for the mandate of Euro 1,350,000.00, pursuant to art. 2389, paragraph 3 of the Italian Civil Code, in addition to Euro 650,000.00 as GAS for separate management duties performed.

No compensation has been paid to Pietro Salini for his role within the Lane Group.

### 2019 STI variable component of the Chief Executive Officer

The **2019 STI variable component of the Chief Executive Officer (“2019 CEO STI”)** was quantified - using as a basis for calculation the CEO Fixed Component - at Euro 2,000,000.00 upon achieving 100% of the targets.

With regard to the budget data for the 2019 financial year, the 2019 CEO STI targets were established as follows:

2019 STI Standards for the Chief Executive Officer		Weight On Target Bonus	
Group objectives	EBIT	50%	100%
	<i>Book to bill</i>	25%	
	Gross financial debt reduction	25%	

The Board of Directors of March 11th, 2020, based on the results for the 2019 financial year, ascertained the level of achievement of 2019 CEO STI targets by the Chief Executive Officer as 107.5%<sup>11</sup> and, upon proposal of the CNC and the favourable opinion of the Board of Statutory Auditors, approved the disbursement to the aforementioned Chief Executive Officer of a bonus of Euro 1,890,317<sup>12</sup> gross, calculated by linear interpolation for pre-set intervals<sup>13</sup>.

Given the personal interest in relation to the above, the Chief Executive Officer participated in the related Board discussion, however refrained from exercising the right to vote.

### 2018-2019 LTI variable component of the Chief Executive Officer

With regard to the long-term variable component, with approval of the financial statements as at December 31st, 2019, the effective period of the 2018-2019 LTI has concluded (“**2018-2019 LTI Plan**”), defined for the benefit of salaried personnel, collaborators and/or Directors vested with specific duties of Salini Impregilo and its subsidiaries in the form of a monetary incentive which would last two years starting on January 1st, 2018 and ending on December 31st, 2019.

As for the Chief Executive Officer, the targets were formulated in terms of 2018-2019 Cumulative Revenues and 2018-2019 Cumulative EBIT, with a performance scale as follows:

Level of achievement of 2018-2019 Cumulative Revenues	% Accrued Bonus, with respect to the Target Bonus
less than 80%	0%
equal to 80%	25%
equal to 100%	50%
equal to or greater than 120%	70%
between 80% and 100%	Linear interpolation of extreme values between 25% and 50%
between 100% and 120%	Linear interpolation of extreme values between 50% and 70%

<sup>11</sup> Percentage derived from each target’s weight, based on the performance achieved for each target.

<sup>12</sup> Payout percentage of 94.5%, resulting from the weighting of the payout results of each target for the respective weight.

<sup>13</sup> The 2019 CEO STI envisaged the right to receive the related bonus based on results achieved during the previous year and valued according to variable performance scale from a minimum of 80% (**Minimum Performance**) to a maximum of 120% (**Maximum Performance**), with the corresponding payment of a variable amount respectively from 50% to 140% of the CEO Fixed Component, computed by linear interpolation.

Level of achievement of 2018-2019 Cumulative EBIT	% Accrued Bonus, with respect to the Target Bonus
less than 80%	0%
equal to 80%	25%
equal to 100%	50%
equal to or greater than 120%	70%
between 80% and 100%	Linear interpolation of extreme values between 25% and 50%
between 100% and 120%	Linear interpolation of extreme values between 50% and 70%

The targets that have not been reached to at least an 80% level will not be taken into consideration for the calculation of the Accrued Bonus, which will be determined on the basis of the level of achievement of the other targets that were at least 80% achieved, multiplied by the relative weight.

The opportunity of the 2018-2019 LTI Plan is equal to 200% of the GAS on a two-year basis.

On March 11th, 2020, the Board of Directors, having ascertained the achievement of the targets envisaged by the 2018-2019 LTI Plan in the amount of 75.9%<sup>14</sup>, resolved to approve, on the proposal of the CNC, an Accrued Bonus for the CEO equal to Euro 1,324,640 gross, calculated by linear interpolation for pre-determined intervals, as also reported in the attached Table 3.B.

Given the personal interest in relation to the above, the Chief Executive Officer participated in the related Board discussion, however refrained from exercising the right to vote.

