

Arnoldo Mondadori Editore S.p.A.

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**REPORT ON REMUNERATION POLICY AND
COMPENSATION PAID**

**(prepared pursuant to articles 123-ter
of Lgs. Decree no. 58/1998 and 84-quater
of Consob Regulation 11971/1999)**

2020

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Letter from the Chair:

Shareholders,

As Chair of the Remuneration & Appointments Committee, I am pleased to present the annual Remuneration Report of Arnoldo Mondadori Editore Spa.

The Committee, made up entirely of Independent Directors, presented the remuneration policy for 2020 to the Board of Directors, which approved it at its meeting of 17 March. It is useful here to recall the principles that inspire the Company and the Group's remuneration policy:

- the generation of value for the Company and Group, and its sustainability over time and for stakeholders;*
- the correlation between pay and performance. This makes it possible to strike a balance between the interests of the shareholders and those of management and, at the same time, to attract the best professionals;*
- attention to the variable component of remuneration, also in a medium-long term perspective, to achieve consolidated corporate performance.*

The attached Report on the "Remuneration Policy" provides an Executive Summary, to facilitate reading of the report and, equally, summarise a number of significant elements:

- by type of component and position held, the amount of remuneration paid, consistently with the pre-defined size limits;*
- information on non-monetary remuneration (benefits);*
- information on the full attainment by management of the cumulative three-year objectives in connection with the closure of the Performance Share Plan 2017-2019.*

The Policy envisages a system of differentiated remuneration components, in line with the following criteria:

- a correct balance between the fixed and variable components of both short-term and medium/long-term remuneration;*
- performance objectives that are measurable and set in advance;*
- maximum and minimum limits for variable MBO and LTI remuneration components;*
- alignment between remuneration received and creation of value, over time, for the shareholders;*
- clear definition of the possibilities for derogation.*

Specifically, I wish to call your attention to the medium/long-term variable component (LTI) adopted by the Company in 2018 through rolling Performance Share plans, "rolling", with the third Plan, for 2020-2022, now underway.

Shares are granted upon attainment of pre-defined three-year objectives, relating exclusively to the Group, that are consistent with the strategies drawn up by the Company. Shares are assigned in relation to the position held and in accordance with criteria of internal and external equity, which are determined also with reference to market benchmarks.

During 2019, with the assistance of the Mondadori S.p.A. Human Resources Division and leading consultancy firms, the Committee conducted a benchmark survey to check the consistency of the solutions adopted by the Company with those of companies of a similar size. With regard to the amount and composition of the remuneration of the key management positions, the survey found full alignment with market comparables.

The remuneration policy for 2020, as described in the first section of the annexed document, is consistent with the guidelines approved by the Shareholders' Meeting of April 2019 and takes into account the guidelines of the strategic plan of the Company, national and international best practices, as well as the indications arising from the favourable vote carried by said meeting.

Special thanks must go to the Human Resources & Organisation Division for the technical support and constructive collaboration provided during the normal phase of adjustment to the remuneration policy and plan and during specific checks.

The Committee believes that the remuneration policy for 2020 fosters economic and social sustainability, is consistent with the principles of diversity and enhancement of individual competences envisaged by the Group Code of Ethics, and has been drawn up to guarantee full, transparent and useful information for the reader.

I trust that the choices we have made meet your expectations and thank you, personally and on behalf of the members of the Committee, for your attention and for the approval I hope you give to the remuneration policy for 2020.

Chair

Angelo Renoldi

Introduction

In accordance with art. 123-*ter* of Lgs. Decree 58/1998 and art. 84-*quater* of Consob Regulation no. 11971/1999 as amended (hereinafter the "Issuers' Regulation"), this Remuneration Report (hereinafter the "Report") provides information on the remuneration policies adopted by Arnoldo Mondadori Editore S.p.A. (hereinafter also the "Company" or "Issuer"), with reference to the members of the Board of Directors and Key Management Personnel.

Pursuant to the aforementioned regulatory provisions, the Report is divided into two sections, and drawn up in compliance with Annex 3A, Scheme 7-*bis* of the Issuers' Regulation.

The **first section** illustrates, in terms of principles, purposes, mechanisms and rules, the remuneration policy that will be adopted for 2020.

The **second section** illustrates the outcomes of the policy actually implemented in 2019, and includes tables showing the remuneration attributed to the directors and the Statutory Auditors, in nominal form, and to Key Management Personnel, in aggregate form.

This Report was approved by the Board of Directors on 17 March 2020, at the recommendation of the Remuneration & Appointments Committee.

The first section of the Report is subject to a binding resolution of the Shareholders' Meeting called on 22 April 2020 to approve the financial statements as at and for the year ended 31 December 2019. The second section, pursuant to art. 123-*ter*, paragraph 6, of the TUF [*Testo Unico della Finanza*, consolidated finance act], is subject to a non-binding resolution of the Shareholders' Meeting

As deliberated, the Remuneration Policy will be updated annually.

Pursuant to art. 123-*ter* of Lgs. Decree no. 58/1998, the Report will be available to the public at the registered office, on the "1info" authorised storage mechanism (www.1info.it) and on the website www.mondadori.it as from 22 March 2020.

In compliance with the provisions of Consob Regulation no. 17221 of 12 March 2010 and subsequent amendments on transactions with related parties, as implemented in the related procedures approved by the Board of Directors, the adoption and definition of the remuneration policy illustrated in this Report, as implemented with the involvement of a Remuneration & Appointments Committee (see below) comprised of independent directors, and its submission to the advisory vote of the Shareholders' Meeting, exempts the resolutions on the remuneration of the directors and Key Management Personnel from the application of the procedures envisaged by the aforementioned Consob provisions on related parties.

EXECUTIVE SUMMARY

SECTION I – REPORT ON THE REMUNERATION POLICY AND COMPENSATION PAID 2020

In accordance with the governance model adopted by the Company, market best practice, and the recommendations of the Corporate Governance Code sponsored by Consob, the remuneration policy is drawn up with a view to attracting, motivating and retaining people with the professional skills needed for the Group's growth and, at the same time, to ensuring the delivery of strategic Company objectives for the sustainable creation of value in the medium/long-term, to the benefit of the shareholders and key stakeholders.

As such, the priority of the remuneration policy is to maintain a strong link between remuneration and performance, in both the short and the long term, as the key factor in ensuring that the interests of management are aligned with those of the shareholders, for the continuous improvement of both individual and company performance.

Accordingly, the remuneration policy adopted envisages differentiated components of remuneration, in line with the following criteria:

- a correct balance between the fixed and variable components of both short-term and medium/long-term remuneration;
- performance objectives that are measurable and set in advance;
- maximum and minimum limits for variable MBO and LTI remuneration components;
- alignment between remuneration received and creation of value, over time, for the shareholders;
- clear definition of the possibilities for derogation.

In accordance with art. 123-ter of the TUF, **the Policy set out herein is valid for 2020** and will be presented for the approval of the Shareholders' Meeting on an annual basis.

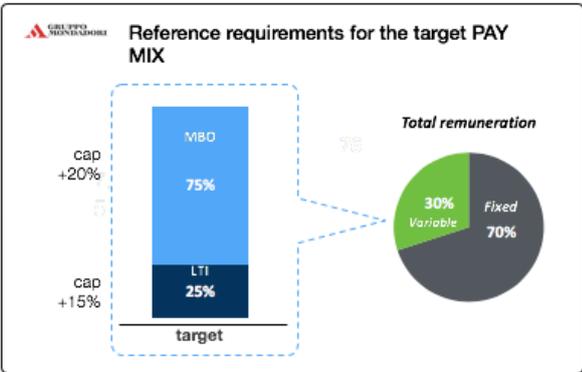
The purposes and characteristics of the main components of the Remuneration Policy adopted for the Executive Directors (*) and Key Management Personnel are summarised below:

Remuneration	Purpose	Characteristics
Fixed component	<p>The purpose of the fixed component is to remunerate the breadth of responsibility and the strategic importance of the role held</p>	<p>The fixed component is designed to provide correct remuneration of the position held based on criteria of internal and external equity, determined with respect to a specific market benchmark. <u>The fixed remuneration component has a weighting of no more than 70% of total compensation.</u></p> <p><u>In practice, the fixed remuneration component is currently 49% for the CEO, 58% for the CFO and 60% on average for other Key Management Personnel, none of whom exceed the limits indicated.</u></p>
Short-term variable component (MBO)	<p>The short-term variable component is designed to promote and render the link between economic reward and degree of attainment of annual objectives transparent.</p>	<p>Variable remuneration is awarded when pre-determined annual objectives are delivered. These are linked to business and financial performance indicators, both at the consolidated Group level and at the individual business area or corporate function level, which are set on the basis of budget figures and measured according to pre-defined objective criteria. For Key Management Personnel, the Group KPIs represent on average 40-50% of the individual MBOs. The variability of the actual bonus is between 90% and 110% (cap) of the target. The weighting of the short-term overall variable remuneration by target may not exceed 75% of the overall variable remuneration</p> <p>In practice, the MBO component currently envisaged for attainment of the target objectives, with regard to overall variable remuneration, is 33% for the CEO, 50% for the CFO and 62% for the other Key Management Personnel, none of whom exceeds the limits indicated.</p>

