

Arnoldo Mondadori Editore S.p.A.

Registered office: Via Bianca di Savoia 12, Milan

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**REPORT ON REMUNERATION POLICY AND
FEES PAID**

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

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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 S.p.A.

The Committee, made up of Independent Directors, presented the remuneration policy for 2021 to the Board of Directors, which approved it at its meeting of 18 March. The principles that inspire the Company and the Group's remuneration policy are as follows:

the generation of value for the Company and the 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 formulation of the Remuneration Policy has not undergone any significant change, in other words, the Rolling Performance Share Plan with a three-year vesting period and assignment of Company shares on attainment of predetermined cumulative objectives is confirmed.

Last year, the Committee focused attention on action to further improve information and the transparency of the Remuneration Policy and the related Report. With this objective, it engaged the services of a leading consultancy, who conducted a "gap analysis" with the main proxy advisors, to identify areas or information for improvement. At the same time, the Committee also updated the Remuneration Report in light of Consob's indications on the new regulation for application of the EC Directive and the Issuers' Regulation.

A significant question highlighted by Consob concerns the future use of non-financial criteria when recognising variable remuneration. Part of the wider issue of sustainability, this question has been and continues to be a matter of attention for Mondadori. As a player whose core business focuses on culture and education, Mondadori has developed a firm sensitivity to ESG issues such as encouragement of reading, socio-cultural growth, responsibility for content. As part of this commitment, Mondadori is working to integrate the financial objectives currently in use with specific objectives that reflect and are inspired by questions relating to the ESG system.

The Committee also conducted checks on the effects of the Covid pandemic on the application of remuneration policies. A series of corrective measures were agreed with Mondadori with regard to the current incentives plan, which are illustrated in Section II of the Report. It should be emphasised that these measures, which are extraordinary and temporary, concerned the 2020 performance objective as regards short-term variable remuneration and, as regards medium/long-term remuneration, the 2020 and 2021 targets for the years included in the Performance Share Plans that are still open. To meet criteria of transparency and objectivity, the measures were updated in 2020 so that they would continue to have an incentivising effect and not appear to be discretionary ex-post adjustments.

The remuneration policy for 2021, described in Section I of the annexed document, is consistent with the guidelines approved by the Shareholders' Meeting of April 2020 and takes into account the rationale of the Company's strategic plan, 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 in connection with specific measures.

The Committee believes that the remuneration policy for 2021 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 2021.*

Chair

Angelo Renoldi

Introduction

In accordance with art. 123-*ter* of Lgs. Decree 58/1998 (hereinafter also "TUF") and art. 84-*quater* of Consob Regulation no. 11971/1999 as amended (hereinafter also the "Issuers' Regulation"), this "Report on Remuneration Policy and Fees Paid" (hereinafter also 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 the Board of Statutory Auditors and Key Management Personnel.

Pursuant to the aforementioned regulatory provisions, the Report is divided into two sections, 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 in 2021 and the procedures used to adopt and implement the policy.

The **second section** illustrates the outcomes of the policy implemented in 2020. It includes tables showing the remuneration paid, individually, to the Directors and Statutory Auditors, and in aggregate form to Key Management Personnel.

The Remuneration Policy is drawn up in accordance with the governance model adopted by the Company and with the indications set out in the Corporate Governance Code for Listed Companies, which Mondadori follows. Specifically, the 2021 Policy implements the provisions of the Shareholders' Rights Directive II and the recent amendments of 10 December 2020 to the Issuers' Regulation (Consob Del. 21263) and was drawn up considering the best market practices, identified with the support of leading consultancy companies.

The Report was approved by the Board of Directors on 18 March 2021, on the recommendation of the Remuneration & Appointments Committee.

The first section of the Report is subject to a binding resolution of the Shareholders' Meeting called for 27 April 2021 to approve the financial statements as at and for the year ended 31 December 2020. The second section, pursuant to art. 123-*ter*, paragraph 6, of the TUF [*Testo Unico della Finanza*, consolidated financial intermediation 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.com as from 31 March 2021.

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 illustrated below of a Remuneration & Appointments Committee comprised of independent directors, and its approval by the vote of the Shareholders' Meeting with a binding resolution, exempts the resolutions on the remuneration of the directors and Key Management Personnel – adopted in compliance with the Policy – from the application of the procedures envisaged by the aforementioned Consob provisions on related parties.

THE MONDADORI POLICY – EXECUTIVE SUMMARY

The key objectives of our policy

LINK REMUNERATION AND PERFORMANCE	to work for the attainment of the corporate strategic objective for the creation of long-term sustainable value, for the benefit of the stakeholders
PEOPLE	to attract, motivate and retain resources with the professional qualities needed for the growth of the Group and to adopt equality and a non-discriminatory approach in remuneration management
TRANSPARENCY	to represent our Policies and practices clearly and transparently and communicate with investors to improve our approach

Our remuneration policy in brief

The remuneration policy for the Chief Executive Officer and Key Management Personnel ("KMP") can be summarised as follows:

Element of pay	Purpose	Characteristics	Determination criteria
Fixed component	Recognise the breadth of responsibility and strategic importance of the position held, consistently with market benchmarks	Aims to ensure correct remuneration for the position held based on criteria of internal and external equity. Determined with reference to market benchmarks for comparable positions and of similar value, also on the basis of the Hay method of job evaluation. For executive directors, the fixed component may include remuneration for work as an employee and the fee for the position.	The fixed component has a weighting of no more than 70% of total compensation
Short-term variable component (MBO)	Promote and make the link between economic reward and degree of attainment of annual objectives transparent	Awarded on attainment of pre-determined annual objectives linked to business and financial performance indicators, at Group and/or Business/Function level, which are set on the basis of budget figures and measured with clear objective criteria. The KPIs for the CEO for 2021 are: <ul style="list-style-type: none"> • Net Profit (25%), • EBITDA (25%), • Revenue (15%), • Free Cash Flow (20%), • Strategic development project (15%) For KMP in charge of Business areas, attainment of the Group consolidated	The weighting of the annual variable component by target may not exceed 75% of total variable remuneration. <i>The maximum value of the MBO is 120% of the target opportunity.</i> The remuneration package of the new CEO will be formulated, in compliance with the

		<p>objectives accounts for 40% of short-term remuneration.</p> <p>For KMP in charge of central functions, at least 80% of the annual bonus relates to Group objectives.</p> <p>The annual incentive is subject to a clawback clause.</p>	<p>Policy limits, after the appointment, therefore only after the Shareholders' Meeting.</p>
Medium/long-term variable component (LTI)	<p>Promote the sustainability of corporate operations through attainment of the objectives of the Company's long-term strategic plans and creation of value for shareholders and stakeholders</p>	<p>Achieved through the assignment of shares (Performance Share Plans) on attainment of predetermined Group consolidated three-year objectives, which correspond to the targets of the Three-Year Plans approved by the Board of Directors.</p> <p>The value of the annual share assignments is determined in relation to the position held and to criteria of internal and external equity, which also refer to market benchmarks.</p> <p>There are four performance conditions, each with a 25% weighting:</p> <ol style="list-style-type: none"> 1) cumulative Group Net Profit, 2) relative TSR with respect to the FTSE MIB All Share index, 3) cumulative Group Ebitda, 4) Cumulative Group Free Cash Flow <p>The Plan also envisages:</p> <ul style="list-style-type: none"> • a clawback clause • a lock-up clause on 20% of the shares for 12 months • rules for good and bad leaving situations and extraordinary transactions 	<p>The weighting of the LTI variable component by target may not be lower than 25% of total variable remuneration.</p> <p><i>The maximum value of the LTI is 115% of the target opportunity</i></p> <p>* The remuneration package of the new CEO will be formulated, in compliance with the Policy limits, after the appointment, therefore only after the Shareholders' Meeting.</p>
One-off /Extraordinary bonuses	<p>Ensure meritocracy and retention of excellent resources who have distinguished themselves through outstanding contributions in connection with exceptional events, in compliance with the approval procedure and specific caps</p>	<p>One-off monetary bonuses may be paid, for an amount not exceeding short-term variable remuneration, with reference to specific circumstances such as: extraordinary operations, completion of re-organisation/restructuring projects, assumption of multiple responsibilities.</p> <p>Bonuses assigned to executive Directors are approved by the Board of Directors on a recommendation of the Remuneration & Appointments Committee, compatibly with Related-Party Transactions procedure.</p>	<p>Cap equal to the amount of the short-term variable component</p>

Benefits	Guarantee retention and alignment with best market practices	The benefits package is determined in line with market practices	The main benefits are: a car, a fuel card, supplementary life-medical insurance, a health check-up. For foreign residents, housing and schooling
Indemnities for termination of office and/or early termination of employment	To date, the Company does not envisage ex-ante agreements. In the event of termination of office or employment, the Policies set a cap on discretionary indemnities	There are no ex-ante agreements that regulate discretionary indemnities; in all cases, the Policies provide that the maximum indemnity is equivalent to 24 months pay in addition to the notice due by law, determined on the basis of current annual remuneration and the average variable remuneration attributed in the final three years. The Company reserves the right to draw up, in its own interest, non-competition agreements for a maximum period of 32 years and a consideration that does not exceed 24 months current pay.	Cap on discretionary indemnities equivalent 24 months' pay

The **remuneration of the Chair** consists of a fixed fee only, deliberated by the Shareholders' Meeting and the Board of Directors at the beginning of the term of office.

The **remuneration of non-executive Directors** is commensurate with the professionalism, competence and commitment required, also taking any appointments to Board committees into account. It therefore includes a fixed amount, plus, for directors who are members of committees, a fixed fee for the position as Chair or Member.

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 time of appointment.

The pay mix

The Mondadori Policy provides that the remuneration package of the Executive Directors and the KMP meet the following minimum requirements:

- The weighting of the fixed component may not exceed 70% of total remuneration
- The variable component by target accounts for *at least* 30% of total remuneration:

- o the short-term variable remuneration by target may not exceed 75% of the total *variable* remuneration.
- o the long-term variable remuneration (LTI) by target may not be less than 25% of the total *variable* remuneration.