#### **Payment in the event of termination of office**

No agreements were made regarding specific payments at the end of the mandate for the Chief Executive Officer in office nor for an indemnity in the event of early termination of the mandate.

#### **Benefits**

Forms of insurance coverage and welfare benefits have been paid to the Chief Executive Officer as per the attached Table 1.

### **5.3. Fixed and variable remuneration components for General Managers and KMPs.**

During 2019, as part of the annual remuneration review process for all directors, specific adjustments were made to the fixed components of the remuneration for General Managers and KMPs, with regard to promotion to higher roles or for retention needs or as reward for particularly significant performance.

Fixed components of the remuneration recognized, with regard to 2019, to General Managers and KMPs were the following:

- Corporate & Finance General Manager, Massimo Ferrari: Euro 750,000.00 as gross annual fixed remuneration, Euro 50,000.00 as fixed compensation for the functions of Manager in Charge of Financial Reporting, for a total of Euro 800,000.00;
- Global Operations General Manager, Claudio Lautizi: Euro 601,807.00 as gross annual fixed remuneration;
- KMPs: Euro 1,656,923.00 total, as gross annual fixed remuneration.

#### **2019 STI variable component.**

With regard to the 2019 STI variable component of the remuneration, equal to the sum of the different fixed components of the retribution, is computed based on the achievement of the following results, each of them with a specific weight depending on its area:

<sup>14</sup>Percentage derived from each target's weight, based on the performance achieved for each target.

	2019 STI Standards for General Managers and KMPs	Corporate Area Weight	Operations Area Weight
Group objectives	EBIT	40%	30%
	Book to Bill		
	Reduction of the gross financial debt		
Specific BU objectives	determined in line with the Company's Business Plan, in relation to the <i>Overhead Budget</i> , <i>Operations Budget</i> including Lane, Management of the Bid Process, and Process Organization;	30%	40%
Individual performance targets	mainly focused on managerial conduct in terms of <i>change management</i> and <i>leadership</i>	30%	30%

The Board of Directors of March 11th, 2020, based on the results for the 2019 financial year, upon the proposal by the Chief Executive Officer – who reported his own assessments on the performance of the General Managers and KMPs during the CNC meeting of March 6th, 2020 - and with the favourable opinion of the CNC and Board of Statutory Auditors - the latter in relation to the consistency of the determinations of the Board of Directors with respect to the 2019 Policy, ascertained the level of achievement of 2019 KMP STI targets in a variable measure between 92.5% and 116.2%<sup>15</sup> and resolved to approve the recognition of an Accrued Bonus for General Managers and KMPs of a variable payout percentage between 71.6% and 126.4%, calculated by linear interpolation for pre-determined intervals, according to the following (as well as in the attached Table 3.B):

- Corporate & Finance General Manager, Massimo Ferrari: Euro 974,451 gross;
- Global Operations General Manager, Claudio Lautizi: Euro 760,413 gross;
- KMPs: Euro 1,535,255 gross.

#### 2018-2019 LTI variable component

Similar to what was described above with reference to the Chief Executive Officer, the 2018-2019 LTI Plan, according to the procedure outlined above, also concerned the long-term variable component for General Managers and KMPs, with the payment of a monetary bonus - at the end of the *Vesting Period* - commensurate with the targets actually achieved.

With regard to General Managers and KMPs, the targets were formulated in terms of 2018-2019 Cumulative Revenues and 2018-2019 Cumulative EBIT as well as the "*Change Management*" Plan - *Redesign of the Organizational Processes* and "*Succession Planning*" and the "*Safety Leadership*" Program, each macro-type with a different weight relevant for the purpose of determining the Accrued Bonus, as indicated in the following table:

Level of achievement of 2018-2019 Cumulative Revenues	% Accrued Bonus, with respect to the Target Bonus
less than 80%	0%
equal to 80%	15%
equal to 100%	30%
equal to or greater than 120%	42%
between 80% and 100%	Linear interpolation of extreme values between 15% and 30%
between 100% and 120%	Linear interpolation of extreme values between 30% and 42%
Level of achievement of 2018-2019 Cumulative EBIT	% Accrued Bonus, with respect to the Target Bonus
less than 80%	0%
equal to 80%	15%
equal to 100%	30%
equal to or greater than 120%	42%
between 80% and 100%	Linear interpolation of extreme values between 15% and 30%
between 100% and 120%	Linear interpolation of extreme values between 30% and 42%

<sup>15</sup>Percentage derived from each target's weight, based on the performance achieved for each target.