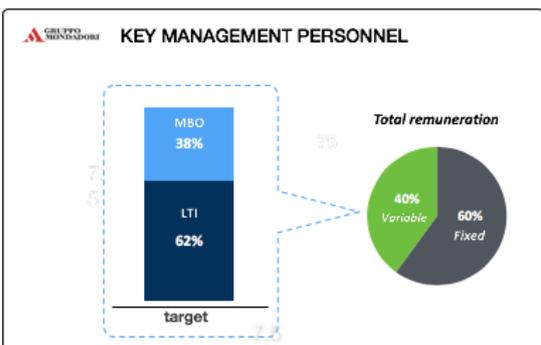
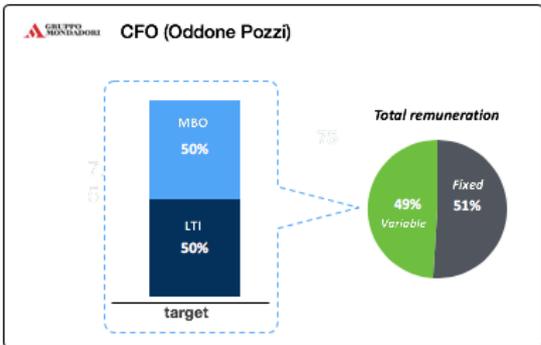
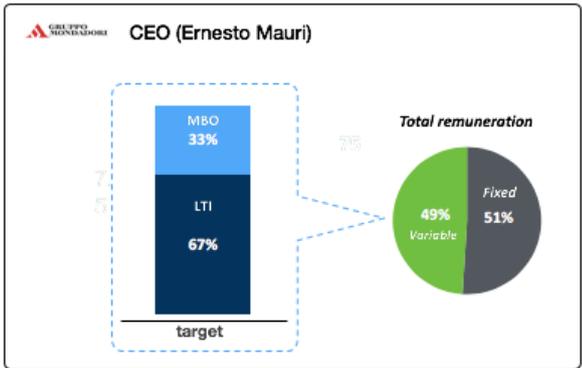
Remuneration	Purpose	Characteristics
<p>Medium/long-term variable component (LTI)</p>	<p>The long-term variable component is designed to promote the sustainability of corporate operations by aligning the interests of management and creation of recognised value for the shareholders over time</p>	<p>It is achieved through the assignment of shares (rolling Performance Share Plans) on attainment of pre-defined three-year objectives, relating exclusively to the Group, that are consistent with the strategies drawn up by the Company. Shares are assigned in relation to the position held and to criteria of internal and external equity, determined on the basis of market benchmarks. The performance conditions each represent 25% of the final result and are: cumulative Group Net Profit for the period, Total Shareholder Return (TSR) at the end of the period relative to the FTSE MIB All Share index (objectives related to shareholder remuneration), cumulative Group Ebit for the period, and cumulative Group Free Cash Flow for the period (operational indicators for valuation of shares and financial risk). The total variability of the actual bonus is between 90% and 115% (cap) of the target. Good and bad leaving conditions, claw-back and lock-up clauses are envisaged for 20% of the shares granted for 12 months.</p> <p><u>To guarantee an appropriate focus on long-term sustainability, the Policy establishes that the weighting in total compensation of the LTI variable component for attainment of the target objectives may not be less than 25% of the total variable remuneration.</u></p> <p><u>In practice, the LTI component in the pay mix is currently 67% for the CEO, 50% for the CFO and 38% for the other Key Management Personnel, none of whom exceeds the limits indicated.</u></p>
<p>One-off/Extraordinary bonuses</p>	<p>From a pay for performance standpoint, the assignment of one-off bonuses to managers of particular strategic significance who have distinguished themselves through exceptional individual efforts is considered a meritocratic mechanism that helps retain excellent personnel. These bonuses are paid under specific circumstances and after consultation with the relevant Committees, in accordance with the current corporate</p>	<p>Monetary amounts may be disbursed, through one-off bonuses not included in the variable components of remuneration or pre-defined variable bonuses, as occasional rewards for exceptional contributions to extraordinary operations or the completion of clearly identified specific projects. In the case of executive directors, assignment of these extraordinary bonuses is approved by the Board of Directors on a recommendation of the Remuneration & Appointments Committee, but is the responsibility of the CEO, after consultation with the Related Parties Committee, when envisaged by and compatible with corporate procedures/regulations.</p>

Remuneration	Purpose	Characteristics
Benefits	Benefits are economic rewards distinct from other forms of remuneration in line with market best practices.	The benefits package comprises supplementary life-medical insurance, a car, a fuel card and a health check-up. For foreign residents, benefits include housing and cars.

With reference to the above information, the chart shows the minimum requirements for the pay mix, as well as the target and maximum levels of the pay mix envisaged for Executive Directors* and Key Management Personnel.



*For Executive Directors, a major part of remuneration is tied to the delivery of specific set performance objectives determined in accordance with the guidelines contained in the general remuneration policy (6.P.2./6.P.4. Self-Governance Code), except as concerns the Chair, whose remuneration package consists solely of the fixed emoluments set by the Shareholders' Meeting and the Board of Directors.



A component linked to the Issuer's business results is not provided for Non-Executive Directors, in line with market best practices (6.P.2.- 6.C.4 Corporate Governance Code). Remuneration of non-executive directors is commensurate with the professionalism, competence and commitment required of each director, and also takes account of their participation in one or more board committees. A Fixed Component determined by the Shareholders' Meeting is recognised, plus, for directors who are members of committees, a fixed component determined by the Board of Directors, depending on the position held (Chair - Member).

For the *Related Parties Committee*, given the highly variable number of meetings, an attendance token has been established.

Remuneration of the members of the *Board of Statutory Auditors* consists solely of a fixed component, the amount of which is established by the Shareholders' Meeting.

At the closure of the first Performance Share Plan 2017 -2019, the following cumulative three-year objective attainment levels were recorded:

Results of the Performance Share Plan 2017-2019.	
Consolidated Group Objectives	% target attainment
KPIs: Group net profit	103%
Group Ebitda	103%
Free Cash Flow	129%
TSR	positive

Overall, the objectives of the Three-Year Plan were reached **106%**.

Of the KPIs, the TSR result (Total Shareholder Return) was particularly significant, and *well above* the mean result for FTSE MIB companies.

CONCLUSIONS

With reference to the remuneration of the Key Management Personnel, the weighting and percentages of the fixed and variable remuneration components for 2019 described above are well within the parameters indicated in the Policy and none of the Key Managers have compensation that does not comply with the minimum pay mix requirements indicated in the 2019 Remuneration Policy.

Furthermore, the outcome of the vote for the approval of Section I of the 2019 Remuneration Report showed *90% of votes in favour and 10% of votes against*. The 2020 Policy has been drawn up to introduce further improvements which, while ensuring continuity, enhance clarity and transparency in accordance with the latest legislation and best practices.

METHODOLOGICAL NOTE

The text of the Policy is written up with the support of national and international specialist consultancies (Pricewaterhouse Coopers – PWC) familiar with market best practices.

The remuneration structure and levels are monitored on a continuous basis through the data from surveys conducted by the Korn Ferry company and specific benchmarks developed by PwC and Willis Tower Watson.

SECTION I - REMUNERATION POLICY 2020

1 – Governance of the process for the definition of the Remuneration Policy

a) Bodies and Individuals involved

The Remuneration Policy (hereinafter also referred to as the "Policy") is approved and defined by the Board of Directors on the recommendation of the Remuneration & Appointments Committee (hereinafter also referred to as the "Committee"), established within the Board of Directors, with the composition, skills and operating methods described in point b) below.

Definition and implementation of the Policy in compliance with the principles and guidelines it sets forth is the responsibility of:

- the Board of Directors, with regard to the remuneration of executive directors and of the other directors vested with special offices in the Company;
- the Chief Executive Officer, who is supported by the Central Group Human Resources & Organisation Division, for the remuneration of Key Management Personnel.

The Manager of Central Group Human Resources and Organisation reports to the Committee on the effective implementation of the Policy at least once a year.

In light of the findings of the Report, the Committee then monitors and verifies that the implementation of the Policy respects the principles laid down, and reports to the Board of Directors.

b) Remuneration & Appointments Committee

- **Composition and appointment of the Committee**

The Committee was established by the Board of Directors in 2005. The Committee was established by the Board of Directors in 2005. In 2012, given the organisational requirements of the Company, the Board of Directors decided to group powers regarding appointments and remuneration into a single committee within the Board, known as the Remuneration & Appointments Committee.

The composition, appointment, powers and procedures of the Committee are governed in compliance with the recommendations of the current Corporate Governance Code.

The committee members in office at the date of this Report were appointed by resolution of the Board of Directors of 24 April 2018, and will remain in office until the end of the Board's term, and hence until the Shareholders' Meeting called to approve the financial statements as at 31 December 2020, unless there is a resolution to the contrary.

The Committee currently in office is composed of three non-executive directors, since they are not holders of individual management mandates and do not cover management positions within the company or companies belonging to the Mondadori Group, who are also independent. The members of the Committee have proven professional skills in the sector of reference, adequate knowledge and experience in financial and remuneration policy issues.

Remuneration Committee	
Angelo Renoldi	Chair Independent non-executive director
Elena Biffi	Independent non-executive director
Cristina Rossello	Independent non-executive director

- **Committee duties and functions**

In compliance with the recommendations of the Self-Governance Code, most recently with the resolution of 24 April 2018, the Board of Directors has tasked the Committee with the duties and functions, for investigation, consulting and proposal purposes, as summarised below.

Committee duties and functions

- ✓ the capacity to provide counsel and make recommendations to the Board of Directors in matters regarding remuneration policies for Directors and Key Management Personnel; the responsibility to carry out periodic checks – in conjunction with the Director of Central Group Human Resources and Organization – to ensure that the Remuneration Policy is being implemented in compliance with its principles, and then reporting their findings to the Board of Directors;
- ✓ to make recommendations to the Board of Directors regarding the remuneration of Directors holding key positions (e.g. Chairman, Chief Executive Officer, Executive Directors and Directors on committees);
- ✓ the task of making presentations to the Board of Directors regarding the Committee's work on identifying and laying down corporate guidelines aimed at retaining and motivating management personnel;
- ✓ the capacity to make recommendations on the implementation of Shareholder-approved Incentive Plans featuring the granting of financial instruments in accordance with Article 114-bis of Legislative Decree 58/1998;
- ✓ the task of expressing opinions to the Board of Directors on the size and composition of the Board and on whom it would be most appropriate to include as Board members, in addition to any limitations on the number of other positions a Board member may take on;
- ✓ the task of proposing new candidates for the position of director to the Board of Directors, in the event of an appointment by co-optation to replace an independent director.