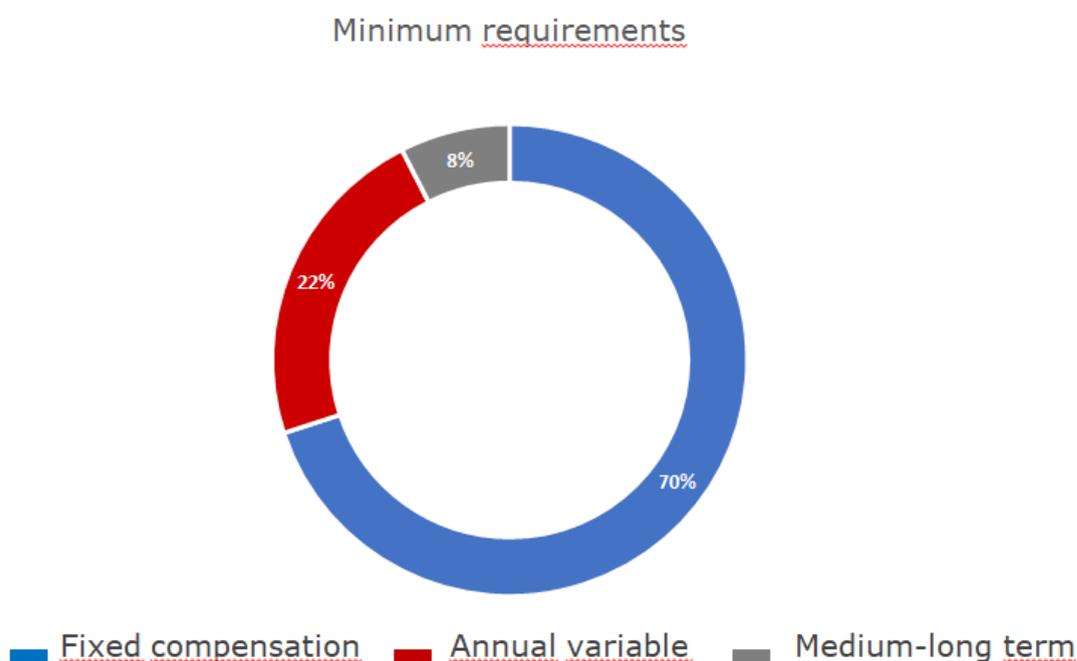
The weighting of the variable component with respect to the entire remuneration package of the CEO, CFO and KMP amply complies with the minimum requirements.

The pay mix for the attainment of target and maximum results for the CFO and the KMP is set out below.

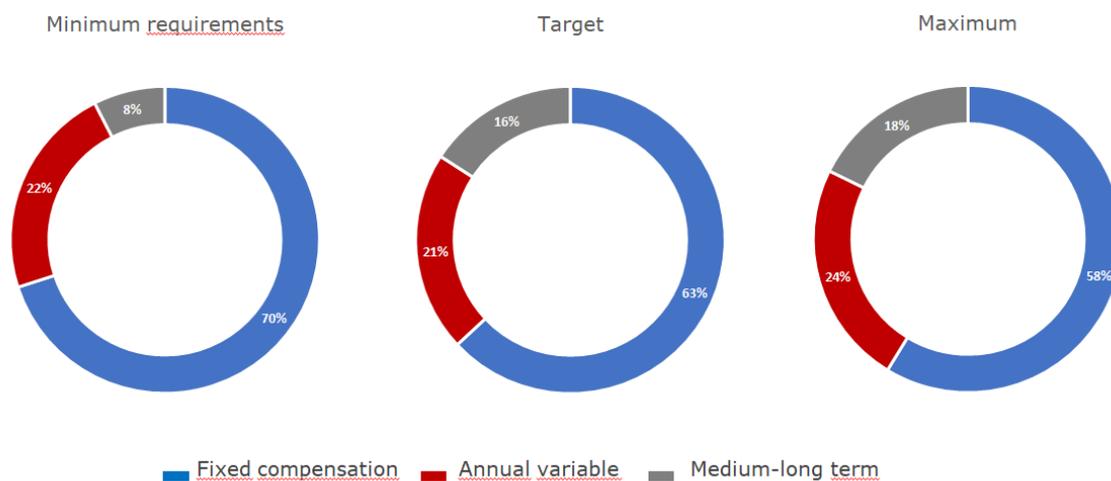
CHIEF EXECUTIVE OFFICER

The pay mix for the new CEO, who will be appointed after the Shareholders' Meeting on 27 April 2021, will be determined in compliance with the minimum requirements shown in the chart, in line with the policy described above and consistently with market practices.

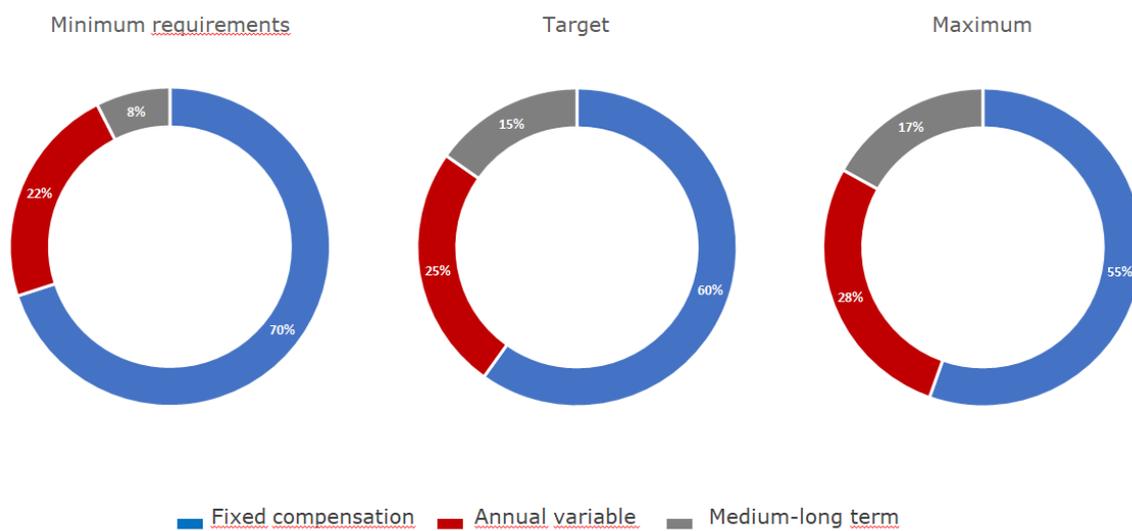
For the *CEO in post* as at the date of this Report, whose term of office will expire on the date of the Shareholders' Meeting, the theoretical MBO component is 32% of the fixed compensation for target results and 41% in the event of maximum performance.



CFO



Average representation of Key Management Personnel



% Total Variable Remuneration vs. Fixed Remuneration			
	General Policy Reference	Target	Maximum
CFO	> 43%	58%	69%
KMP (average)	> 43%	67%	80%

% MBO and LTI vs. Fixed Remuneration - specific cases				
		Individual Application Policy	Target	Maximum
CFO	MBO	< 44%	33%	40%
	LTI	> 15%	25%	29%
KMP (average)	MBO	< 50%	42%	50%
	LTI	> 17%	26%	30%

With regard to the KMP, all the individual cases comply with the pay-mix limits set out in the Policy.

For the pay-mix analyses, the share-based component is shown at the face value when the rights are granted. Any other forms of remuneration (e.g., benefits), described in section II of the Report, are not included in the pay-mix analysis.

The target and maximum pay-mix values shown do not include the extraordinary reductions applied to variable remuneration by target as a consequence of the Covid-19 pandemic, with an impact on the 2020 and 2021 pay mix.

The main new features of the 2021 Policies

The outcome of the vote for the approval of Section I of the 2020 Remuneration Report showed **92.19% of votes in favour, an increase of 2 percentage points** from 2019.

Mondadori believes that dialogue with the investors is fundamental for the definition of Policies consistent with the interests of the stakeholders. Consequently, considering the outcomes of the voting on the 2020 Report and the recommendations agreed by the shareholders and proxy advisors, some aspects of the Mondadori remuneration Policies have been amended. To this end, Mondadori has used the services of the Georgeson company to facilitate dialogue with the investors.

Specifically, the main changes related to:

- **Extraordinary/Una tantum bonuses:** in the event of recourse to the derogation envisaged by the Policies to allow the assignment of extraordinary bonuses in specific circumstances and in compliance with a predetermined procedure, the 2021 Policies introduce a cap equivalent to the amount of the short-term variable component;
- **Indemnities for termination of office and/or early termination of employment:** although today there are no agreements for ex-ante regulation of early termination of employment or non-renewal of the mandate for executive directors, the Mondadori Policies envisage the introduction of a cap on discretionary indemnities equivalent to 24 months pay, as well as the legally required notice, computed on the basis of fixed remuneration and the average amount of the variable component attributed in the last three years;
- **Greater clarity** in the representation of the pay mix (target, maximum), the proportion of the variable components to the fixed component, in the description of the objectives to which the variable remuneration plans are linked and the value of the variable components in relation to degree of attainment of the targets;
- **Effective communication** through dialogue with the proxies, a review of the format of the Executive Summary and, in general, of the whole Report, giving priority to all factors that facilitate reading.

SECTION I - REMUNERATION POLICY 2021

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

a) Bodies and individuals involved

The Remuneration Policy (hereinafter also the "Policy") is approved and defined by the Board of Directors on the recommendation of the Remuneration & Appointments Committee (hereinafter also the "Committee"), established within the Board of Directors, with the composition, skills and procedures 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 & 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. In 2012, given the organisational requirements of the Company, the Board of Directors decided to concentrate 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 and for the year ended 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 hold management positions in the company or companies belonging to the Mondadori Group; the Committee members are also independent directors. The members of the Committee have proven professional skills in the sector in which Mondadori operates, adequate knowledge and experience in financial and remuneration policy issues.

Remuneration and Appointments 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 Corporate Governance, 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

- ✓ to provide counsel and make recommendations to the Board of Directors in matters regarding remuneration policies for Directors and Key Management Personnel; to carry out regular checks – in conjunction with the Director of Central Group Human Resources & Organisation – 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. Chair, Chief Executive Officer, Executive Directors and Directors on committees);
- ✓ to illustrate to the Board of Directors the initiatives of the Committee in identifying and laying down corporate guidelines for management retention and motivation;
- ✓ to make recommendations on the implementation of the share-based incentive plans approved by the Shareholders' Meeting pursuant to art. 114-bis of Lgs. Decree no. 58/1998;
- ✓ to express opinions to the Board of Directors on the size and composition of the Board and the figures whose presence on the Board would be appropriate, and on any limitations on the number of other positions a Board member may take on;
- ✓ to propose 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 two members, and in any case with the frequency that is required to carry out the Committee functions. The Committee meetings may be held in any location, including locations other than the registered office of the Company, or remotely via electronic means. 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.