<b>“Change Management” Plan: redesign of the organisational processes and “Succession Planning”</b>	<b>% Accrued Bonus, with respect to the Target Bonus</b>
less than 80%	0%
equal to 80%	10%
equal to 100%	20%
equal to or greater than 120%	28%
between 80% and 100%	Linear interpolation of extreme values between 10% and 20%
between 100% and 120%	Linear interpolation of extreme values between 20% and 28%

<b>“Safety Leadership” Program</b>	<b>% Accrued Bonus, with respect to the Target Bonus</b>
less than 80%	0%
equal to 80%	10%
equal to 100%	20%
equal to or greater than 120%	28%
between 80% and 100%	Linear interpolation of extreme values between 10% and 20%
between 100% and 120%	Linear interpolation of extreme values between 20% and 28%

The targets that have not been reached to at least an 80% level will not be taken into consideration for the calculation of the Accrued Bonus, which will be determined on the basis of the level of achievement of the other targets that were at least 80% achieved, multiplied by the relative weight.

The *opportunity* of the 2018-2019 LTI Plan is equal to 200% of the GAS on a two-year basis.

On March 11th, 2020, the Board of Directors, having ascertained the achievement of the targets envisaged by the 2018-2019 LTI Plan in the variable amount between 77.5% and 93.5%<sup>16</sup>, resolved to approve, on the proposal of the CNC and having consulted the Board of Statutory Auditors, an Accrued Bonus for General Managers and ‘other’ KMPs at a variable payout percentage between 39.9% and 75.9%, calculated by linear interpolation for pre-determined intervals (as also reported in the attached Table 3.B):

- Corporate & Finance General Manager, Massimo Ferrari: Euro 1,213,914 gross;
- Global Operations General Manager, Claudio Lautizi: Euro 913,178 gross;
- KMPs: Euro 1,861,349 gross.

#### **Corporate & Finance General Manager’s occasional, discretionary and non-recurring variable component**

As provided in the paragraph 4.5., the Corporate & Finance General Manager has been awarded a package of occasional, discretionary, and non-recurring bonuses with regard to the 2019 financial year which resulted in the payment of Euro 1,120,000.00 gross.

#### **Benefits**

The forms of insurance coverage and welfare benefits reported in the attached Table 1 have been paid to General Managers and KMPs.

<sup>16</sup>Percentage derived from each target’s weight, based on the performance achieved for each target.

#### 5.4. Components of the remuneration of the Board of Statutory Auditors

The Board of Statutory Auditors in office has been appointed for the three-year period 2017-2019 by the Shareholders' Meeting of April 27th, 2017.

The current remuneration of the Board of Statutory Auditors, updated by the Shareholders' Meeting on April 30th, 2018, is equal to:

Name	Role	Annual Gross Remuneration
Giacinto Gaetano Sarubbi	Chairman	120,000.00
Teresa Cristiana Naddeo	Auditor	80,000.00
Alessandro Trotter	Auditor	80,000.00

Compensation due for the 2019 financial year is therefore equal to **Euro 280,000.00 gross**.

#### 5.5. Remuneration paid in 2019

Table 1: Remuneration paid to Members of the Board of Directors and the Board of Statutory Auditors, General Managers and KMPs.

Table 3.B: Monetary incentive plans for the members of the Board of Directors, General Managers and KMPs

#### 5.6. Equity investments of members of the Board of Directors and the Board of Statutory Auditors, General Managers and KMPs

Table 4.1: Equity investments of members of the Board of Directors and the Board of Statutory Auditors as well as General Managers

Table 4.2: Equity investments of KMPs

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**Table 1: Remuneration paid to the members of the Administration and Control Bodies, General Managers and KMPs**

(Values expressed in Euro)