- **Operating procedures of the Committee**

The Committee members meet and act collectively whenever the Chair deems it necessary, or at the request of the other members, and in any case with the frequency that is required for carrying out its functions. The Committee meetings can be held in any place, including locations other than the registered office of the Company. The presence of at least two members of the Committee is required in order for its resolutions to be valid.

Committee resolutions are carried by a simple majority and are contained in a report signed by all of the members participating in the meeting and by the Chair of the Board of Statutory Auditors, who attends the meetings without voting rights. A secretary selected by the Chair may also attend the meetings.

As is recommended by the Code, in relation to the proposed functions assigned to it by the Board of Directors, the Committee deliberates in the absence of those directly involved.

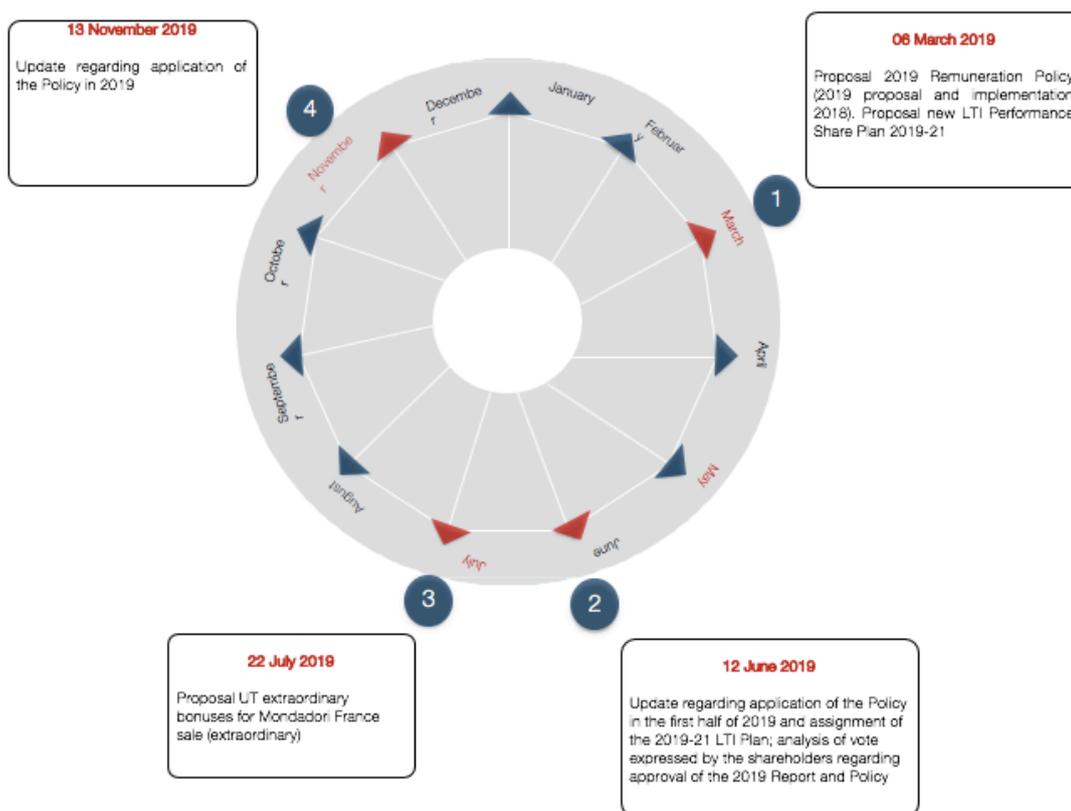
Specifically, a director will refrain from participating in Committee meetings in which his/her own remuneration package is being discussed for proposal to the Board of Directors.

The Committee has access to all the corporate information and functions necessary to the performance of its duties. Upon the request of the Committee Chair, managers of the company, or other individuals, may participate in the meetings to provide information or assessments on the individual items on the agenda.

- **Committee cycle of activities**

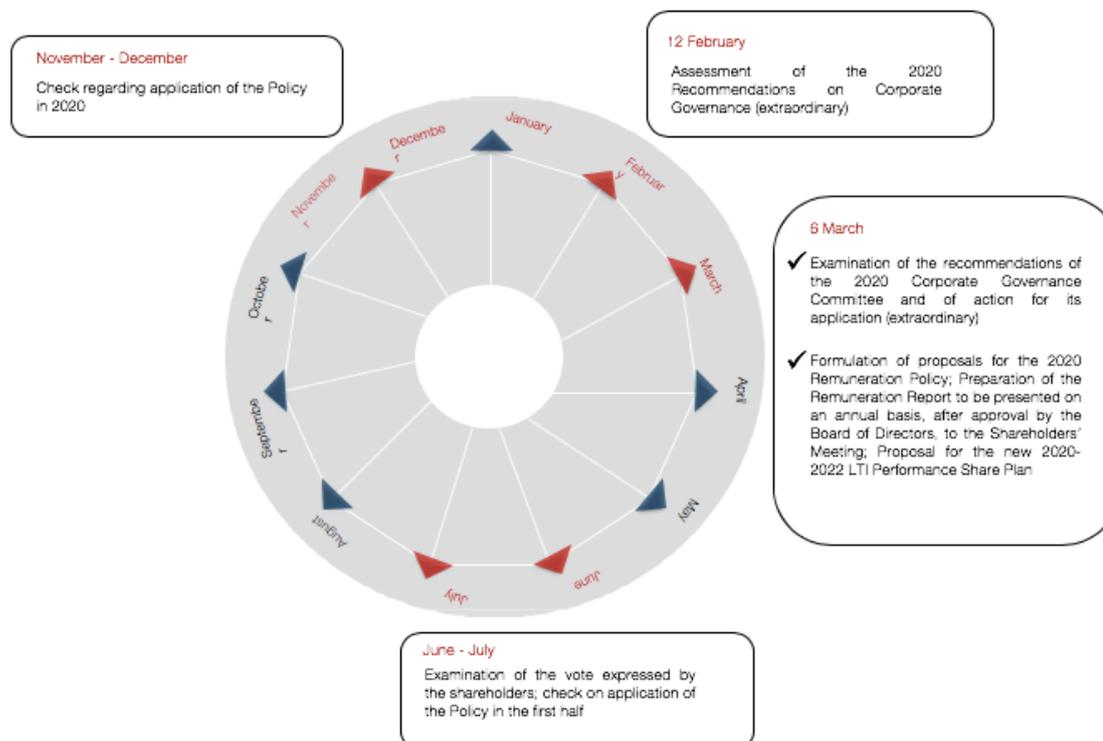
Activities carried out in financial year 2019

In financial year 2019, the Committee met four times, with 100% of the Committee members in attendance. Minutes were regularly taken for these meetings. The infographic below contains a summary of the dates and content of meetings held.



Activities scheduled for 2020

In 2020, the activities of the Committee will take place in implementation of the annual programme, as shown in the infographic below.



2 – Purposes of the Policy

In general terms, in line with the governance model adopted by the Company and the recommendations of the current Corporate Governance Code, the Policy is set in order to attract, motivate and ensure the loyalty of individuals who possess the professional qualities required to ensure that the main objective of creating sustainable value for the Company and the Stakeholders is met over the medium/long-term.

The alignment of management's objectives and the Company's strategies is the fundamental element that guarantees economic and social sustainability over time. To this end, maintenance of a strong and continuous correlation link between *remuneration* and *attainment of strategic targets* is identified as the focal point where the interests of the Shareholders and Stakeholders and those of management meet.

It follows that a significant part of the overall remuneration of executive directors and Key Management Personnel is linked to the achievement of specific short and

medium/long-term objectives, determined with reference to performance both at a consolidated level and in specific business areas or functions, and to the share price as a concise representation of the market's appreciation of the Company's value.

3 – General Principles of the Policy

In keeping with the general purposes outlined above, the Policy is based on the following principles:

- an appropriate balance between the fixed component and the variable component, based on the Company's strategic objectives and risk mitigation policy, as well as on the line of business involved and the nature of the work that has actually been carried out;
- the establishment of limits on variable remuneration;
- pre-determination and measurability of performance objectives related to the disbursement of variable components;
- promotion of the sustainability of operations through deferment of an important remuneration component, part of which is linked to attainment of Total Shareholder Return objectives.

4 - Duration of the Policy

The current Remuneration Policy is valid for one year; in order to guarantee continuous consistency with strategic objectives and current conditions it will be critically reviewed and submitted for the consideration of the Shareholders' Meeting every 12 months.

The Policy in question will therefore be valid until approval of the financial statements for 2020.

5 – Approach Used in Drawing up the Policy

The Policy content was drawn up with the support of leading specialist consultancies such as Willis Tower Watson e PwC. The principles and content, and the remuneration and treatment described were drawn up with reference to best practices and market benchmarks.

The 2020 Policy was drawn up with the support of PwC, a consultancy with specific expertise in governance and compensation systems and with experience on both the Italian and international markets. In order to analyse the management remuneration systems and, specifically, the definition of the Performance Share Plans, the Mondadori Group together with PwC referred to market best practices, benchmarks and comparison with a panel of peer companies created with attention to size, sector and business complexity.

For 2020, particular attention was paid to the *Shareholders' Rights Directive 2* and its application in Italian legislation.

6 – Policies for Fixed and Variable Remuneration Components

The content of the Remuneration Policy is structured according to different principles and procedures regarding fixed components and short, medium or long-term variable components, based on the different types of recipients, as described below.

6.1 Non-executive directors

Non-executive directors are directors who do not hold individual management authority or executive positions in the Company or in other legal entities belonging to the Group.

Non-executive directors are entitled to a fixed pay that is determined by the Shareholders' Meeting at the time of their appointment.