With regard to the need to manage potential conflicts of interest:

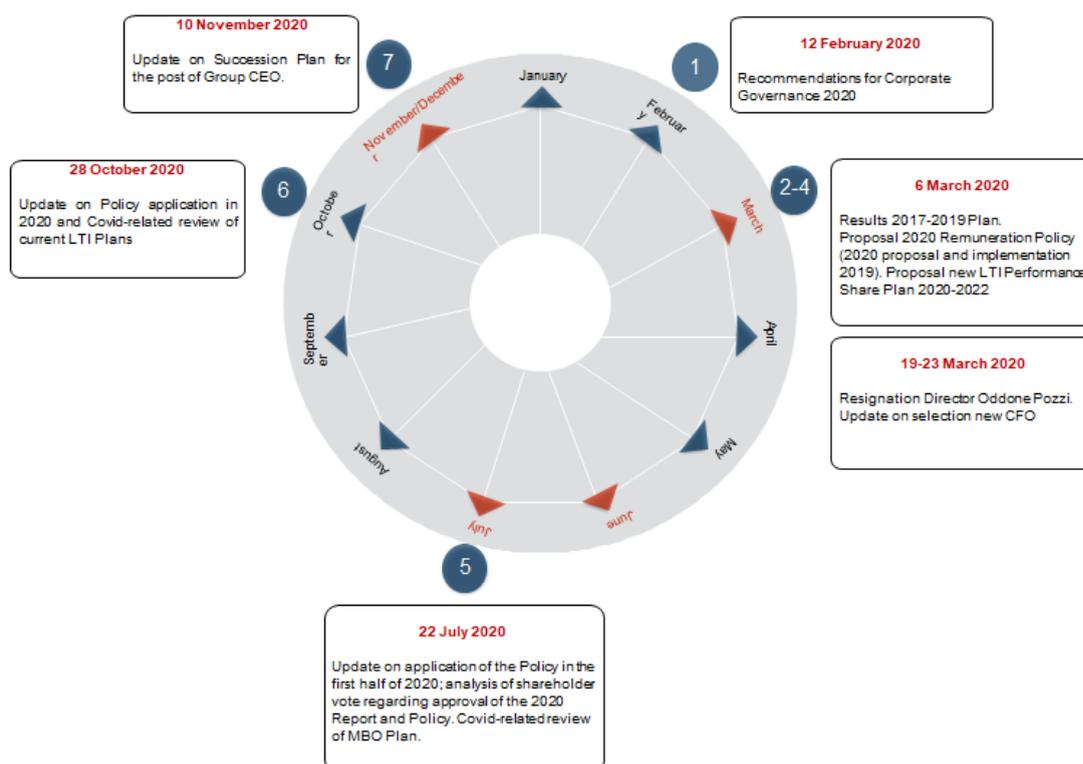
- the Committee deliberates with regard to the proposal functions assigned to it by the Board of Directors in the absence of those directly involved
- the members of the Committee abstain during voting by the Board of Directors on draft resolutions relating to their own fees

The Committee has access to all the corporate information and functions necessary to the performance of its duties. At 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

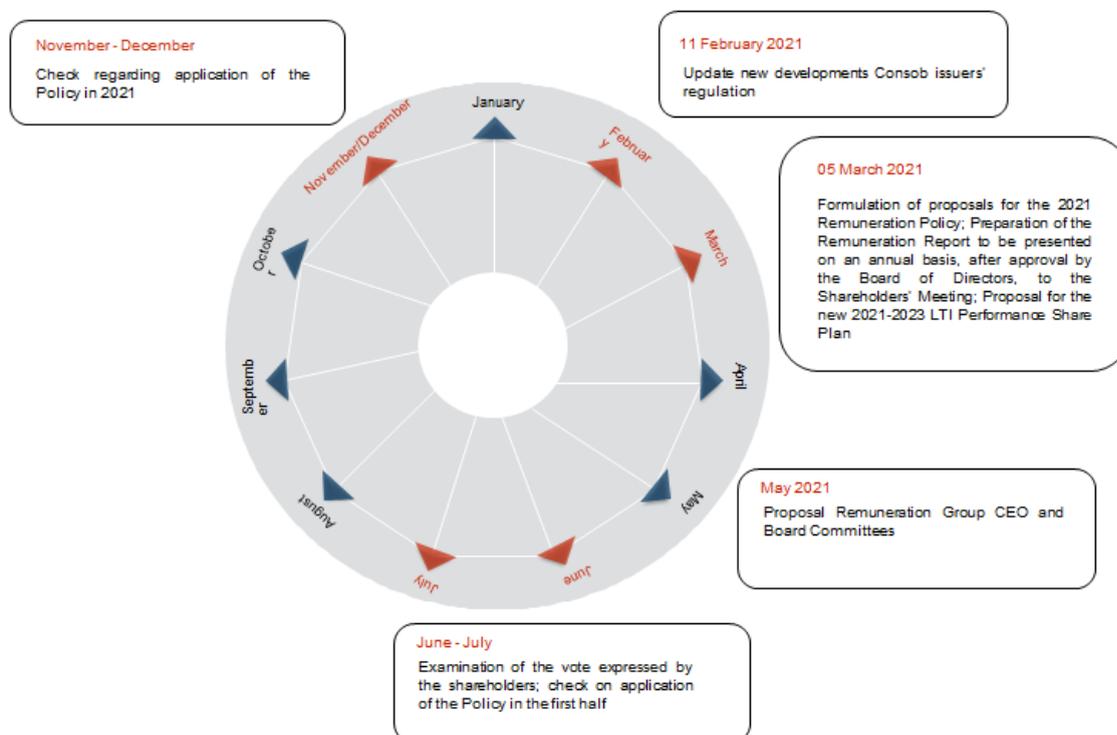
Activities carried out in financial year 2020

In financial year 2020, the Committee held seven meetings, including four extraordinary meetings, 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 2021

In 2021, 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 and beneficiaries

The beneficiaries of the remuneration Policies are the members of the Board of Directors, the Key Management Personnel and the members of the Board of Statutory Auditors.

In general terms, the Policy is designed to attract, motivate and retain resources with the professional qualities required to guarantee attainment of the priority goal of creating sustainable value over the medium/long-term for the Company and the Stakeholders.

The alignment of management's objectives and the Company's strategies is the fundamental element that guarantees the Company's sustainability over time, at the economic level and in terms of social responsibility.

To this end, maintenance of a strong and continuous correlation between *remuneration and attainment of strategic plans* is identified as the focal point where the interests of the Shareholders and Stakeholders coincide with those of management.

It follows that a significant part of the overall remuneration of executive directors and Key Management Personnel is linked to the achievement of the short and medium/long-term objectives, established with reference to the Company's strategies and 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 in connection with the Company economic and social sustainability objectives, taking into account the sector of activity and the nature of the work that has actually been carried out;
- clarity, pre-determination and measurability of performance objectives related to the disbursement of variable components;
- attention to the formulation of a Sustainability Plan able to support the future definition of financial and non-financial performance objectives
- pre-determined limits on the variable remuneration components;
- deferral in time of a significant share of remuneration, part of which is linked to the creation of value for the shareholders (Total Shareholder Return)

4 - Duration of the Policy

The current Remuneration Policy is valid for one year; in order to assure stakeholders and shareholders of continuous consistency with strategic objectives and developments in socio-economic 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 2021.

5 – Approach used in drawing up the Policy

The content of the Policy was formulated with the support of leading consultancy companies that specialise in the application of governance and compensation systems.

The principles, remuneration structure and treatments described are drawn up with reference to best market practices and consultation of specialised databases, and are constantly monitored through recourse to benchmarks (*Hay Korn-Ferry*).

The 2021 Policy was drawn up with the support of *Price Waterhouse Coopers – PwC*, a consultancy with specific competences and experience on the Italian

market and abroad. In order to improve the management remuneration systems, Mondadori also involved the *Georgeson* company, which specialises in the management of relations with the proxy advisors and key investors, in order to analyse the reasons for the voting at the 2020 Shareholders' Meeting and identify market indications.

In 2020, together with PwC, the Mondadori Group began a specific benchmarking analysis on compensation levels of non-executive directors, with reference to peer companies listed on the FTSE-MIB, identified in terms of economic size, sector of activity and other specific characteristics, and also monitoring European media/publishing companies.

Special attention was paid to implementation of the new developments introduced by Consob in last December's update to the Issuers' Regulation.

6 – Policies for fixed and variable remuneration components

The Mondadori Policy organises the fixed and the short and medium/long-term variable components in a variety of ways, in relation to the different types of beneficiaries, as described below.

6.1 Non-executive directors

Non-executive directors are directors who do not hold individual management powers or executive positions in the Company or in Group companies.

Non-executive directors are entitled to a fixed fee 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 determines additional fixed fees relating to participation in Board committees.

The fees of the non-executive directors are not linked to the Company's economic performance or to performance targets in general, but are determined taking into account the level of professionalism and commitment required.

6.2 Statutory Auditors

The fee of the members of the Board of Statutory Auditors consists of a single 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.

The fees are in line with the findings of a benchmark analysis conducted in 2020 on a panel of listed Italian companies.

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 fee 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 duty assigned to them, in compliance with a 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. If the CEO is an employee, a remuneration package determined by the Board of Directors may also be provided.

The variable component of the CEO's remuneration is determined in compliance with the criteria set out in the next section for Key Management Personnel. The uniformity of the criteria on which the variable component of the CEO and the Key Management Personnel is based guarantees alignment of purpose among top management.

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. Remuneration is determined with the support of the Group Central 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 Chief Financial Officer)

Executive directors with managerial duties with the Issuer, in addition to the fixed fee 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

Key Management Personnel are individuals, including directors, with authority and responsibility, directly or indirectly, for planning, directing, and controlling the activities of the Company 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 Areas* or *Business areas* in which the Mondadori Group operates;
3. the *Central Managers* of the Corporate Functions with decision-making and management powers that may have a material impact on the Company's current and future results.