Surname and Name	Office	Period of Office	Office expiry	Fixed remuneration		Remuneration for participation in committees		Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Indemnity for termination of employment or office
								Bonuses and other incentives	Profit participation					
Iacovone Donato	Chairman	6/12/2019 - 31/12/2019	(*)	remuneration received for performing specific duties	27,397					300		27,697		
Giovannini Alberto	Chairman	1/1/2019 - 24/04/2019		remuneration received for performing specific duties	124,932					1,321		126,252		
Greco Nicola	Deputy Vice Chairman	1/1/2019 - 31/12/2019	(**)	remuneration approved by Shareholders' Meeting remuneration received for performing specific duties	60,000 76,438	Compensation and Nominating Committee remuneration Control, Risks and Sustainability Committee remuneration	1,370 45,000			4,313		187,121		
Salini Pietro	Chief Executive Officer	1/1/2019 - 31/12/2019	(**)	remuneration approved by Shareholders' Meeting remuneration received for performing specific duties Fixed employment salary	60,000 1,350,000 650,000			3,214,957		124,915		5,399,872		
Balzani Francesca	Director	6/12/2019 - 31/12/2019	(*)	remuneration approved by Shareholders' Meeting	4,110	Control, Risks and Sustainability Committee remuneration	3,082			300		7,492		
Capaldo Giuseppina	Director	1/1/2019 - 31/12/2019	(**)	remuneration approved by Shareholders' Meeting	60,000	Control, Risks and Sustainability Committee remuneration Related Party Transaction Committee remuneration	41,918 10,000			4,313		116,231		
Cattaneo Mario Giuseppe	Director	1/1/2019 - 31/12/2019	(**)	remuneration approved by Shareholders' Meeting	60,000	Control, Risks and Sustainability Committee remuneration	60,000			4,313		124,313		
Cera Roberto	Director	1/1/2019 - 31/12/2019	(**)	remuneration approved by Shareholders' Meeting	60,000					4,313		64,313		
Di Stefano Pierpaolo	Director	6/12/2019 - 31/12/2019	(*)	remuneration approved by Shareholders' Meeting	4,110					300		4,410		
Marazzita Giuseppe	Director	6/12/2019 - 31/12/2019	(*)	remuneration approved by Shareholders' Meeting	4,110	Compensation and Nominating Committee remuneration Related Party Transaction Committee remuneration	1,370 685			300		6,464		
Natale Marina	Director	6/12/2019 - 31/12/2019	(*)	remuneration approved by Shareholders' Meeting	4,110	Control, Risks and Sustainability Committee remuneration	3,082			300		7,491		
Parente Ferdinando	Director	1/1/2019 - 31/12/2019	(**)	remuneration approved by Shareholders' Meeting	60,000	Compensation and Nominating Committee remuneration Control, Risks and Sustainability Committee remuneration Related Party Transaction Committee remuneration	2,397 45,000 14,658			4,313		126,368		
Passacantando Franco	Director	1/1/2019 - 31/12/2019	(**)	remuneration approved by Shareholders' Meeting	60,000	Control, Risks and Sustainability Committee remuneration	45,000			4,313		109,313		
Pucci di Barsento Laudomia	Director	1/1/2019 - 31/12/2019	(**)	remuneration approved by Shareholders' Meeting	60,000	Compensation and Nominating Committee remuneration	18,630			4,313		82,943		
Salini Alessandro	Director	1/1/2019 - 31/12/2019	(**)	remuneration approved by Shareholders' Meeting	60,000					4,313		64,313		
Volo Grazia	Director	1/1/2019 - 31/12/2019	(**)	remuneration approved by Shareholders' Meeting	60,000					4,313		64,313		
Brogi Marina	Director	1/1/2019 - 6/12/2019	(***)	remuneration approved by Shareholders' Meeting	55,890	Compensation and Nominating Committee remuneration Control, Risks and Sustainability Committee remuneration	32,603 41,918			4,014		134,425		