At the recommendation of the Remuneration & Appointments Committee, and with the approval of the Board of Statutory Auditors, the Board of Directors may determine an additional amount of fixed pay depending on participation in committees instituted by the Board of Directors itself.

The principle underlying this procedure is to pay a lump sum as compensation to the non-executive members of the Board of Directors.

The compensation of the non-executive directors is not linked to the Company's economic performance or the economic performance of the Group as a whole, nor is it linked to any type of performance objective in general, but is determined taking into account the level of professionalism and commitment required.

6.2 Statutory Auditors

The compensation of the members of the Board of Statutory Auditors consists solely of a fixed amount; the Shareholders' Meeting has approved an overall amount to remunerate the Statutory Auditors for their work and commitment on behalf of the Company.

6.3 Executive directors

6.3.1 Directors vested with particular duties in the Issuer under the Articles of Association (Chair/CEO)

The directors with particular duties in the Issuer will receive, in addition to the fixed remuneration as above in their capacity as directors, remuneration (in fixed and/or variable form) as determined by the Board of Directors for the performance of the specific duty assigned to them, in compliance with the specific proposal of the Committee and the favourable opinion of the Board of Statutory Auditors, also pursuant to art. 2389, paragraph 3, of the Italian Civil Code.

The variable remuneration component of the CEO is determined by the Board of Directors on a specific proposal of the Committee and with the favourable opinion of the Board of Statutory Auditors, and in compliance with the criteria set out in the section below applicable to Key Management Personnel, so as to achieve maximum alignment of intent between the CEO and the other Key Management Personnel.

6.3.2 Directors vested with particular duties in a subsidiary of the Issuer of strategic importance (Chair/CEO of the subsidiary)

The remuneration of executive directors tasked with particular duties in a subsidiary of the Issuer that has strategic significance (i.e., the CEO and chair of a subsidiary of strategic significance when they are given individual management mandates or when they have a specific role in the setting of corporate strategies) – in addition to the fixed remuneration determined by the Issuer's Shareholders' Meeting at the time of their appointment as directors – is determined by the competent corporate bodies of the subsidiary, with regard to the position held in the subsidiary. In accordance with the principles and parameters set out below for Key Management Personnel, the remuneration is determined with the support of the Central Group Human Resources & Organisation Division.

A variable remuneration component may be determined and attributed by the relevant subsidiary bodies, also on the proposal of the Issuer's Chief Executive Officer, taking account of the strategic and performance objectives of the subsidiary, which must be predetermined, measurable and linked with the creation of value.

6.3.3 Executive directors for managerial duties in the Issuer (see managerial duties connected with the office of central manager – finance, procurement and IT systems)

Executive directors with managerial duties with the Issuer, in addition to the fixed remuneration as determined by the Shareholders' Meeting at the time of their appointment, will receive, at the determination of the Chief Executive Officer through the Central Group Human Resources & Organisation Division, a remuneration package in accordance with the criteria set out in the section below for the remuneration of Key Management Personnel.

6.4 Key Management Personnel

As stated in Regulation no. 17221 of 12 March 2010 concerning related-party transactions, as taken from IAS 24, Key Management Personnel are individuals, including directors, with authority and responsibility for planning, managing and controlling the activities of the Company, directly or indirectly, and for making decisions that may affect the results, prospects and development of the Company itself.

In relation to this principle, Key Management Personnel are identified as:

1. *executive directors*, in their capacity as directors holding individual management powers or management positions in the Company;
2. the *Managers* of the main *activity and business areas* in which the Mondadori Group operates;
3. the *Central Managers* of the Corporate Functions.

The total remuneration package attributed to Key Management Personnel, in line with the responsibilities associated with the exercise of operational powers in the management of the Company, is related to the size of the managed business and the ability to contribute to the Group's consolidated results and is verified, with the support of specialised consultancies, in relation to market benchmarks. It consists of the following elements:

- i) annual fixed component;
 - ii) annual variable component (MBO);
 - iii) medium/long-term variable component (LTI).
 - iv) non-monetary benefits;
-
- i) the *fixed component* consists of the basic salary and other forms of remuneration of a non-variable nature, and has a percentage *not exceeding 70%* of the total remuneration;
 - ii) the *annual variable component (MBO)* is attainable upon achievement of pre-defined annual quantitative targets correlated to performance indices both at consolidated Group level and at the individual business or Central Function

level, and is *not more than 75%* of the total variable remuneration (not less than 30% of total remuneration).

The Key Performance Indicators used (KPIs, as shown in the table below), normally taken from budget data, are usually quantitative; qualitative objectives are envisaged only in specific circumstances related to Group strategic priorities and are in any case linked to objective elements of evaluation (e.g. project timing or completion); they are therefore only partially subject to discretionary evaluation.

To guarantee the method used, the objectives, identified by the Chief Executive Officer, with the sole exception of those relating to his/her own MBO as established by the Board of Directors, are certified by the Group Management Control, both in the allocation and final accounting phases, and the process guarantees the traceability and transparency of each phase.

The composition of the MBOs for top management is structured so as to ensure assessment and monitoring of the main aspects of management.

Performance indicators balancing in the MBO system		
Role	Consolidated Group Objectives	Business area objectives
Chief Executive Officer	<p style="text-align: center;">100%</p> <p>Group Net Profit/Ebitda/Ebit</p> <p>KPIs Revenue</p> <p>Financial ratios (Free Cash Flow/NFP)</p>	
General Managers	<p style="text-align: center;">80-70%</p> <p>Group Ebitda/Ebit</p> <p>KPIs Financial ratios (Free Cash Flow/NFP)</p>	<p style="text-align: center;">20-30%</p> <p>KPIs Managed costs</p>
Business Unit General Managers	<p style="text-align: center;">40-50%</p> <p>Group Ebitda/Ebit</p> <p>KPIs Financial ratios (Free Cash Flow/NFP)</p>	<p style="text-align: center;">60-50%</p> <p>KPIs Area Ebitda/Ebit</p> <p>Area financial ratios (Free Cash Flow/NFP)</p> <p>Area Revenue</p>

 weight

The mechanism for calculating remuneration linked to annual MBOs provides for a minimum access threshold for disbursement **equal to 90%** of the assigned objectives and a maximum payable compensation (cap) **equal to 120%**, of the basic bonus, obtainable only when **110% of objectives are reached or exceeded**.

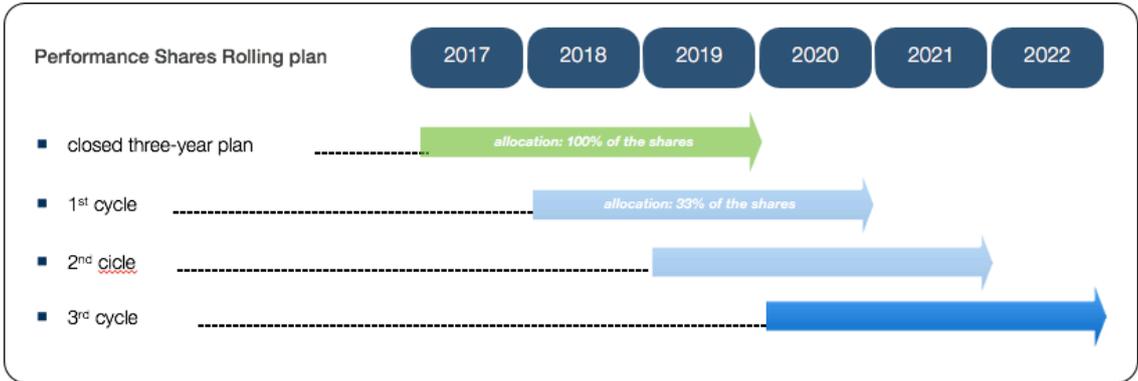
The definition of target levels for annual objectives (MBO) is linked to the general achievement of performance objectives referred to budget forecasts, as indicated

by the Board of Directors. The comparison of final data with the assigned objectives determines the extent of the variable component of remuneration payable.

Target achievement - Payment of bonuses		
Achievement levels	less than 90%	0
	90-100%	reduced by 5% (95-50%) for each lower point
	100%	100%
	100-110%	increased by 2% (102-120%) for each higher point
	more than 110%	120% (cap)

iii) the medium/long-term variable component (LTI). Since 2017, Mondadori has adopted performance share plans, which assign Mondadori shares at the end of a three-year vesting period upon attainment of pre-determined three-year objectives.

In 2018, the Shareholders' Meeting approved a move to rolling performance share plans, which envisage annual assignment cycles linked to three-year objectives, aligned with the updated strategic plans approved each year by the Board of Directors. The 2020 Policies provide for the start of the third assignment cycle under the performance share plan.

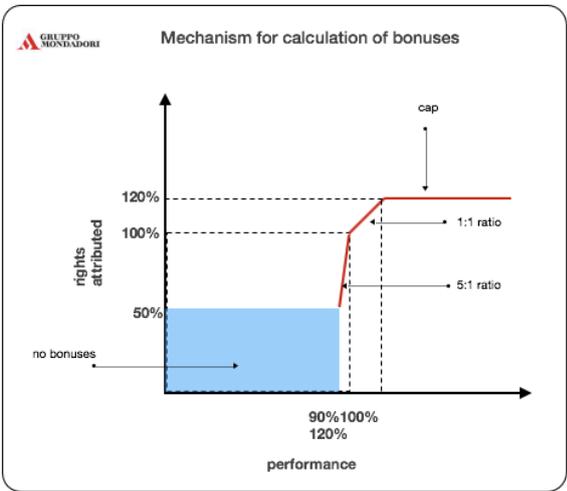


Performance shares are a best practice adopted by the majority of peer companies, and have the advantage of creating a close link between the performance of the Company's executive managers and its strategic objectives. The amount of the bonus is a concise representation of the market valuation of short-term profitability and medium/long-term business sustainability.