The remuneration package attributed to Key Management Personnel is aligned with the responsibilities associated with the exercise of operational management powers, the size of the managed business and the ability to contribute to the Group's consolidated results, and is verified against market benchmarks for equivalent positions (*Hay method*) with the support of specialised consultancies (*PwC* and *Korn-Ferry*).

It consists of the following elements:

- i) annual fixed component;
 - ii) short-term 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 continuous remuneration and has a percentage weighting *not exceeding 70%* of the total remuneration;
 - ii) the annual variable component (MBO) is obtained on attainment of pre-set annual quantitative objectives linked with the implementation during the financial year of the Company's economic and social sustainability Plans. The

performance objectives are identified at Group consolidated level and at individual business or Function level.

The Key Performance Indicators used (KPIs, as shown in the table below), normally taken from budget data, are usually quantitative, in the interest of objectivity and transparency; qualitative objectives are envisaged only in specific circumstances related to Group strategic priorities and are in any case measured using objective evaluation elements (e.g., project completion times), so as to limit discretionary evaluation.

To guarantee the method used, the targets, identified by the Chief Executive Officer, with the sole exception of those relating to his/her own MBO which are established by the Chair, are certified by Group Management Control, both in the allocation and final accounting phases, and the process guarantees traceability and transparency at every stage.

The composition of the objectives for top management ensures assessment and monitoring of the main aspects of management.

Performance indicators balancing in the MBO system				
Role	Group Consolidated Objectives		Business Area objectives	
Chief Executive Officer	KPI	100%	Net profit	25%
		Group Ebitda	25%	
		Revenue	15%	
		Free Cash Flow	20%	
		Strategic Development Project	15%	
CFO	KPI*	90%	Group Ebitda	50%
		Free Cash Flow	40%	
Other General Managers	KPI*	90%	Group Ebitda	40%
		Free Cash Flow	20%	
		Payroll Cost	30%	
Business Unit General Managers	KPI*	40%	Group Ebitda	30%
		Free Cash Flow	10%	
		60%	Area Ebitda	
			Area Free Cash Flow	
			Area Revenue	

 weighting * Eventual introduction «Strategic Development Project»

Under Mondadori policy, the weighting of the MBO component is *no greater than 75%* of overall variable remuneration (in turn, not less than 30% of total remuneration or a weighting of not less than 43% of fixed remuneration).

In practice, the weighting of the theoretical MBO component, in relation to fixed remuneration, has been established as follows:

- for the CFO: 33% for target results and 40% for maximum performance
- for the KMP (average indications): 42% for target results and 50% for maximum performance

There are no cases of non-compliance among the individual members of KMP

With regard to the new CEO to be appointed after the Shareholders' Meeting on 27 April, the amount of the theoretical annual variable remuneration will be determined in accordance with the policy described above and consistently with market practice. For the CEO in office at the date of this Report, the weighting of the theoretical MBO component with respect to fixed remuneration is 34% for target results and 41% for maximum performance.

The mechanism for calculating remuneration linked to annual MBOs provides for a minimum access threshold of **90%** of the assigned objectives corresponding to disbursement of **50%** of the bonus 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 achievement of performance objectives referred to budget forecasts or to specific projects 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
Target achievement levels	less than 90%	0
	90-100%	reduced by 5% (from 95 to 50%) for each point of non-achievement of target
	100%	100%
	100-110%	increased by 2% (from 102 to 120%) for each point achieved above target
	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, to which a fourth year of lock-up relating to a portion of the assigned rights (20%) is added. In 2018, the Shareholders' Meeting approved a move to rolling performance share plans, which envisage annual assignment cycles. Objectives are determined consistently with the three-year plans approved annually by the Board of Directors.

The 2021 Policies provide for the start of the assignment cycle relating to the *2021-2023 Performance Share Plan with reference to attainment of the targets established by the 2021-2023 Three-Year Plan*, approved by the Board of Directors on 10 November 2020.

Performance shares are a best practice adopted by the majority of peer companies, and have the advantage of creating, in the interests of the stakeholders, 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 operations executed 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 profitability and financial risk

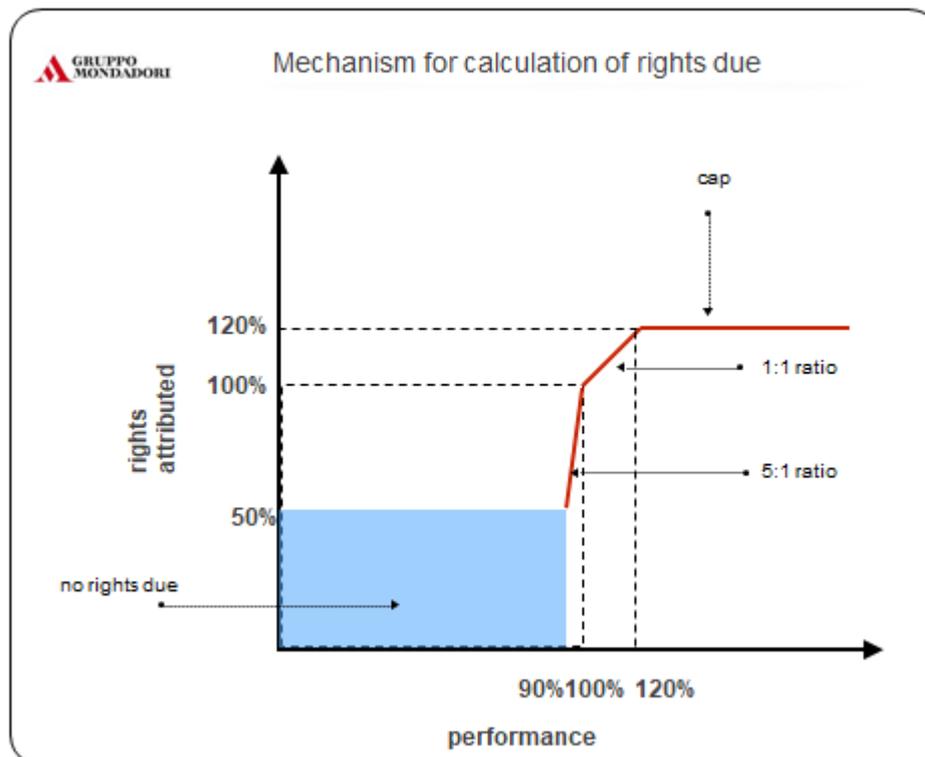
- Cumulative Group EBITDA over the period
- Cumulative Group Free Cash Flow over the period

Each of these objectives is an equal factor (25%) in the composition of the overall performance result.

Recognition of the right to be assigned 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, EBITDA 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 and maximum performance is achieved. Linear interpolation is applied for intermediate results. The TSR objective is an on-off mechanism. Under the mechanisms described above, the overall maximum bonus of all the plan paths may not exceed 115% of the target bonus.

The Company has long focused on sustainability-related issues, specifically corporate social responsibility. As an organisation intrinsically focused on its role in information, culture and education, for a number of years it has also been active in inclusion-related issues and in care for the environment through the use of printing processes with certified paper and a low environmental impact. Over the last year, however, Mondadori has started out on a specific path for the definition of a systemic approach to a precise **Sustainability strategy**, intended to lead to an overall Plan and medium/long-term objectives. The Company therefore intends in future to include **ESG objectives** among the KPIs used for the attribution of long-term variable remuneration to the Executive Directors and Key Management Personnel.

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



Performance Targets 2021-23					
Role	Group Consolidated Objectives		% target attainment	bonus (%)	
Objectives related to shareholder remuneration	KPI	Net profit	25%	90%-120%	50%-120%
		Total Shareholder Return (TSR)	25%	on-off	0%-100%
Target performance for valuation of shares	KPI	Group Ebitda	25%	90%-120%	50%-120%
		Free Cash Flow	25%	90%-120%	50%-120%

● weight

The beneficiaries of the 2021-2023 Performance Share Plan are the CEO and the Group Key Management Personnel, as well as some second-line managers deemed significant for business performance.

Under the Mondadori policy, the weighting of the LTI component is *not less than* 25% of the overall variable remuneration (in turn, not less than 30% of total remuneration, or a weighting of not less than 11% of fixed remuneration).

In practice the weighting of long-term remuneration, in relation to fixed remuneration, has been determined as follows:

- for the CFO: 25% for target results and 29% for maximum performance

- for KMP (average %): 26% for target results and 30% for maximum performance.

There are no cases of non-compliance among individual members of Key Management Personnel

With regard to the new CEO to be appointed after the Shareholders' Meeting on 27 April, the assignment relating to the LTI plan will be determined in accordance with the policy described above and consistently with market practice.

For the CEO in office at the date of this Report, the target LTI is 68% of the fixed remuneration for target results and 79% for maximum performance.

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

Should the Board of Directors consider it appropriate to link 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

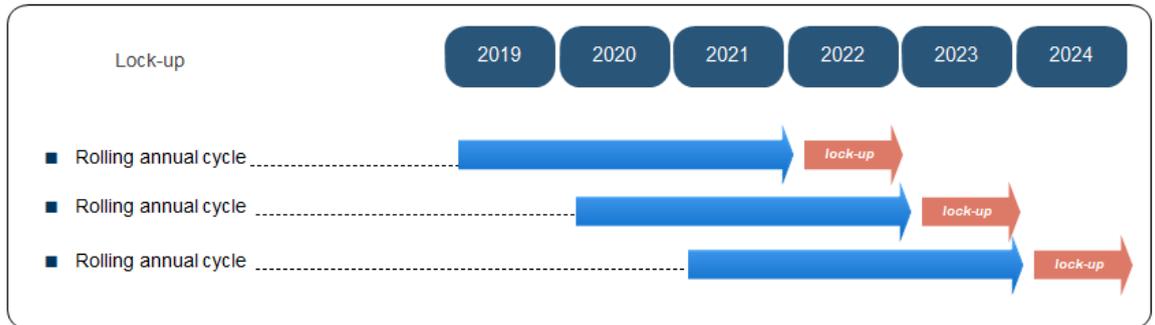
Plan. The bonus actually accrued will be computed and assigned in accordance with the Regulation.¹

¹ The term good leaver refers to cases where employment is terminated due to:

- total and permanent invalidity of the beneficiary;
- death of the beneficiary;
- retirement of the beneficiary;
- termination of the contract on the initiative of the beneficiary for just cause;
- 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 contract termination date, 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 accrued will be computed and assigned in accordance with this Regulation.