Surname and Name	Office	Period of Office	Office expiry	Fixed remuneration		Remuneration for participation in committees		Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Indemnity for termination of employment or office
								Bonuses and other incentives	Profit participation					
Leone Raffaella Maria	Director	1/1/2019 - 6/12/2019	(***)	remuneration approved by Shareholders' Meeting	55,890					4,014		59,904		
Linnebank Gerardus Wilhelmus Joseph Maria	Director	1/1/2019 - 6/12/2019	(***)	remuneration approved by Shareholders' Meeting	55,890	Compensation and Nominating Committee remuneration	18,630			4,014		87,849		
						Related Party Transaction Committee remuneration	9,315							
Marazzi Giacomo	Director	1/1/2019 - 6/12/2019	(****)	remuneration approved by Shareholders' Meeting	55,890	Supervision Body	30,000			4,014		99,219		
						Related Party Transaction Committee remuneration	9,315							
Sarubbi Giacinto	Chairman of the Board of Statutory Auditors	1/1/2019 - 31/12/2019	(*****)	remuneration approved by Shareholders' Meeting	120,000							120,000		
Trotter Alessandro	Statutory Auditor	1/1/2019 - 31/12/2019	(*****)	remuneration approved by Shareholders' Meeting	80,000							80,000		
Naddeo Teresa	Statutory Auditor	1/1/2019 - 31/12/2019	(*****)	remuneration approved by Shareholders' Meeting	80,000							80,000		
Lautizi Claudio	General Global Operations Manager	1/1/2019 - 31/12/2019		Fixed employment salary	601,807			1,673,591				2,275,398		
Ferrari Massimo <sup>(1)</sup>	Corporate & Finance General Manager and Manager in Charge of Financial Reporting	1/1/2019 - 31/12/2019		Fixed employment salary	750,000			3,308,364		37,927		4,146,292		
				remuneration paid as Manager in Charge of Financial Reporting	50,000									
Key Management Personnel <sup>(2)</sup>		1/1/2019 - 31/12/2019		Fixed employment salary	1,656,923			3,396,603		81,552	175,000 <sup>(3)</sup>	5,363,492		
				Other payments <sup>(4)</sup>	53,413									
<b>Total</b>					<b>6,460,909</b>		<b>433,973</b>	<b>11,593,517</b>		<b>302,087</b>	<b>175,000</b>	<b>18,965,486</b>		

(\*) Appointed by co-option, pursuant to art. 2386 of the Italian Civil Code and art. 20 of the Bylaws, on December 6th, 2019. In office until the first Shareholders' Meeting following the appointment.

(\*\*) Appointed by the Ordinary Shareholders' Meeting of April 30th, 2018, in office until the Shareholders' Meeting to approve the financial statements as at December 31st, 2020.

(\*\*\*) Resignation from the office of Director and member of internal Board committees effective December 6th, 2019.

(\*\*\*\*) Resignation from the office of Director and member of internal Board committees effective December 6th, 2019. Appointment as member of the Supervisory Body still in progress.

(\*\*\*\*\*) Appointed by the Shareholders' Meeting of April 27th, 2017, in office until the Shareholders' Meeting to approve the financial statements as at December 31st, 2019.

(1) In addition to Euro 750,000 for annual gross remuneration, indemnities are due for domestic and foreign travel, pursuant to the Managers' CCNL and the Company's policies, for a total amount of Euro 11,000.

(2) In addition to Euro 1,657,000 for annual gross remuneration, indemnities are due for domestic and foreign travel, pursuant to the Managers' CCNL and the Company's policies, for a total amount of Euro 30,000.

(3) Value accrued in 2019 for a 5-year stability agreement entered with a Key Management Personnel

(4) Lodging/fuel contribution

Table 3B: Monetary incentive plan for members of the Administration Body, General Managers and KMPs

Surname and Name	Office	Plan	Bonus for the year			Previous years' bonus			Other bonuses (Euro)
			Payable/Paid (Euro)	Deferred (Euro)	Deferment period	No longer payable	Paid/Payable	Still deferred	
Salini Pietro	Chief Executive Officer	2019 Short Term Incentive Plan	1,890,317						
		2018-2019 LTI Plan	1,324,640						
Lautizi Claudio	General Global Operations Manager	2019 Short Term Incentive Plan	760,413						
		2018-2019 LTI Plan	913,178						
Ferrari Massimo	Corporate & Finance General Director and Manager in Charge of Financial Reporting	2019 Short Term Incentive Plan	974,451						
		2018-2020 extraordinary bonus package		1,120,000	2020 <sup>(1)</sup>				1,120,000
		2018-2019 LTI Plan	1,213,914						
Other Key Management Personnel	n.4	2019 Short Term Incentive Plan	1,535,255						
		2018-2019 LTI Plan	1,861,349						
<b>Total</b>			10,473,517	<b>1,120,000</b>					<b>1,120,000</b>

**Notes**

(1) The bonus, which represents the maximum payable value, is expected to be paid by March 2020.