The three-year **performance objectives** to which assignment of shares is linked are of two types:

1. Objectives related to shareholder remuneration
 - Cumulative Group *net income* over the period
 - *TSR – Total Shareholder Return* at the end of the period (comparison between the performance of the share and the performance of the shares listed on the FTSE MIB All Share index)
2. Management indicators for the valuation of the stock and financial risk
 - Cumulative Group EBIT over the period
 - Cumulative Group Free Cash Flow over the period

Each of these objectives is a factor (25%) in the composition of the overall performance result, while the recognition of the right to receive shares is commensurate with the degree to which the target is reached at the end of the vesting period. The mechanism for the calculation of the number of shares due establishes, for the cumulative Group objectives of Net Income, EBIT and Free Cash Flow, an access threshold of 90% of the target, with allocation of 50% of the shares, a correspondence of the full result with 100% of the bonus and a 120% cap if the three-year objectives are exceeded. The TSR objective is an on-off mechanism.



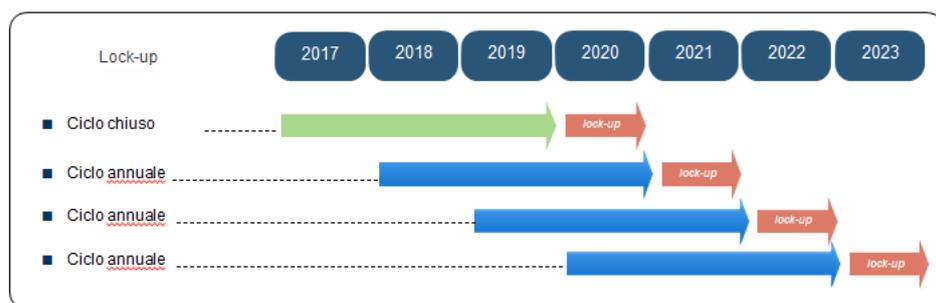
Description of the correlation between performance and rights attributed for Net Income, EBIT and Free Cash Flow

The recipients of the Performance Share Plan are the Group's Key Management Personnel and some second-line managers.

Consistently with the three-year mandate of the current CEO, which expires with the Shareholders' Meeting to approve the financial statements as at and for the year ended 31.12.2020, with the approval of the 2018-2020 and 2019-2021 Plans, the Shareholders' Meeting has already established that the medium/long-term remuneration of the CEO be linked only to the three-year cycles most greatly influenced by the CEO's management and steering responsibilities, since 2020 performance was already taken into account in both of the previous plans. Consequently, the CEO is not one of the recipients of the cycle that begins in the last year of his current mandate (2020-2022 Plan).

At the end of the three-year vesting period, a lock-up period comes into effect requiring that at least 20% of the shares granted be kept in portfolio for a minimum of 12 months, in order to consolidate management alignment with the matters stakeholders regard as relevant, over the short and long term, summarised in the performance of the share price.

Should the Board of Directors consider it appropriate to link the value of potential monetary remuneration more closely to the future market valuation of the Company, it may increase the portion of shares subject to lock-up.



Since these remuneration elements are also intended to strengthen the loyalty of the roles of greatest strategic importance for the governance of the Company over the long term, termination of employment during the vesting period signifies for so-called **bad leavers** the automatic loss of the right to be assigned shares, while for **good leavers** the beneficiary retains the right to receive the bonus, for an amount established on a *pro-rata temporis* basis at the date of termination, without prejudice to the attainment of the performance objectives considered over the normal three-

year period of the Plan. The bonus actually accumulated will be computed and assigned in accordance with the Regulation (1)

- (1) The term good leaver refers to cases where employment is terminated due to:
- (a) total and permanent invalidity of the beneficiary;
 - (b) death of the beneficiary
 - (c) retirement of the beneficiary
 - (d) resignation or termination of the contract on the initiative of the beneficiary for just cause
 - (e) non-renewal of the mandate for beneficiaries who are exclusively directors

In the event of termination of the contract during the vesting period for good-leaver-related reasons, the beneficiary retains the right to receive the bonus, for an amount determined on a *pro-rata temporis* basis at the date of cessation of the contract, without prejudice to attainment of the performance objectives as per art. 8 considered over the normal three-year performance period envisaged by the Plan. The bonus actually accumulated will be computed and assigned in accordance with this Regulation.

The Board of Directors or the CEO if so mandated by the Board of Directors, may establish more favourable conditions, except when the beneficiary is the CEO or the executive director CFO.

With regard to the Performance Share Plan, subject to the approval of the Board of Directors on 17 March 2020 upon the recommendation of the Remuneration & Appointments Committee of 6 March 2020, and to the approval of the Shareholders' Meeting of 22 April 2020, reference should be made to the description in the information document(s) published pursuant to art. 84-*bis* of the Issuers Regulation and available on the website www.mondadori.it (Governance section).

In the case of projects of importance for strategic development that impact only a specific business area and have a duration of at least two years (for example but not limited to, extraordinary transactions, business restructuring/recovery/re-organisation /innovation projects, etc.), the Company may introduce monetary incentive systems based on long-term objectives for the manager responsible for the implementation of the projects. In any case, the amount of the bonus assigned under this system will be established with reference to the maximum limits and the pay mix defined by the remuneration policies and will not constitute an additional bonus for the recipient.

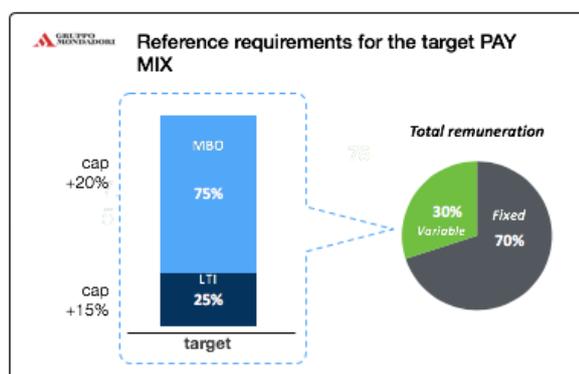
A Key Manager who is the recipient of a plan of this type will receive the pre-defined compensation at the end of the long-term period, based on attainment of the pre-determined objectives and on calculation mechanisms linking the result achieved and the value of the bonus similar to those already described for the Performance Share Plan. Currently, only one Key Manager is the recipient of a monetary three-year plan.

- iv) non-monetary benefits include, in addition to those envisaged by the relevant national contract and in line with the benefits normally provided by the main peer companies on the national and international market, a medical check-up, life and medical insurance in addition to compulsory insurance cover, a car and use of a fuel

card. Key Management Personnel assigned by the Group to live and work outside Italy also receive housing benefits and a car.

The combination of annual and medium/long-term remuneration components is a variable percentage, whose target is not less than 30% of the total annual remuneration.

As part of the overall variable remuneration, the component related to medium/long-term performance will be no less than 25% of variable remuneration on an annual basis, to foster the medium/long-term sustainability of operations.



7 – Claw-back clause

Provision has been made for a claw-back mechanism through which the variable components of remuneration already paid can be claimed back if earned on the basis of data that was later shown to be manifestly inaccurate, or through which repayment can be claimed of all incentives relative to the financial year (or financial years) in reference to which information is found to have been maliciously altered for the purpose of achieving the results and earning the bonus. Similarly, repayment can be required in the event of serious and intentional violations of laws and/or regulations, the Code of Conduct adopted by the Company, or Company procedures.

This principle is formalised within the regulation, which is available for viewing on the Company intranet.

8 – Extraordinary Transactions

In the event of extraordinary transactions regarding the Group, including but not limited to, corporate acquisitions or disposals, asset disposals, mergers or spin-offs, transfers or conferrals of business units, impairment, capital transactions, financial or equity transactions able to impact the market value of the share, and legislative or regulatory amendments with the potential to significantly influence

the performance objectives, after consulting with the Committee, the Remuneration & Appointments Committee recommends to the Board of Directors, if and when it deems necessary, to make all appropriate changes and additions to maintain unchanged the essential and financial contents of the Plans and the KPIs underlying the medium/long-term incentive systems.

Similar changes may be made, subject to approval by the aforementioned bodies, to the common management KPIs underlying short-term incentive systems. The CEO has the power to introduce variations in the targets of the MBOs of Key Management Personnel, which, in the same cases, may concern only specific business areas.

9 – One-off Extraordinary Bonuses and Special Projects

From a pay-for-performance standpoint, the payment of one-off amounts to managers with particular strategic significance who have distinguished themselves through exceptional individual efforts is considered to constitute a significant differentiation and meritocratic selection mechanism for retention of excellent personnel.

Consistently with this, monetary amounts not included in the variable components of remuneration may be paid to reward, on an *una tantum* basis or through assignment of pre-defined variable bonuses linked to completion of specific projects, the contribution of a manager to an extraordinary operation, non-recurring business or service re-organisation, re-positioning or restructuring projects, assumption of multiple ad interim responsibilities or exceptional performance in response to the challenge of a particularly difficult market situation.

The consistency of the disbursement of these rewards with the listed cases and purposes is subject, for the directors, on the recommendation of the Remuneration & Appointments Committee, to the assessment and approval of the Board of Directors, and assigned to the CEO, supported by the Central Group Human Resources & Organisation Division, after consultation with the Related Parties Committee where envisaged and in accordance with the current company procedure/regulations.

10 – Treatment in the event of Termination of Office or Employment

For Key Management Personnel, the Company does not provide for agreements covering the termination of office or the employment relationship that are not compliant with the recommendations of the Corporate Governance Code, laws, and relevant collective contracts.

With regard to the Performance Share Plans, reference is made to the good leaving or bad leaving provisions, while more favourable conditions are allowed, subject to approval by the Board of Directors on the proposal of the Remuneration & Appointments Committee after consultation with the Related Parties Committee where envisaged and in compliance with current company procedures and regulations, only in cases of mutually agreed termination or non-renewal of the mandate for beneficiaries who are exclusively directors.

For directors with specific duties, reference is made to existing laws and to recognised practices.