The Board of Directors has the power to consider more favourable conditions. The Board of Directors may give the CEO a mandate to exercise this power, except where the beneficiary is the CEO him/herself or the CFO-Executive Director.



With regard to the 2021-2023 Performance Share Plan approved by the Board of Directors on 18 March 2021 upon the recommendation of the Remuneration & Appointments Committee of 5 March 2021, and subject to the approval of the Shareholders' Meeting of 27 April 2021, reference should be made to the description in the information document drawn up pursuant to art. 84-*bis* of the Issuers' Regulation and available on the website www.mondadori.com (*Governance* section).

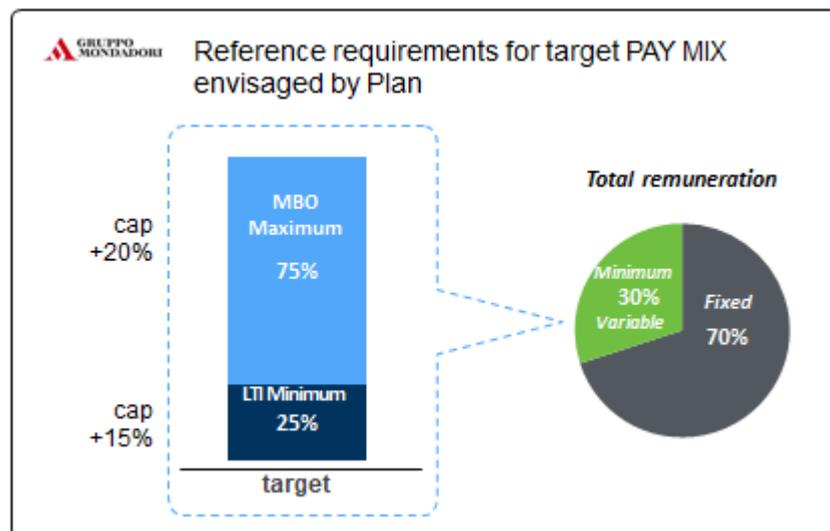
In the case of projects of importance for strategic development that impact only a specific business area and have a duration of at least two years – for example but not limited to, extraordinary transactions, business restructuring/recovery/re-organisation /innovation projects, etc. – the Company may 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, since it does not constitute an additional bonus for the beneficiary.

A Key Manager who is the beneficiary of a plan of this type will receive the pre-defined remuneration 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 beneficiary 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 market practice, 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 and schooling benefits.

The combination of annual and medium/long-term variable components by target represents 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 may be claimed back if earned on the basis of data that was later shown to be manifestly inaccurate, or through which repayment may 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 is envisaged 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 and unforeseen significant circumstances

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, amendments to accounting criteria, capital transactions, financial or equity transactions able to impact the share price, as well as legislative or regulatory amendments or unforeseen significant circumstances, including those arising from natural events, with the potential to significantly influence the performance objectives, after consulting with the Committee, the Remuneration & Appointments Committee

recommends to the Board of Directors to make, if and when it deems necessary, all appropriate changes and additions to ensure that, criteria being equal, the substantive and financial contents of the Plans and the KPIs underlying the medium/long-term incentive systems remain unchanged and reliable.

Similar changes may be made, subject to approval by the aforementioned bodies, to the common management KPIs underlying the 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 disbursement of one-off bonuses to managers who have distinguished themselves through exceptional individual efforts of particular strategic impact is considered to constitute a significant differentiation and meritocratic selection mechanism for retention of excellent personnel.

Monetary amounts in addition to the variable remuneration components may therefore be paid, on a non-continuous basis, to reward the contribution of a manager to extraordinary operations, 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. These rewards may take the form of one-off bonuses or variable bonuses linked to the completion of specific projects and pre-set objectives.

The disbursement of these rewards, in the cases and for the purposes indicated, is subject, for the Directors, to the assessment and approval of the Board of Directors, on the recommendation of the Remuneration & Appointments Committee, supported by the Central Group Human Resources & Organisation Division, after consultation with the Related Parties Committee where envisaged; for the other KMP, assessment and approval is performed by 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.

In all cases, the amount of such one-off bonuses shall not exceed the amount of short-term variable remuneration.

10 – Treatment in the event of termination of office or employment

With regard to the Executive Directors and Key Management Personnel with employment contracts, *ex-ante* agreements that regulate indemnities in the event of termination of office or early termination of employment are not envisaged at the current time. In all cases, Mondadori policy is in line with the recommendations of the Corporate Governance Code and Corporate Governance practices and envisages for the above-mentioned cases, in addition to the notice established by current law or regulations, an amount not in excess of 24 months of current pay and average variable remuneration received in the last three years. In the case exclusively of directors, compensation corresponding to the end of the term of office is envisaged, but with a maximum amount that is not in excess of 24 months of current pay and average variable remuneration received in the last three years.

With regard to the Performance Share Plans, the regulatory provisions illustrated in the information document apply, under which, in the case of a bad leaver, for example voluntary resignation or termination of the relationship for just cause, the rights assigned by the Plan are forfeited. 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 contract termination date, without prejudice to attainment of the performance objectives over the normal performance period envisaged by the Plan. The bonus actually accrued will be computed and assigned in accordance with the Regulation. More favourable conditions are allowed, subject to approval by the Board of Directors on the proposal of the Remuneration & Appointments Committee, supported by the Central Human Resources & Organisation Division, and after consultation with the Related Parties Committee where envisaged, and in compliance with current company procedures and regulations, only in the case of good leavers or mutually agreed termination.

With regard to non-competition agreements, without prejudice to existing regulations, the Company reserves the right to draw up, in its own interests, non-competition agreements for a maximum period of 2 years and a consideration not in excess of 24 months of fixed remuneration.

SECTION II – REMUNERATION AND FEES PAID IN FINANCIAL YEAR 2020

This section of the Report sets out key information on the application of the Policies described in the Report on Remuneration and Fees Paid in 2020, approved by the Board of Directors, at the proposal of the Remuneration and Appointments Committee, on 17 March 2020 and approved by the Ordinary Shareholders' Meeting of 22 April 2020.

Part one includes:

- a description of the effects of the Covid-19 pandemic on the implementation of the Policies, including a review of the objectives relating to the 2018-2020 long-term incentive plan
- a description of each of the items that make up the remuneration of the Directors and the Key Management Personnel of the Group, indicating consistency with the description in the first section of the Policies
- the 2020 pay mix of the Directors and Key Management Personnel, in application of the Policies
- the variation in the remuneration of the Directors, the members of the Board of Statutory Auditors, the employees and in the performance of the Company.

The second part sets out the tables detailing the remuneration paid to the Directors – on an individual basis - and to the Key Management Personnel – in aggregate form.

The outcome of the vote for the approval of Section II of the 2020 Remuneration Report showed 96.14% of votes in favour.

PART ONE - IMPLEMENTATION OF THE POLICY

During financial year 2020, the Remuneration Policy was implemented in compliance with the general purposes, the reference principles and the procedures envisaged by the 2020 Policies.

1) EFFECTS OF THE COVID-19 PANDEMIC ON IMPLEMENTATION OF THE POLICIES

2020 was characterised by the Covid-19 emergency, which had a material impact on the Company's operations and performance. The lockdown and the measures put in place to combat the epidemic, notably the periods that saw the closure of bookstores, shopping malls and museums, and the general contraction in advertising expenditure in periodicals, drove a swift and significant downturn in first-half revenues, creating a climate of uncertainty over the real business outlook. The Company reacted promptly, introducing urgent measures to protect employee safety and organising an action plan to mitigate the consequences of the pandemic on earnings through containment of operating expense, measures to optimise working capital, policies to conserve the vitality of the distribution channels and a review of publishing plans.

With regard to payroll costs, the Company adopted a containment policies through use of outstanding vacation days and social security measures, a block on pay reviews and the reduction of variable remuneration for management in 2020.

Given the exceptional nature of the Covid-19 pandemic and the upheaval on the markets, the Company found itself in a position where it had no reliable reference targets for its current and future operations.

In order to maintain a governance and guidance tool for managers required to respond in a rapid and effective way to the consequences of the pandemic, the Company decided to introduce a series of corrective measures to the existing incentive plans. These measures, illustrated in detail below, were carefully evaluated, with the assistance of the PwC, Mercer, Willis Tower Watson and Georgeson consultancies, paying attention to virtuous market trends and the emerging recommendations of investors and proxy advisors.

Generally speaking, the principle adopted was transparency and objectivity: targets were quickly re-set in view of the changes in the market scenario in order to avoid the need for ex-post adjustments. At the same time, the opportunities of the target bonuses assigned to management were reduced, partly in view of the business difficulties and the recourse to social security measures for a large proportion of the workforce.

These actions, of an entirely temporary and extraordinary nature, were adopted, after receiving the favourable opinion of the Remuneration Committee, with the approval of the Board of Directors.

1.a Annual variable remuneration (MBO 2020)

On 30 July 2020, the Board of Directors approved a revised budget based on the forecasts drawn up in May-June.

On the same date, after receiving the opinion of the Remuneration & Appointments Committee, the objectives of the revised budget were taken as targets for the short-term incentive plan (MBO), without changes to the calculation mechanisms, in order to maintain management motivation in the response to the crisis. In addition to the Executive Directors and the Key Management Personnel, more than 300 employees are beneficiaries of the short-term incentive plan. At the same time, the target bonuses originally planned for the Executive Directors and Key Management Personnel were cut by 50%. The reduction in the target bonuses for the other senior managers was 30%, whereas no reduction was made to the bonuses for junior managers and office staff.

1.b Medium/long-term variable remuneration (LTI)

On 10 November 2020, the Board of Directors approved a new Three-Year Plan for 2020-2022, adopting for 2021 the objectives approved in July 2020 with the revised budget.

The targets for 2020 and 2021 set by the new Three-Year Plan were taken as the reference for the review of the objectives relating to the respective years in the existing Performance Share Plans, that is, the 2018–2020 Plan and the 2019–2021 Plan, with a results review method that enables the years when operations were conducted under “normal” conditions (2018 and 2019) to be distinguished from those when the arrival of the pandemic, and in many cases the limits placed on operations by the decrees issued by the government, completely transformed references and strategies (2020 and 2021).