**Table 4.1: Equity investments of members of the Administration and Control Bodies and of General Managers**

Surname and Name	OFFICE	Investee company	No. of shares owned at end of 2018	No. of shares purchased during 2019	No. of shares sold during 2019	No. of shares owned at end of 2019
<b>BOARD OF DIRECTORS CURRENTLY IN OFFICE</b>						
Donato Iacovone <sup>1</sup>	Chairman	Salini Impregilo	0	0	0	0
Nicola Greco	Deputy Vice Chairman	Salini Impregilo	0	0	0	0
Pietro Salini	Chief Executive Officer	Salini Impregilo	1,984,658	0	0	1,984,658
Francesca Balzani <sup>1</sup>	Director	Salini Impregilo	0	0	0	0
Giuseppina Capaldo	Director	Salini Impregilo	0	0	0	0
Mario Giuseppe Cattaneo	Director	Salini Impregilo	0	0	0	0
Roberto Cera	Director	Salini Impregilo	25,000	0	0	25,000
Pierpaolo Di Stefano <sup>1</sup>	Director	Salini Impregilo	0	0	0	0
Giuseppe Marazzita <sup>1</sup>	Director	Salini Impregilo	0	0	0	0
Marina Natale <sup>1</sup>	Director	Salini Impregilo	0	0	0	0
Ferdinando Parente	Director	Salini Impregilo	0	0	0	0
Franco Passacantando	Director	Salini Impregilo	0	0	0	0
Laudomia Pucci	Director	Salini Impregilo	0	0	0	0
Alessandro Salini	Director	Salini Impregilo	180,183	64,104	0	244,287
Grazia Volo	Director	Salini Impregilo	0	0	0	0
<b>DIRECTORS RESIGNING FROM OFFICE DURING 2019</b>						
Alberto Giovannini <sup>2</sup>	Chairman	Salini Impregilo	50,500	0	0	50,500
Marina Brogi <sup>3</sup>	Director	Salini Impregilo	0	0	0	0
Maria Raffaella Leone <sup>3</sup>	Director	Salini Impregilo	0	0	0	0
Geert Linnebank <sup>3</sup>	Director	Salini Impregilo	0	0	0	0
Giacomo Marazzi <sup>3</sup>	Director	Salini Impregilo	0	0	0	0
<b>BOARD OF STATUTORY AUDITORS</b>						
Giacinto Sarubbi	Chairman Board Statutory Auditors	Salini Impregilo	0	0	0	0
Alessandro Trotter	Statutory Auditor	Salini Impregilo	0	0	0	0
Teresa Naddeo	Statutory Auditor	Salini Impregilo	0	0	0	0
<b>GENERAL MANAGERS</b>						
Massimo Ferrari	General Manager	Salini Impregilo	653.576*	0	0	653.576*
Claudio Lautizi	General Manager	Salini Impregilo	296.185*	0	0	296.185*

<sup>1</sup> In office from December 6th, 2019.

<sup>2</sup> Passed away on April 24th, 2019

<sup>3</sup> In office until December 6th, 2019.

**Table 4.2: Equity investments of KMPs**

No. of KMPs	Investee company	No. of shares owned at end of 2018	No. of shares purchased during 2019	No. shares sold during 2019	No. of shares owned at end of 2019
4	Salini Impregilo	110.370*	0	0	110.370*

\* Including Salini Impregilo shares assigned free of charge by Salini Costruttori S.p.A., as indicated in the press release of January 12th, 2015.