Ex-ante termination or repatriation agreements are only allowed with reference to Key Managers residing abroad for a Group appointment, and only following a change of company control or the termination/disposal of the relevant areas of activities managed.

SECTION II – REMUNERATION AND COMPENSATION PAID IN THE FINANCIAL YEAR 2019

This section of the Report presents each of the items that make up the remuneration of the directors and the Key Management Personnel of the Group, indicating compliance with the Policy described in the first section of the document published in 2019.

PART ONE – IMPLEMENTATION OF THE POLICY

During the 2019 financial year, the implementation procedures of the Remuneration Policy were applied in compliance with the general purposes, the reference principles and the procedures indicated in section I of the Remuneration Report approved by the Board of Directors, on a proposal by the Remuneration Committee, on 14 March 2019, and passed with a favourable resolution with respect to the first section by the Ordinary Shareholders' Meeting of 17 April 2019.

In accordance with the above, the line items comprising the remuneration paid in 2019 to the members of the administrative and control bodies and Key Management Personnel are set out in accordance with principles and methods that differ in relation to the fixed and variable components and to the different types of recipients.

Reference is made to tables 1, 3A and 3B for the representation of point values:

A - Remuneration of Directors

Non-executive directors

In accordance with the definition in Section I, non-executive directors are directors who do not hold individual management powers or executive positions in the Company or in other legal entities belonging to the Group.

The following was disbursed during the 2019 financial year, in line with the procedural procedures defined in the Policy:

- fixed annual compensation due for the role of director, including non-executive directors, determined by the Ordinary Shareholders' Meeting of 24 April 2018. The Shareholders' Meeting determined a fixed annual lump sum of € 10,000, disbursed in equal amounts to all directors, with a 50% supplement for the Chair. The individual sums paid out in 2019 are in line with the sums paid out for the previous three-year term of the Board of Directors;

- additional annual fixed compensation due to non-executive directors members of the Internal Committees of the Board (Control & Risk Committee and Remuneration & Appointments Committee) determined by the Board of Directors on 15 May 2018, on the proposal of the Remuneration & Appointments Committee and with the favourable opinion of the Board of Statutory Auditors pursuant to art. 2389 of the Italian Civil Code.
The individual sums paid out in 2019 are in line with the sums paid out during the previous three-year period:
 - € 25,000 for the Chair,
 - € 20,000 for directors who are Committee members.

Additional fixed remuneration has been decided upon for directors who sit on the Related Parties Committee for whom, in consideration of the low number of meetings that took place during the year, the attendance fee has been set at € 2,000 for each Director who is a member of the Committee, and an additional 50% for the Chair. The Related Parties Committee held one meeting in 2019, for which € 3,000 were disbursed to the Chair and € 2,000 to the members.

The compensation of non-executive directors is not linked to the Company's economic performance nor to that of the Group as a whole, nor is it linked to any type of performance objective in general.

Directors holding key positions, in accordance with the Articles of Association: Chair and Chief Executive Officer

In the 2019 financial year:

- the compensation of the CEO Ernesto Mauri was consistent with the resolution carried by the Board of Directors on 15 May 2018, with the favourable opinion of the Remuneration Committee of 10 May 2018 and was not subject to variations.

The remuneration of the CEO, based on a benchmark conducted by the company Willis Tower Watson, is in line with that of comparable companies which, like Mondadori, rank on the 3rd quartile of the market.

This compensation, in line with the principles and purposes of the Policy, is as follows:

- a) **fixed component**: fee for the role of € 1,100,000 and consideration relating to the non-competition agreement, with a duration corresponding to the validity of the mandate, in addition to one year after its expiry, for an amount of € 350,000;
- b) **variable short-term component (MBO)**: relating to objectives for a single financial year for € 500,000 Euro per target;

Performance indicators in the 2019 MBO system		
Role	Consolidated Group	% target attainment
Chief Executive Officer	KPIs	
	Group net profit	103%
	Group Ebit	113%
	Revenue	100%
	Free Cash Flow	129%

c) Financial objectives linked, as for Key Management Personnel, to strategic targets set in the Three-Year Plans and TSR at the end of the period:

- with reference to 2018, as approved by the Board of Directors on 14 March 2019, the CEO was assigned a target bonus in shares with a nominal value at assignment equivalent to € 1,500,000 conditional upon achievement of the 2018-2020 Plan, with the assignment of 704,556 rights;
- with reference to 2019, as approved by the Board of Directors on 14 March 2019, the CEO was assigned a target bonus in shares with a nominal value at assignment equivalent to € 1,500,000 conditional upon achievement of the 2019-2021 Plan, with the assignment of 888,626 rights;

In September 2019, as approved by the Board of Directors on 30 July with the favourable opinion of the Remuneration Committee and the Related Parties Committee, the CEO received an extraordinary one-off bonus in connection with the successful outcome of the project for the sale of the subsidiary Mondadori France.

- The amount of the compensation of Chair Marina Berlusconi, as resolved by the Board of Directors on 15 May 2018, has not changed with respect to that paid for the previous three-year period, which consisted of a fixed annual remuneration

set at € 500,000 in accordance with the specific proposal of the Remuneration & Appointments Committee and with the favourable opinion of the Board of Statutory Auditors pursuant to art. 2389 of the Italian Civil Code.

B – Remuneration of Key Management Personnel

According to the definition cited in Section I, Key Management Personnel are individuals, including directors, that have authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, and for making decisions that may affect the financial results, prospects and development of the Company itself.

During 2019 Pierluigi Bernasconi resigned as CEO of Mondadori Retail S.p.A. with effect from 31 July 2019. With effect from 1 August 2019 the position of CEO of Mondadori Retail S.p.A. was taken by Carmine Perna. On 31 July 2019 Arnoldo Mondadori Editore announced that it had completed the sale of the subsidiary Mondadori France S.a.s. as a result of which, on the same date, the post of Carmine Perna as the General Manager of the Periodici Francia BU terminated.

As a result of the above organisational changes, as of 31 December 2019, the Key Management team was as follows:

Key Management Personnel (at 31/12/2019)	
Carlo MANDELLI	General Manager Media Business Unit
Carmine PERNA	General Manager Retail Business Unit
Antonio PORRO	General Manager Books Business Unit and Educational
Daniele SACCO	General Manager Human Resources & Organisation
Enrico SELVA CODDÈ	General Manager Trade Books Area

The following persons also fall under the category of Key Management Personnel:

Ernesto Mauri	Chief Executive Officer.
Oddone Maria Pozzi	Executive Director General Manager Finance, Procurement and IT Systems

The positioning of the remuneration of the Key Management Personnel, with prior reference to the 3rd market quartile, was verified with a benchmark survey conducted by PwC.

During the year, the compensation of the Key Management Personnel of the Mondadori Group was unchanged except in relation to the sale of the Periodicals France business and the changes in top management in the Retail business.

With reference to the Key Management Personnel, and with the qualification that the amounts set out below do not include the compensation of the CEO, described above:

- i. the fixed component, consisting of the basic salary and other non-variable monetary components, was € 420,000 for the CFO and € 2,063,943 for the other Key Management Personnel.
- ii. the annual variable component (MBO), which is paid out based on the level of achievement of annual budget targets.

Once again in 2019, the composition of the objectives consisted 40% of Group economic indicators (70-80% for General Managers of Corporate Functions) and 60% of specific business or central function economic indicators.

In terms of MBO bonuses, the total payable value was close to 100% of the target value, *in line with the good overall performance of the Group in 2019.*

Specifically, the following structure emerged for short-term indicators:

Performance indicators balancing in the 2019 MBO system			
Role	Consolidated Group Objectives		General manager objectives / Business Area
General Managers (CFO,HR)	KPIs	Group Ebit (CFO, HR) 	Managed costs (CFO, HR) 
		Free Cash Flow (CFO, HR) 	
		Labour cost (HR) 	
Heads of Business Units	KPIs	Group Ebit - 	Area Ebit 
		Free Cash Flow 	Area Free Cash Flow - Area Revenue 

 weight

iii. the medium/long-term variable component (LTI).

In 2019 the second cycle of the new “Rolling Performance Share Plan 2019-2021” began, as approved by the Board of Directors and the Shareholders’ Meeting. The value of assignments for the Key Management Personnel relating to the 2019-2021 assignment cycle was 88,000 rights for the CFO and 246,840 rights for the other Key Management Personnel, corresponding to a nominal fair value at assignment of € 121,653 and € 337,925 respectively.

The Plan covers the three-year period 2019-2021 and involves the assignment of a bonus of Company shares to reward the achievement, over the three years, pre-determined quantitative objectives.

The KPIs used to assess the level of attainment of the objectives were unchanged with respect to the objectives of the previous 2018-2020 assignment cycle, as follows:

Performance Targets 2020-22				
Role	Consolidated Group Objectives		% target attainment	bonus (%)
Objectives related to shareholder remuneration	KPIs	Net profit 	90%-120%	50%-120%
		Total Shareholder Return (TSR) 	on-off	0%-100%
Target performance for valuation of shares	KPIs	Group Ebit 	90%-120%	50%-120%
		Free Cash Flow 	90%-120%	50%-120%

 weight

As for the CEO, following the successful outcome of the sale of Mondadori France, the Board of Directors with the favourable opinion of the Remuneration Committee and the Related Parties Committee approved the disbursement of an extraordinary bonus to the Key Managers involved, as per the minutes of 30 July 2019.

The 2019 financial year marked the close of the first LTI Performance Share Plan 2017-2019 assigned to the Key Management Personnel and not to the CEO, since the CEO was still a beneficiary of the previous LTI Cash Plan (2015-2017) at the time of the assignment.

The data confirm full attainment of the three-year objectives, which were achieved overall by 106%.