At the same time, the rights already assigned with respect to the Plans in question were reduced by 25% for 2020 and by 15% for 2021. Furthermore, a new cap of 100% of the rights attributable was envisaged for the whole Plan, rather than 115% as envisaged by the Policies, in order to limit the number of rights attributable even in cases of over-performance.

The objectives of the 2020-2022 Performance Share Plan are already consistent with the forecasts in the 2020-2022 Three-Year Plan.

1.c 2018-2020 Performance Share Plan, disclosure ex-post

With regard to the 2018-2020 Performance Share Plan, the following levels of attainment were recorded for the three-year objectives, using the procedures described above, that is, envisaging: the review of the target objectives for 2020, the proportionate reduction of the number of attributable target rights and the reduction of the cap in the event of over-performance:

Results of the Performance Share Plan 2018-2020		
Group Three-Year Objectives		Result vs. target
KPI:	Group net profit	113%
	Group Ebitda	110%
	Free Cash Flow	117%
	TSR	2018-19 ON / 2020 OFF

The overall performance level attained was 101.67% of the target, but is automatically limited to 100%, as a result of the cap introduced by the *Covid-19 review*. For the same reason, the number of attributed shares is reduced by 25% as regards 2020, i.e., **91.7% of the target rights originally assigned for the whole Plan**. Consequently, despite the positive results, approximately 80,000 fewer shares will be attributed with respect to those assigned.

Further details on the rights actually attributed to the Executive Directors and Key Management Personnel are provided in the following sections.

2) REMUNERATION AND FEES PAID

The remuneration and fees paid to the members of the governing and control bodies and to Key Management Personnel are illustrated below; reference should be made to tables 1, 3A and 3B for the actual amounts.

2.a - Remuneration of directors

A. 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.

Disbursements during the 2020 financial year were as follows, in line with the procedural procedures defined in the Policy:

- fixed annual fee for the role of director, as determined by the Ordinary Shareholders' Meeting of 24 April 2018, corresponding to a fixed annual lump sum of € 10,000 Euro disbursed in equal amounts to all directors, with a 50% supplement for the Chair
- additional annual fixed fees due to non-executive directors as members of the Board Committees (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 disbursed in 2020 were:

- € 25,000 for the Chair,
- € 20,000 for directors who are Committee members.

Additional fixed remuneration was determined for directors who sit on the Related Parties Committee, which, given the small number of meetings it was possible to hold during the year, was set at an attendance fee of € 2,000 for each member of the Committee, with an additional 50% for the Chair. The Related Parties Committee held one meeting in 2020, for which € 3,000 were disbursed to the Chair and € 2,000 to the members.

The fees attributed to non-executive directors are not linked to attainment of performance objectives nor, in general, to the Company's business results.

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

With regard to the attainment of the performance objectives for the vesting of variable remuneration, for reasons of confidentiality quantitative data of a prospective nature not already published by Mondadori are not provided below, whereas qualitative performance and the composition of bonuses are illustrated.

Chair, Marina Berlusconi

The remuneration of the **Chair Marina Berlusconi** consists of an annual fixed sum for the role of € 500,000 approved by the Board of Directors on 15 May 2018, on a specific recommendation of the Remuneration & Appointments Committee and with the favourable opinion of the Board of Statutory Auditors pursuant to art. 2389 Italian Civil Code. The sum in question has not changed with respect to that provided for the previous three-year term of office.

Chief Executive Officer, Ernesto Mauri

The remuneration of the **CEO Ernesto Mauri** for 2020 was consistent with the resolution carried by the Board of Directors on 15 May 2018, with the favourable opinion of the Remuneration and Appointments Committee of 10 May 2018, as follows:

- Fixed remuneration: € 1,100,000
- Non-Competition Agreement: € 350,000
- MBO: € 500,000
- LTI: € 3,000,000 euro for the 2018-2020 term of office

with no variations.

This remuneration, 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) ***short-term variable component (MBO)***: as illustrated in point 1) above, the MBO of the CEO was **reduced by 50% by target, for a total of - € 250,000**. The actual amount, thanks to the excellent response of the Company and better-than-expected overall performance, generated overall attainment of 116%.

Performance indicators in the 2020 MBO system		
Role	Group Consolidated Objectives	% target attainment
Chief Executive Officer	KPI: Group net profit 30%	120%
	Group Ebit 30%	120%
	Free Cash Flow 20%	120%
	Succession Plan 20%	100%

The actual disbursement is € 290,000 euro, which is - € 210,000 (-42%) with respect to the original target MBO and - € 260,000 euro (-47%) with respect to the amount disbursed in 2019.

C. *long-term variable component (LTI)*: as approved by the 2020 Shareholders' Meeting, the 2020 Performance Share Plan does not provide for any end-of-term assignment for the CEO.

The CEO is therefore a beneficiary of the two previous plans: 2018-2020 Plan for 704,556 rights and 2019-2021 Plan for 888,626 rights.

As indicated in point 1) above, both Plans were reviewed in light of the effects of the Covid-19 pandemic, leading to a reduction in rights assigned of -58,713 rights for the 2018-2020 Plan (- € 125,000 euro with respect to the assignment value) and -118,483 rights for the 2019-2021 Plan (- € 200,000 euro with respect to the assignment value).

As regards the 2018-2020 Plan, in view of the above-target results of financial years 2018 and 2019 and the better-than-expected results for financial year 2020, attributable rights, after application of the cap established by the *Covid review*, are equivalent to 100% of the reduced value, thus confirming for the CEO a total of 645,843 shares against the original 704,556 shares.

Overall, the remuneration of the CEO in 2020, after application of the Covid-19-related correctives, saw a reduction of - € 210,000 for the MBO and -58,713 rights

(- € 125,000 assignment value) for the 2018-2020 Performance Share Plan, for a total of - € 335,000 euro.²

² The difference is calculated by considering the value at the assignment of the rights (€ 2,129); the delta is therefore not in line with the values shown in the tables, which show the value at the vesting date

With reference to the Chief Executive Officer, who will not continue in the office, with the approval of the Board of Directors on a proposal of the Remuneration & Appointments Committee, the following has been decided:

Accelerated Vesting of the 2019-2021 Performance Share Plan, applying the power granted by the Policy and by the Regulation to enable the Board of Directors to grant more advantageous conditions in good-leaving situations, the Chief Executive Officer is granted 100% of the quantity of shares, reduced in accordance with the Covid-19 reviews described in the Section II of the Report (770,142 rights with respect to the 888,626 rights originally assigned), with the right for the rights to be returned should the overall results of the Plan, on the approval of the 2021 financial statements, be lower than anticipated and with a floor on the bonus relating to the results actually achieved in the two-year period 2019-2020 under his management.

The number of "accelerated" shares is shown in table 3A.

Non-Competition Agreement: in view of the Chief Executive Office's top management position and strategic role, and his participation, over the last year, in the study on strategic plans of great significance for the future of the group, the Company believes, with the favourable opinion of the Related Parties Committee, that the restriction currently envisaged should be broadened and extended to 2 years from termination, with an additional overall consideration of € 800,000, equivalent to approximately 9 months of fixed remuneration.

The amount of the non-competition agreement is shown in table 1.

No other additional compensation has been recognised in connection with the termination of the office.

C. Other Executive Directors

Chief Financial Officer, Oddone Pozzi

During 2020 Oddone Pozzi resigned as an Executive Director with effect from 22 April 2020, and as General Manager Finance, Procurement and IT Systems with effect from 3 June 2020.

Remuneration paid for 2020 was follows:

- a) *fixed component*: basic salary and other non-variable monetary components, for an annual amount of € 420,000, disbursed *pro-rata* for the period 1/1/2020 - 3/6/2020 (€ 187,428)

- b) short-term variable component (MBO) and long-term variable component (LTI): after Mr Pozzi's resignation, no bonus was attributed. In compliance with the 2020 Policy and specific Regulations, Executive Director Pozzi forfeited the benefits on the 2018-2020 and 2019-2021 Performance Share Plans for a total of 159,319 rights, equivalent to the total number of assigned rights.
- c) Non-Competition Agreement: after the termination of the employment contract, the Company drew up a non-competition agreement with Executive Director Oddone Pozzi for a period of 2 years; the consideration is equivalent to 20 months' fixed remuneration (€ 700,000), payable in two tranches (2020 and 2021). The non-competition agreement was approved by the Board of Directors on the proposal of the Remuneration Committee and with the favourable opinion of the Related Parties Committee. The amount of the non-competition agreement is shown in table 1.

Chief Financial Officer, Alessandro Franzosi

With effect from 4 June 2020, Alessandro Franzosi, who was coopted to the Board of Directors as an Executive Director and Manager in charge of preparation of the corporate accounting documents (as from 14/05/2020), took on the role of Chief Financial Officer.

The remuneration disbursed for 2020 was as follows:

- a) fixed component, basic salary and other non-variable monetary components, for an annual amount of € 400,000, disbursed *pro-rata* as from the day of employment (€ 229,824). The CFO also has a non-competition agreement, for a constant annual amount of € 200,000, which has a duration of two years after termination of his employment.
- b) short-term variable component (MBO): the target bonus on an annual basis for the CFO is € 200,000 euro on attainment of target results and € 240,000 euro on attainment of maximum results. As already illustrated, the CFO's MBO for 2020 is linked to attainment of the revised budget objectives approved in July 2020 in light of the Covid-19 pandemic, with a corresponding reduction of 50% of the target bonus. The CFO achieved a result of 118% of the target, thus accruing a *pro-rata* bonus based on the actual period of work with the Group of € 69,067, **with an actual reduction of 41% with respect to the pre-Covid-19 target bonus.**

The planned objectives and related attainment levels are set out below:

Performance indicators in the 2020 MBO system			
Role	Group Consolidated	Objectives	% attainment bonus
Chief Financial Officer	KPI:	Group Ebit	50%
		Free Cash Flow	40%
		Managed costs	10%
			120%
			120%
			104%

c) *long-term variable component (LTI)*: The third cycle of the 2020-2022 Performance Share Plan was launched in 2020. The assignment for the CFO is 214,088 rights: the number of rights assigned was determined considering his recent arrival as a Plan beneficiary.