## GLOSSARY

In order to make this Remuneration Report easier to understand and read, a definition for the most common terms is provided below:

<b>Investment Agreement</b>	the agreement signed on August 2nd, 2019 - and subsequently amended on November 4th and December 26th, 2019 - between Salini Costruttori S.p.A., (“ <b>Salini Costruttori</b> ”), CDP Equity S.p.A., (“ <b>CDPE</b> ”) and the Issuer and, limited to certain provisions, Pietro Salini, concerning, <i>inter alia</i> , the terms and conditions of the subscription, by CDPE and Salini Costruttori, of a portion of the share capital increase for the realisation of a strategic project aimed at strengthening the national sector related to large-scale construction projects and complex infrastructures, called Progetto Italia, as well as the implementation of certain corporate governance rules of the Issuer instrumental to the realization of the <i>Progetto Italia</i>
<b>Beneficiaries of the 2020-2022 LTI Plan or Beneficiaries</b>	employees and/or Directors vested with specific duties in the Company and its subsidiaries, identified from the ranks of key management personnel from the perspective of value creation
<b>Accrued Bonus</b>	the amount of the bonus determined by achieving the targets of the 2020-2022 LTI Plan
<b>Target Bonus</b>	the bonus due to each Beneficiary of the 2020-2022 LTI Plan for 100% achievement of the 2020-2022 Plan targets
<b>Corporate Governance Code</b>	the Corporate Governance Code for listed companies established by the Corporate Governance Committee promoted by Borsa Italiana S.p.A. (July 2018 version)
<b>Board of Statutory Auditors</b>	the Company's acting Board of Statutory Auditors
<b>Compensation and Nominating Committee or CNC</b>	the Company's acting Compensation and Nominating Committee
<b>CEO Fixed Component</b>	the total fixed remuneration of the Chief Executive Officer, resulting from the Gross Annual Salary (the “GAS”) received for duties as manager and payments due pursuant to art. 2389, paragraph 3 of the Italian Civil Code received for duties as Chief Executive Officer.
<b>Board of Directors</b>	the Company's acting Board of Directors
<b>Subsidiaries</b>	without distinction, each company directly or indirectly owned by the Company at a given time, pursuant to art. 2359 of the Italian Civil Code, which has a relationship with one or more Beneficiaries of the 2020-2022 LTI Plan
<b>Key Management Personnel</b>	the individuals, other than Directors and Statutory Auditors, that have the direct or indirect authority and responsibility for the planning, management and control of the Company's activities in line with the definition provided in Annex 1 to CONSOB Regulation on Related Party Transactions adopted with Resolution no. 17221 of March 12th, 2010, as identified from time to time by the responsible bodies
<b>KMPs</b>	Key Management Personnel appointed prior to March 11th, 2020
<b>Cumulative EBIT</b>	with reference to the Group at consolidated level, the value of the operating profit for the period January 1st, 2018 - December 31st, 2019, determined based on the consolidated economic data (management view) as reported in the Directors' Report; it does not include the non-recurring profits and charges (e.g. from operations of restructuring, acquisition and/or divestment of companies and business units, asset write-downs or revaluations, and special projects), using equivalent accounting standards.
<b>Group</b>	the Company and its subsidiaries
<b>KPIs</b>	Key Performance Indicators
<b>LTI</b>	Long Term Incentive, i.e. the long-term variable component
<b>LTFR</b>	Lost Time Injury Frequency Rate
<b>2018-2019 LTI Plan Targets</b>	the targets in terms of Cumulative Revenues and Cumulative EBIT, “Change Management” Plan, redesign of the organization and “Succession Planning” processes, and the Safety Leadership Program defined by the Board of Directors, based on whose achievement the Beneficiaries of the 2018-2019 LTI Plan shall be entitled to the award of the Accrued Bonus