Results of the Performance Share Plan 2017-2019.	
Group Cumulative Three-Year	Result vs. target
KPIs: Group net profit	100%
Group Ebitda	103%
Free Cash Flow	129%
TSR	positive

With reference to the remuneration of the Key Management Personnel, the weighting and percentages of the fixed and variable remuneration components for 2019 described above are well within the parameters indicated in the Policy and none of the Key Managers have compensation that does not comply with the minimum pay mix requirements indicated in the 2019 Remuneration Policy.

C – Severance Pay in the event of Early Termination of Employment

During 2019, in compliance with the principles of the Policy, severance pay was paid to one Key Manager, who resigned on 31/07/2019. The severance pay was established for amounts in line with the remuneration envisaged for directors and with the regulations governing the variable components of remuneration.

The total amount is shown in table 1.

PART TWO – ANALYTICAL DESCRIPTION OF COMPENSATION PAID OUT DURING THE YEAR

Schema 7-bis: Remuneration Report

TABLE 1: Compensation paid out to the members of the Board of Directors, the members of the Board of Statutory Auditors, the general managers and the other Key Management Personnel.

TABLE 2: Stock Options assigned to the members of the Board of Directors, the general managers and the other Key Management Personnel. [The table is not filled in because there are no stock option plans active for the year in question].

TABLE 3A: Equity incentive plans not based on stock options, for the members of the Board of Directors, the general managers and the other Key Management Personnel

TABLE 3B: Cash incentive plans for the members of the Board of Directors, the general managers and the other Key Management Personnel

Schema n. 7-ter: Schedule setting out information on the equity interests held by the members of the Board of Directors, the members of the Board of Statutory Auditors, the general managers and the other Key Management Personnel

Table 1: Equity interests of the members of the Board of Directors, the members of the Statutory Board of Auditors and the general managers

Table 2: Equity interests of the other Key Management Personnel

2019

TABLE 1: Compensation paid to the members of the Board of Directors, the members of the Board of Statutory Auditors, the general managers and the other Key Management Personnel.

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Surname and Name	Office	Period for which the position was held	Expiration of Term of Office	Fixed compensation	Compensation for participation in committees	Non-equity variable compensation		Non-monetary benefits	Other compensation	Total	Fair Value of equity compensation	Severance pay for termination of office or employment
						Bonuses and other incentives	Profit sharing					
Berlusconi Marina Elvira	Chair	01/01/2019 - 31/12/2019	Approval of 2020 Financial Statements	15.000,00 a) 500.000,00 b)						515.000,00		
Mauri Ernesto	Chief Executive Officer	01/01/2019 - 31/12/2019	Approval of 2020 Financial Statements	10.000,00 a) 1.100.000,00 b)		750.000,00		9.930,00	350.000,00 l)	2.199.930,00	652.104,12	
Pozzi Oddone Maria	Director	01/01/2019 - 31/12/2019	Approval of 2020 Financial Statements	10.000,00 a) 420.000,00 b)		249.000,00		9.228,00		688.228,00	65.210,41	
Ainio Paolo Guglielmo Luigi	Director	01/01/2019 - 31/12/2019	Approval of 2020 Financial Statements	10.000,00 a)						10.000,00		
Berlusconi Pier Silvio	Director	01/01/2019 - 31/12/2019	Approval of 2020 Financial Statements	10.000,00 a)						10.000,00		
Billi Elena	Director	01/01/2019 - 31/12/2019	Approval of 2020 Financial Statements	10.000,00 a)	20.000,00 e)					32.000,00		
Carrò Francesco	Director	01/01/2019 - 31/12/2019	Approval of 2020 Financial Statements	10.000,00 a)						10.000,00		
Forneron Mondadori Martina	Director	01/01/2019 - 31/12/2019	Approval of 2020 Financial Statements	10.000,00 a)						10.000,00		
Gianguatano Patrizia Michela	Director	01/01/2019 - 31/12/2019	Approval of 2020 Financial Statements	10.000,00 a)	20.000,00 g)					30.000,00		
Pellegrino Danilo	Director	01/01/2019 - 31/12/2019	Approval of 2020 Financial Statements	10.000,00 a)						10.000,00		
Poli Roberto	Director	01/01/2019 - 31/12/2019	Approval of 2020 Financial Statements	10.000,00 a)						10.000,00		
Renoldi Angelo	Director	01/01/2019 - 31/12/2019	Approval of 2020 Financial Statements	10.000,00 a)	25.000,00 e)				20.000,00 i)	78.000,00		
					3.000,00 f)							
					20.000,00 g)							
Resca Mario	Director	01/01/2019 - 31/12/2019	Approval of 2020 Financial Statements	10.000,00 a)						10.000,00		
Rossello Cristina	Director	01/01/2019 - 31/12/2019	Approval of 2020 Financial Statements	10.000,00 a)	20.000,00 e)					57.000,00		
					2.000,00 f)							
					25.000,00 g)							
Fornasiero Sara	Chair of the Board of Statutory Auditors	01/01/2019 - 31/12/2019	Approval of 2020 Financial Statements	60.000,00 a)					25.000,00 i)	85.000,00		
Minutillo Flavia Daunia	Standing Statutory Auditor	01/01/2019 - 31/12/2019	Approval of 2020 Financial Statements	40.000,00 a)						40.000,00		
Simonelli Ezio	Standing Statutory Auditor	01/01/2019 - 31/12/2019	Approval of 2020 Financial Statements	40.000,00 a)						40.000,00		
Key Management Personnel	4 (m)	01/01/2019 - 31/12/2019		1.506.700,00 c)		784.000,00		32.279,00		2.322.979,00	152.157,63	
(l) Compensation in the company that prepares the financial statements				3.811.700,00	137.000,00	1.763.000,00	0,00	51.437,00	395.000,00	6.158.137,00	869.472,17	
Resca Mario	Chair of the Board of Directors of Mediolanum Vita S.p.A.	01/01/2019 - 31/12/2019	Approval of 2019 Financial Statements	120.000,00 a)						200.000,00		
				80.000,00 d)								
Minutillo Flavia Daunia	Standing Auditor of Rizzoli Education S.p.A.	01/01/2019 - 31/12/2019	Approval of 2021 Financial Statements	9.000,00 a)						26.230,00		
	Standing Auditor of Mondadori Electa S.p.A.	01/01/2019 - 31/12/2019	Approval of 2019 Financial Statements	7.230,00 a)								
	Standing Auditor of Mondadori Scienza S.p.A.	01/01/2019 - 31/12/2019	Approval of 2020 Financial Statements	10.000,00 a)								
Key Management Personnel	2(m)	01/01/2019 - 31/12/2019		557.243,59 d)		750.000,00		12.600,00 h)		1.319.843,59	34.462,29	175.000,00 l)
(l) Compensation from subsidiaries and affiliates				783.473,59	0,00	750.000,00	0,00	12.600,00	0,00	1.546.073,59	34.462,29	175.000,00
(ll) Total				4.595.173,59	137.000,00	2.513.000,00	0,00	64.037,00	395.000,00	7.704.210,59	903.934,45	175.000,00

DESCRIPTION OF COLUMNS
<p>The following are indicated separately under "Fixed remuneration", potentially in a note and according to a criterion of competence: (i) remuneration approved by the shareholders' meeting, even if not paid; (ii) attendance fees; (iii) flat-rate expense reimbursements; (iv) remuneration received for the performance of particular duties, pursuant to art. 2389, paragraph 3, of the Italian Civil Code (such as chair, vice-chair); (v) fixed remuneration for employment gross of social security and tax charges payable by the employee, excluding obligatory collective social security charges to be paid by the company and severance indemnity provisions. Any other forms of compensation linked to employment (bonuses, other compensation, non-monetary benefits, etc.) are shown in their relative columns, with a footnote specifying the part paid for the role in corporate governance and the part paid for the employment contract.</p>
<p>"Compensation for participation in committees" is shown on a basis of competence, and they may be shown at an aggregate level. A footnote provides information on which committees the director participated in, and in the event of participation in more than one committee, compensation received is reported for each.</p>
<p>The column "Bonuses and other incentives" includes vested compensation - based on cash incentive plans - for the achievement of objectives over the course of the fiscal year, even if not yet paid out. The values of assigned or exercised stock options, or other financial instruments are not included in this column. That value can be found by adding the figures shown in Table 3B, columns 2A, 3B and 4, row (IV) together.</p>
<p>In the column "Profit sharing", the sum is indicated on the basis of competence, even though the financial statements and profit distribution plan have not yet been approved.</p>
<p>The column "Non-monetary benefits" shows the value of fringe benefits (on a taxable basis) including any insurance policies or supplemental pension funds.</p>
<p>The column "Other compensation" separately lists all other potential remuneration that may derive from other services provided. A footnote provides information on any loans, advances or indemnities that have been granted by the company or its subsidiaries to executive directors or the chair of the Board of Directors, which might represent a form of indirect compensation under certain conditions (which differ from market conditions or standard conditions that can be applied to specific categories of entities).</p>
<p>The "Fair value of equity compensation" column shows the fair value of remuneration for the year at the date of assignment against incentive plans based on financial instruments, estimated according to international accounting standards*. This value corresponds to the sum of the figures reported in column 16, row III in Table 2 and in column 12, row III in Table 3A.</p>
<p><i>* This item line does not refer to the entire assignment of equity compensation carried out during the year, but only to the part of it recognised in the financial statements, in application of the accounting principles which imply taking the vesting period into account, sub-dividing the relative cost in the vesting period.</i></p>
<p>COLUMN (1): a) emoluments approved by the competent bodies b) compensation for the performance of key roles c) base salary d) remuneration for fixed employees or collaborators</p>
<p>COLUMN (2): e) Remuneration and Appointments Committee; f) Related Parties Committee; g) Control and Risk Committee.</p>
<p>COLUMN (4): h) amount including the value of an apartment provided to a Key Manager residing abroad</p>
<p>COLUMN (5): i) compensation for the Supervisory and Control Body; l) non-competition agreement for 2019;</p>
<p>COLUMN (6): the "Total" represents the sum of the items from (1) to (5);</p>
<p>COLUMN (B): m) number of Key Managers in post at 31/12/2019, including 1 Key Manager who resigned from a subsidiary on 31/07/2019</p>
<p>COLUMN (8): l) referring to severance pay of 1 Key Manager</p>