D. Remuneration of Key Management Personnel

As a result of the organisational changes described above, as of 31 December 2020, the Key Management team was as follows:

Key Management Personnel (at 31/12/2020)	
Carlo Mandelli	General Manager Media Business Unit
Carmine Perna	General Manager Retail Business Unit
Antonio Porro	General Manager Books Business Unit and Educational Books Area
Daniele Sacco	General Manager Human Resources & Organisation
Enrico Selva Coddè	General Manager Trade Books Area

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

Ernesto Mauri	Chief Executive Officer
Alessandro Franzosi	Executive director Chief Financial Officer

The positioning of the remuneration of the Key Management Personnel, with prior reference to the 3rd market quartile, was verified through constant monitoring, with the support of PwC, based on the market benchmarks provided by the Hay - Korn Ferry company.

During the year, the compensation of the individual members of Key Management Personnel of the Mondadori Group, who were also present in the previous year, was unchanged in terms of fixed amounts or variable remuneration by target, except as regards the reductions arising from the re-setting in light of the Covid-19 pandemic.

The aggregate remuneration in 2020 of Key Management Personnel who are not directors is detailed below:

- a) *the fixed component*, consisting of the basic salary and other non-variable monetary components, was € 1,929,938, with a reduction from 2019 of approximately 30% arising from the elimination of one position (General Manager BU Mondadori France) and the absence of overall extraordinary bonuses.
- b) *the annual variable component (MBO)*, which is paid out based on the level of achievement of annual budget targets. As illustrated above, the 2020 MBO of Key Management Personnel is linked to achievement of the revised budget targets approved by the Board of Directors in July 2020 in light of the Covid-19 pandemic, with a 50% reduction of the target bonus.

A summary of the level of achievement of the planned objectives is set out below:

Performance indicators in the 2020 MBO system				
Role	Group Consolidated	Objectives	% attainment bonus	
Key Management Personnel	Group Ebit	30%	120%	
	Free Cash Flow	10%	120%	
	KPI:	BU Ebit	30%	120%
		BU Free Cash Flow	30%	120%
	Payroll Costs	30%	102%	
	(for HRD General Manager)			

Although performance was better than expected, overall the bonuses disbursed were down - **€ 340,000 with respect to the theoretical pre-Covid bonuses (- 43%)** and - **€ 306,000 with respect to the amount disbursed in 2019 (-41%)**.

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

The third cycle of the 2020-2022 Performance Share Plan was launched in 2020: the value of assignments for Key Management Personnel was 230,203 rights. Key Management Personnel continue to be beneficiaries of the two previous plans: 2018-2020 Plan for 219,195 rights and 2019-2021 Plan for 246,840 rights.

As indicated in point 1) above, both Plans were reviewed in light of the effects of the Covid-19 pandemic, with a consequent reduction in rights assigned of **-18,266 rights for the 2018-2020 Plan and -32,912 rights for the 2019-2021 Plan.**

With regard to the 2018-2020 Plan, given the above-target results for financial years 2018 and 2019 and the better-than-expected performance in financial year 2020, attributable rights, after application of the Covid-review-related cap, correspond to 100% of the reduced value, confirming a total of 200,929 shares for Key Management Personnel compared with the original 219,195 shares.

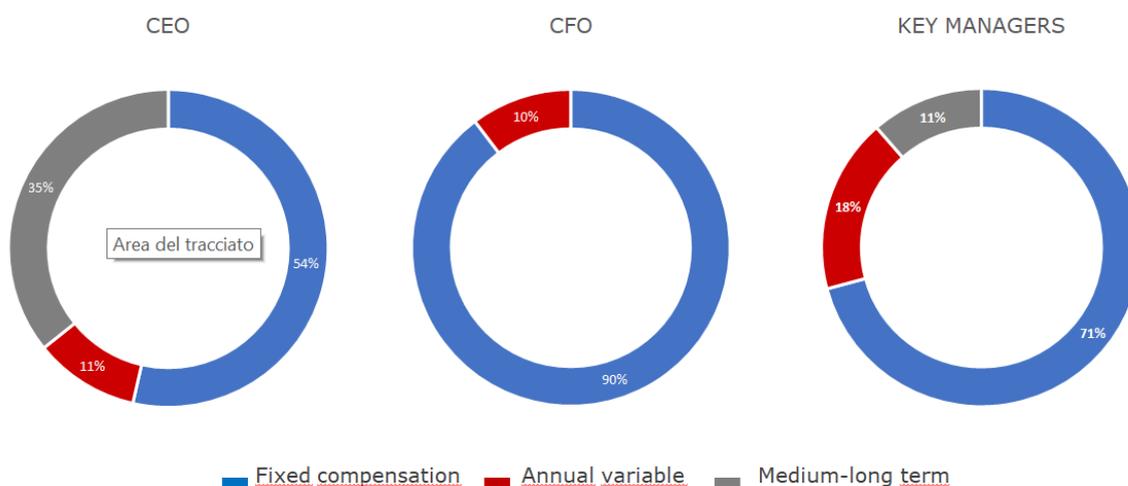
3 – Pay mix

The actual pay mix for the CEO, CFO and Key Management Personnel, calculated on the basis of remuneration actually paid during the year in accordance with the 2020 Policies, is illustrated below.

Naturally, the remuneration paid was affected by a temporary imbalance in the variable components due to the reduction in the bonuses as a result of the pandemic-related review.

- The overall variable component with respect to total remuneration was 46% for the CEO, 10% for the CFO (who took up his post during the year and therefore did not accrue any amount for LTI) and 29% for the other Key Management Personnel.
- Short-term variable remuneration to variable remuneration was 23% for the CEO, 100% for the CFO (not having had any previous LTI) and 61% for the other Key Management Personnel.
- Long-term variable remuneration (LTI) to variable remuneration was 77% for the CEO, not applicable for the CFO who joined the Group halfway through the year and 39% for the other Key Management Personnel.

The weighting and percentages of the fixed and variable components of *theoretical remuneration* for 2020 are amply aligned with the Policy parameters and individual remuneration complied with the minimum pay mix requirements indicated in the 2020 Remuneration Policy.



4 – Variation in remuneration and Company performance

The table below sets out, for the two years 2019-2020, the variation in:

- Remuneration of the CEO, the Chair, the Directors, the members of the Board of Statutory Auditors
- Remuneration of employees
- Performance of the Company

	2019	2020
EMPLOYEES, Average Remuneration %	48,173	48,486 0.6%
Marina Berlusconi, Chair %	515,000	515,000 0.0%
Ernesto Mauri, Chief Executive Officer %	2,852,034	2,337,417 -18.0%
MONDADORI PERFORMANCE		
Net Profit (on-going) %	32.0	4.5 -85.9%
Ebitda %	102.9	84.6 -17.8%

Since the remuneration of the members of the **Board of Statutory Auditors** and of the other **Non-Executive Directors** consists of fixed amounts disbursed as approved by the Shareholders' Meeting and the Board of Directors, it did not change from 2019 to 2020. Table 1 attached to this Report provides a summary of the amounts paid.

Key:

- the amounts shown refer to total remuneration (2020 fixed component + annual variable component + fair value of the performance share plan).
- Employees refers to the number of employees present at 31 December of each year in Italy; the remuneration amounts are full time equivalent

PART TWO – ANALYTICAL DESCRIPTION OF REMUNERATION PAID OUT DURING FINANCIAL YEAR 2020

Schedule 7-bis: Remuneration Report

TABLE 1: Remuneration 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 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.

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

Schedule 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.

2020

TABLE 1: Remuneration 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) Surname and Name	(b) Office	(c) Period for which the position was held	(d) Expiration of Term of Office	(e) Fixed remuneration	(f) Remuneration for participation in committees	(g) Non-equity variable remuneration		(h) Non-monetary benefits	(i) Other remuneration	(j) Total	(k) Fair value of equity remuneration	(l) Severance pay for termination of office or employment
						Bonus and other incentives	Profit sharing					
Belusconi Marina Elvira	Chair	00/01/2020 - 31/12/2020	Approval of 2020 Financial Statements	25,000.00 a)						505,000.00		
				500,000.00 b)								
Mauri Ernesto	Chief Executive Officer	00/01/2020 - 31/12/2020	Approval of 2020 Financial Statements	30,000.00 a)		290,000.00		9,930.00	330,000.00 h)	1,758,930.00	577,486.67	300,000.00 0
				1,100,000.00 b)								
Passi Oddone Maria	Director	00/01/2020 - 27/01/2020		3,057.00 a)				4,578.00		183,342.00		700,000.00 0
				776,620.00 c)								
Francisi Alessandro	Director	14/02/2020 - 31/12/2020	Approval of 2020 Financial Statements	6,200.00 a)		69,666.67		4,540.00	76,666.67	426,400.34	9,416.75	
				728,574.00 c)								
Airio Paolo Guglielmo Luigi	Director	00/01/2020 - 31/12/2020	Approval of 2020 Financial Statements	30,000.00 a)						10,000.00		
Belusconi Pier Silvio	Director	00/01/2020 - 31/12/2020	Approval of 2020 Financial Statements	30,000.00 a)						10,000.00		
Biffi Elena	Director	00/01/2020 - 31/12/2020	Approval of 2020 Financial Statements	30,000.00 a)		30,000.00 d)				30,000.00		
						2,000.00 e)						
Curio Francesco	Director	00/01/2020 - 31/12/2020	Approval of 2020 Financial Statements	30,000.00 a)						10,000.00		
Fomeron Mondadori Martina	Director	00/01/2020 - 31/12/2020	Approval of 2020 Financial Statements	30,000.00 a)						10,000.00		
Gianguliano Patricia Michela	Director	00/01/2020 - 31/12/2020	Approval of 2020 Financial Statements	30,000.00 a)		30,000.00 f)				30,000.00		
Pellegrino Danilo	Director	00/01/2020 - 31/12/2020	Approval of 2020 Financial Statements	30,000.00 a)						10,000.00		
Poli Roberto	Director	00/01/2020 - 31/12/2020	Approval of 2020 Financial Statements	30,000.00 a)						10,000.00		
Renoldi Angelo	Director	00/01/2020 - 31/12/2020	Approval of 2020 Financial Statements	30,000.00 a)		25,000.00 d)			30,000.00 g)			
						3,000.00 e)				78,000.00		
						20,000.00 f)						
Resca Mario	Director	00/01/2020 - 31/12/2020	Approval of 2020 Financial Statements	30,000.00 a)						10,000.00		
Rosello Cristina	Director	00/01/2020 - 31/12/2020	Approval of 2020 Financial Statements	30,000.00 a)		30,000.00 d)						
						2,000.00 e)				57,000.00		
						25,000.00 f)						
Fornasiero Sara	Chair of the Board of Statutory Auditors	00/01/2020 - 31/12/2020	Approval of 2020 Financial Statements	60,000.00 a)					25,000.00 g)	85,000.00		
Mruntillo Flavia Gaunia	Standing Statutory Auditor	00/01/2020 - 31/12/2020	Approval of 2020 Financial Statements	40,000.00 a)						40,000.00		
Simonelli Brio	Standing Statutory Auditor	00/01/2020 - 31/12/2020	Approval of 2020 Financial Statements	40,000.00 a)						40,000.00		
Key Management Personnel	5 1)	00/01/2020 - 31/12/2020		1,386,692.92 c)		470,600.00		40,728.40	50,985.67	2,400,538.36	266,244.28	
0) Remuneration from the company that prepares the financial statements				4,178,602.98		137,000.00		62,261.48	50,985.67	5,729,777.70	935,146.68	1,500,000.00
Resca Mario	Chair of the Board of Directors of Mondadori Retail S.p.A.	00/01/2020 - 31/12/2020	Approval of 2022 Financial Statements	100,000.00 a)						120,000.00		
Mruntillo Flavia Gaunia	Standing Auditor of Rizzoli Education S.p.A.	00/01/2020 - 31/12/2020	Approval of 2020 Financial Statements	9,000.00 a)								
	Standing Auditor of Elesta S.p.A.	00/01/2020 - 31/12/2020	Approval of 2019 Financial Statements	2,094.00 a)						21,094.00		
	Standing Auditor of Mondadori Scienza S.p.A.	00/01/2020 - 31/12/2020	Approval of 2020 Financial Statements	30,000.00 a)								
Key Management Personnel				0.00 d)		0.00		0.00		0.00		
00) Remuneration from subsidiaries and affiliates				14,094.00		0.00		0.00	0.00	14,094.00	0.00	0.00
000) Total				4,330,696.98		137,000.00		62,261.48	50,985.67	5,981,321.70	935,146.68	1,500,000.00