<b>2020-2022 LTI Plan Targets</b>	economic/financial targets (i) identified as Gross Debt on EBITDA (with the weight of 25% and measurement of % ratio due to the Progetto Italia effect), TSR with a weight of 25% (improvement of the TSR index in the performance period) and <i>Overheads on revenues</i> , with a 30% weight and percentage measurement determined by the Progetto Italia; (ii) targets related to risk and sustainability, defined as <i>Lost Time Injury Frequency Rate</i> (with a weight of 10% and measurement of the average % reduction in the performance period of the LTIFR index) and reduction of the intensity of “ <i>greenhouse gas emissions</i> ” (with 10% weight and quantitative measurement of the reduction of GHG gas emissions - Scope 1-2 - as compared to revenues), as a result of which the Beneficiaries of the 2020-2022 LTI Plan will be entitled to receive the Accrued Bonus
<b>Vesting Period</b>	the period which starts on January 1st, 2020, and ends at the date of approval of the consolidated financial statements as at December 31st, 2022
<b>‘Change Management’ Plan</b>	redesign of the organization processes and definition of a Succession Planning process for key/critical positions
<b>Long Term Incentive Plan</b>	the incentive plan related to the Company’s new Business Plan
<b>2020-2022 LTI Plan</b>	closed, long-term incentive plan with a 2020-2022 three-year Vesting Period
<b>2020 Remuneration Policy</b>	the Salini Impregilo Remuneration Policy for 2020 approved by the Board of Directors meeting of March 13th, 2020
<b>Target Bonus</b>	the bonus earned if 100% of targets are achieved
<b>RPT Procedure</b>	Related Party Transaction Procedure, adopted by the Company on November 30 <sup>th</sup> , 2010 and subsequently amended, most recently on December 6 <sup>th</sup> , 2019, and available on the Company’s website ( <a href="http://www.salini-impregilo.com">www.salini-impregilo.com</a> , “ <i>Governance/Procedures and Regulations</i> ” section)
<b>Progetto Italia</b>	the industrial project, whose strategic guidelines are part of the Company’s broader Business Plan for the three-year period 2019-2021, which aims to strengthen Salini Impregilo and is to be carried out through the acquisition and subsequent integration within the Company of other Italian companies operating in the construction sector for complex infrastructure projects
<b>“Safety Leadership” Program</b>	a program for the development of <i>Leadership in Safety</i> which uses the intellectual, experiential and emotional resources of people for the purpose of achieving a strong cultural change with regard to safety
<b>GAS</b>	indicates the gross fixed annual remuneration for employees of a Group Company
<b>Issuers’ Regulation</b>	the regulation implementing the Consolidated Finance Act (TUF) with respect to the discipline of issuers adopted by Consob with Resolution no. 11971 of May 14th, 1999, as subsequently amended
<b>2019 Governance Report</b>	Report on the Corporate Governance and Ownership Structure in relation to 2019, published on the Company’s website ( <a href="http://www.salini-impregilo.com">www.salini-impregilo.com</a> , “ <i>Governance/Governance System/Corporate Governance Report</i> ” section)
<b>Cumulative Revenues</b>	the value of the Group’s consolidated revenue for the period January 1st, 2018 - December 31st, 2019, determined based on the consolidated economic data (management view) as reported in the Directors’ Report; it does not include the non-recurring profits and charges (e.g. from operations of restructuring, restructuring, acquisition and/or divestment of companies and business units, asset write-downs or revaluations, and special projects), using equivalent accounting standards
<b>STI</b>	Short-Term Incentive, i.e. the short-term variable component
<b>2019 STI</b>	the STI relative to 2019
<b>2019 CEO STI</b>	the 2019 STI for the Chief Executive Officer
<b>2019 KMP STI</b>	the 2019 STI for General Managers and KMPs
<b>2020 STI</b>	the STI relative to 2020, consistent with the key performance indicators of the Business Plan and Progetto Italia
<b>2020 CEO STI</b>	the 2020 STI for the Chief Executive Officer
<b>2020 KMP STI</b>	the 2020 STI for General Managers and KMPs
<b>2020 OTHER KMP STI</b>	the 2020 STI for ‘other’ KMPs

<b>Company or Salini Impregilo</b>	Salini Impregilo S.p.A.
<b>Succession Planning for critical positions</b>	the measurement in percent of the level of hedging of the key/critical positions of the Group with identified successors as at December 31st, 2019
<b>Consolidated Finance Act/TUF</b>	Italian Legislative Decree no. 58 of February 24 <sup>th</sup> , 1998 (and subsequent amendments)
<b>Total Compensation</b>	the total compensation of the Chief Executive Officer, General Managers and 'other' KMPs resulting from the sum of the theoretical <i>pay mix</i> components (fixed and variable STI and LTI).
<b>TSR</b>	<i>Total Shareholder Return</i>
<b>'other' KMPs</b>	the Key Management Personnel appointed by the Board of Directors on March 11th, 2020, assigned a specific remuneration package different from that of KMPs



**Salini Impregilo S.p.A.**  
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