2019

TABLE 3A: Incentive plans based on financial instruments other than stock options, for the members of the Board of Directors, the general managers and the other Key Management Personnel

A	B	Financial instruments assigned in previous years not vested during the year		Financial instrument assigned during the year					Financial instruments vested during the year but not allocated	Financial instruments vested during the year and able to be allocated		Financial instruments accrued during the year	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name and Surname	Office	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at assignment date	Vesting period	Grant date	Market price on assignment	Number and type of financial instruments	Number and type of financial instruments	Value at the vesting date	Fair Value
ERNESTO MAURI	CHIEF EXECUTIVE OFFICER												
(I) Fees for the company that prepares the financial statements		Performance Share Plan 2018-2020 (shareholders' meeting resolution 24 April 2018)	704.556	01 January 2018 / 31 December 2020		-							246.595
		Performance Share Plan 2019-2021 (shareholders' meeting resolution 17 April 2019)			888.626	1.216.528	01 January 2019 / 31 December 2021	01-lug-19	1,56				405.509
(II) Compensation from subsidiaries and affiliates		Plan (date of relative resolution)											
(III) Total			704.556		888.626								652.104
ODDONE MARIA POZZI	DIRECTOR												
(I) Fees for the company that prepares the financial statements		Performance Share Plan 2017-2019 (shareholders' meeting resolution 27 April 2017)									335.207	€ 690.526	
		Performance Share Plan 2018-2020 (shareholders' meeting resolution 24 April 2018)	70.456	01 January 2018 / 31 December 2020		-							24.659
		Performance Share Plan 2019-2021 (shareholders' meeting resolution 17 April 2019)			88.863	121.653	01 January 2019 / 31 December 2021	01-lug-19	1,56				40.551
(II) Compensation from subsidiaries and affiliates		Plan (date of relative resolution)											
(III) Total			70.456			121.653						690.526	65.210
KEY MANAGEMENT PERSONNEL													
(I) Fees for the company that prepares the financial statements		Performance Share Plan 2017-2019 (shareholders' meeting resolution 27 April 2017)									1.005.622	2.071.581	
		Performance Share Plan 2018-2020 (shareholders' meeting resolution 24 April 2018)	211.367	01 January 2018 / 31 December 2020		-							73.978
		Performance Share Plan 2019-2021 (shareholders' meeting resolution 17 April 2019)			246.840	337.925	01 January 2019 / 31 December 2021	01-lug-19	1,56				112.642
(II) Compensation from subsidiaries and affiliates		Plan (date of relative resolution)											
(III) Total			211.367			337.925						2.071.581	186.620

Notes
The total (III) is shown in reference to columns (5), (11) and (12).
For each person concerned and each incentive plan of which s/he is a recipient, the table shows:
- the financial instruments assigned in previous years which had not vested during the year, with indication of the vesting period;
- the financial instruments assigned during the year, with indication of their fair value at the grant date (1), the vesting period, the grant date and the market price on assignment;
- the financial instruments vested during the year but not allocated;
- the financial instruments vested during the year and able to be allocated, with an indication of their value at the vesting date;
- the fair value of the financial instruments accrued during the year.
The vesting period is the period falling between the date the right to participate in the incentive system is assigned and the date on which the right vests.
Financial instruments vested during the year and not allocated are financial instruments for which the vesting period ended during the year, and are not allocated to the recipient due to the failure to fulfil the conditions to which the assignment of the instrument was conditioned (such as failure to meet the performance targets).
The value at the vesting date is the value of the vested financial instrument, even if not yet allocated (e.g., due to lock-up clauses) at the end of the vesting period (30 December 2019 - val. € 2.06).
Should the data be represented in aggregate form, the following information must be shown in the Table:
(a) the fair value of financial instruments for the financial year is calculated on the basis of the amount in column 5 and is related to the competence attributable to the same year based on the duration of the Plan (in this case, 1/3 of the total value)

2019

TABLE 3B: Cash incentive plans for the members of the Board of Directors, the general managers and the other Key Management Personnel¹

¹ The Table covers all types of cash incentive plan, both short and medium long term.

A	B	(1)	(2)			(3)			(4)
Sumame and Name	Office	Plan	Bonuses for this year			Bonuses from previous years			Other Bonuses *
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Defered	Deferral Period	No longer payable	Payable/Paid	Still Deferred	
MAURI ERNESTO	CHIEF EXECUTIVE OFFICER								0
(I) Compensation in the company that prepares the financial statements									
(II) Compensation from subsidiaries and affiliates									
POZZI ODDONE	DIRECTOR								0
(I) Compensation in the company that prepares the financial statements									
(II) Compensation from subsidiaries and affiliates									
(II) Total			0				0		0
KEY MANAGEMENT PERSONNEL									
(I) Compensation in the company that prepares the financial statements									0
(II) Compensation from subsidiaries and affiliates						400.000			0
(III) Total				0		400.000			0
(IV) Total			0	0		400.000	0		0

* In column (4) Other Bonuses indicates the bonuses for the year which are included in the total amount in Tab. 1, column 3.

The total (III) shows the sum of all columns except column (2C).

"Column 2A" shows bonuses accrued for objectives achieved during the fiscal year, and which have been paid or are payable as they are not subject to further conditions (Upfront compensation).

"Column 2B" shows bonuses linked to objectives to be achieved during the fiscal year or subsequent years, but which are not payable as they are subject to further conditions (deferred bonus).

"Column 3A" shows the sum of deferred bonuses from previous years that are to be paid at the beginning of the fiscal year, but that are no longer payable due to the failure to meet the relative conditions.

"Column 3B" shows the sum of deferred bonuses from previous years which are to be paid at the beginning of the fiscal year, have been paid during the fiscal year, or are still payable.

"Column 3C" shows the sum of deferred bonuses from previous years that are still to be paid at the beginning of the fiscal year and have been still further deferred.

The column "Other Bonuses" shows bonuses accrued during the fiscal year that are not explicitly included in specific ex ante incentive plans.

Should the data be represented in aggregate form, the following information must be shown in the Table:

- total bonuses for the year, divided into paid bonuses and deferred bonuses, with information on the average deferral period of the latter;
- total bonuses from previous years, divided into bonuses that are no longer payable, paid bonuses, and bonuses that are still deferred;
- other total bonuses.

Schema n. 7-ter: Schedule setting out information on the equity interests held by the members of the Board of Directors, the members of the Board of Statutory Auditors, the general managers and the other Key Management Personnel

The following tables report information on the equity participation in Arnoldo Mondadori Editore S.p.A. of Board Members and Statutory Auditors, as well as that of Key Management Personnel in aggregate form. Unless otherwise specified, the participations indicated are owned directly.

TABLE 1: Equity participation of members of the Board of Directors, members of the Statutory Board of Auditors and Corporate Officers

Surname and Name	Office	Investee Company	Number of shares held at the end of the previous fiscal year	Number of shares bought	Number of shares sold	Number of shares held at the end of the current fiscal year
Berlusconi Marina Elvira	Chair	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Mauri Ernesto	Chief Executive Officer	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Ainio Paolo Guglielmo Luigi	Director	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Berlusconi Pier Silvio	Director	Arnoldo Mondadori Editore S.p.A.	172.000	-	-	172.000
Biffi Elena	Director	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Curò Francesco	Director	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Fomeron Mondadori Martina	Director	Arnoldo Mondadori Editore S.p.A.	137.127	-	-	137.127
Giangualano Patrizia Michela	Director	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Pellegrino Danilo	Director	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Poli Roberto	Director	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Pozzi Oddone Maria	Director	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Renoldi Angelo	Director	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Resca Mario	Director	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Rossello Cristina	Director	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Fomasiero Sara	Chair of the Board of Statutory Auditors	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Minutillo Flavia Daunia	Standing Statutory Auditor	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Simonelli Ezio	Standing Statutory Auditor	Arnoldo Mondadori Editore S.p.A.	-	-	-	-

TABLE 2: Equity participation of other Key Management Personnel

Number of Key Management Personnel	Investee Company	Number of shares held at the end of the previous fiscal year	Number of shares bought	Number of shares sold	Number of shares held at the end of the current fiscal year
6	Arnoldo Mondadori Editore S.p.A.	-	-	-	-

NOTE

Equity participation in the listed parent company and its subsidiaries - on the part of members of the Board of Directors and Board of Statutory Auditors, Corporate Officers and Key Management Personnel - is reported in the form of a table.

By name for the members of management and control bodies and for the general managers and other Key Managers, the number of shares, broken down by category, is indicated for each member:

- shares held at the end of the previous fiscal year;
- shares bought during the current fiscal year;
- shares sold during the current fiscal year;
- shares held at the end of the current fiscal year.

In addition, the table shows the security and its terms.

The table includes all individuals who, at some point during the current fiscal year, held office as a member of the Board of Directors, as a member of the Board of Statutory Auditors, as a Corporate Officer or as a member of Key Management Personnel.

Proposed Resolution (art. 123-ter, paragraph 6, of Legislative Decree 58/1998)

Pursuant to art. 123-ter, paragraph 6, of Legislative Decree 58/1998, the Shareholders' Meeting is called to deliberate in favour or against the first Section of the Remuneration Report. The resolution is non-binding.

In reference to the above, the following resolution is proposed:

"The Ordinary Shareholders' Meeting of Arnoldo Mondadori Editore S.p.A.

resolves

to approve Section I of the Remuneration Report, which concerns the remuneration policy adopted for the members of the governing bodies and the Key Management Personnel, and the procedures used to adopt and implement said policy."

Arnoldo Mondadori Editore S.p.A.
for the Board of Directors

Chair
Marina Berlusconi