TABLE 3A.2020: 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 that did not vest during the year			Financial instruments 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	P.B.	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at assignment date	Vesting period	Assignment 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) Remuneration from the company that prepares the financial statements	Performance Share Plan 2018-2021 € share to be met resolution 24 April 2018 (C)									645,843	975,223	226,045
			Performance Share Plan 2019-2021 € share to be met resolution 17 April 2019 (C*)									770,142	1,162,914	351,442
		(j) Remuneration from subsidiaries and affiliates	P.B. (date of the title resolution)											
(iii) Total												2,138,138	577,487	
ODDONE MARIA POZZI	DIRECTOR (elected 22/04/2020)													
		(i) Remuneration from the company that prepares the financial statements	Performance Share Plan 2018-2020 € share to be met meeting resolution 24 April 2018											
			Performance Share Plan 2019-2021 € share to be met meeting resolution 17 April 2019											
		(j) Remuneration from subsidiaries and affiliates	P.B. (date of the title resolution)											
(iii) Total														
ALES SANDRO FRANZOSI	DIRECTOR													
		(i) Remuneration from the company that prepares the financial statements	Performance Share Plan 2020-2022 € share to be met meeting resolution 22 April 2020		214,088	274,247	01 January 2020 / 31 December 2022	1 December 2020	1.51				91,416	
		(j) Remuneration from subsidiaries and affiliates	P.B. (date of the title resolution)											
(iii) Total						274,247							91,416	
KEY MANAGEMENT PERSONNEL														
		(i) Remuneration from the company that prepares the financial statements	Performance Share Plan 2018-2020 € share to be met resolution 24 April 2018 (C)									200,929	303,403	70,325
			Performance Share Plan 2019-2021 € share to be met resolution 17 April 2019 (C)	213,928	01 January 2019 / 31 December 2021								97,623	
			Performance Share Plan 2020-2022 € share to be met meeting resolution 22 April 2020		230,203	294,890	01 January 2020 / 31 December 2022	1 December 2020	1.51				98,297	
		(j) Remuneration from subsidiaries and affiliates	P.B. (date of the title resolution)											
(iii) Total				213,928		294,890						303,403	266,244	

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 did not vest during the year, with indication of the vesting period;
- the financial instruments assigned during the year, with indication of their fair value at the assignment date (1), the vesting period, the assignment 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, which are not allocated to the recipient due to failure to fulfil the conditions to which the assignment of the instrument was subject (such as failure to meet 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 2020 - val. € 1.51).

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

- the total number of financial instruments not vested held at the start of the year, with indication of their average expiration;
- the total number of financial instruments assigned at the start of the year, with indication of their total fair value, average expiration and the average market price on assignment;
- the total number of financial instruments vested during the year but not allocated;
- the total number of financial instruments vested during the year and able to be allocated, with an indication of their total market value;
- the total fair value of the financial instruments accrued during the year.

(a) the fair value at allocation date is indicated with reference to the financial instruments assigned during the year in relation to the market price at the allocation date

(b) 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)

(*) = assignments reduced after the Covid-19 review

(**) = assignments based on the anticipated vesting approved by the Board of Directors on 16 March 2021

2020

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 Surname and Name	B Office	C Plan	D Bonuses for this year			E Bonuses from previous years			F Other Bonuses *
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferral Period	No longer payable	Payable/Paid	Still Deferred	
MAURIN ERNESTO	CHIEF EXECUTIVE OFFICER								
0) Remuneration from the company that prepares the financial statements									29,000
00) Remuneration from subsidiaries and affiliates									
FRANZOSI ALESSANDRO	DIRECTOR								
0) Remuneration from the company that prepares the financial statements									69,057
00) Remuneration from subsidiaries and affiliates									
(II) Total									359,057
KEY MANAGEMENT PERSONNEL									
0) Remuneration from the company that prepares the financial statements				65,667	2021			139,333	470,600
00) Remuneration from subsidiaries and affiliates									
(III) Total									470,600
(IV) Total				65,667			139,333		829,657

* 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 (II) shows the sum of all columns except column (2C).

"Column 2A" shows bonuses for the year accrued for objectives achieved in the year, which have been paid or are payable as they are not subject to further conditions (upfront remuneration).

"Column 2B" shows bonuses linked to objectives to be achieved during the 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 still to be paid at the beginning of the year, which are no longer payable due to the failure to meet the relative conditions.

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

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

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

Should the data be represented in aggregate form, the following information is 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.

Schedule no. 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 set out information on the equity investments in Amddo Mandadori Editore S.p.A. of Board Members and Statutory Auditors, and, in aggregate form, of Key Management Personnel. Unless otherwise specified, the equity investments are owned directly.

TABLE 1: Equity investments of members of the Board of Directors, members of the Board of Statutory Auditors and general managers

Surname and Name	Office	Investee Company	Number of shares held at the end of the previous financial year	Number of shares bought	Number of shares sold	Number of shares held at the end of the financial year in question
Berlusconi Marina Elvira	Chair	Amddo Mandadori Editore S.p.A.	-	-	-	-
Mauri Ernesto	Chief Executive Officer	Amddo Mandadori Editore S.p.A.	-	-	-	-
Airio Pado Guglielmo Luigi	Director	Amddo Mandadori Editore S.p.A.	-	-	-	-
Berlusconi Pier Silvio	Director	Amddo Mandadori Editore S.p.A.	172,000	-	-	172,000
Biffi Elena	Director	Amddo Mandadori Editore S.p.A.	-	-	-	-
Curò Francesco	Director	Amddo Mandadori Editore S.p.A.	-	-	-	-
Fomeron Mandadori Martina	Director	Amddo Mandadori Editore S.p.A.	197,127	-	-	197,127
Franzoi Alessandro Edoardo*	Director	Amddo Mandadori Editore S.p.A.	-	20,000	-	20,000
Giangulano Patrizia Michela	Director	Amddo Mandadori Editore S.p.A.	-	-	-	-
Pellegrino Danilo	Director	Amddo Mandadori Editore S.p.A.	-	-	-	-
Pdi Roberto	Director	Amddo Mandadori Editore S.p.A.	-	-	-	-
Pozzi Oddone Maria**	Director	Amddo Mandadori Editore S.p.A.	-	-	-	-
Randi Angelo	Director	Amddo Mandadori Editore S.p.A.	-	-	-	-
Rasca Mario	Director	Amddo Mandadori Editore S.p.A.	-	-	-	-
Rossello Cristina	Director	Amddo Mandadori Editore S.p.A.	-	-	-	-
Fomasiero Sara	Chair of the Board of Statutory Auditors	Amddo Mandadori Editore S.p.A.	-	-	-	-
Minutillo Flavia Dauria	Standing Statutory Auditor	Amddo Mandadori Editore S.p.A.	-	-	-	-
Simnelli Ezio	Standing Statutory Auditor	Amddo Mandadori Editore S.p.A.	-	-	-	-

TABLE 2: Equity investments of other Key Management Personnel

Number of Key Management Personnel	Investee Company	Number of shares held at the end of the previous financial year	Number of shares bought	Number of shares sold	Number of shares held at the end of the financial year in question
6***	Amddo Mandadori Editore S.p.A.	-	134,880****	56,699	78,181

NOTES

* In office as from 14 May 2020.

** Left office on 22 April 2020.

*** Number including 1 Key Manager who left on 31 June 2020.

**** Number of shares assigned by the Company to Key Management Personnel with reference to the 2017-2019 Performance Share Plan.

The information on equity investments in the listed parent company and its subsidiaries held by the members of the Board of Directors and Board of Statutory Auditors, the general managers and Key Management Personnel is reported in the form of a table. It is provided by name for the members of the management and control bodies and the general managers, and in aggregate form for the other Key Managers, in relation to each investee company and the number of shares, broken down by category.

- shares held at the end of the previous financial year;

- shares bought during the financial year in question;

- shares sold during the financial year in question;

- shares held at the end of the financial year in question.

In addition, the table shows the ownership rights and terms.

The table includes all individuals who, at some point during the financial year in question, held office as a member of the management and control bodies, as a general manager or as a member of Key Management Personnel.

Draft Resolutions (art. 123-ter, paragraphs 3-bis and 6, of Legislative Decree 58/1998)

Pursuant to art. 123-ter, paragraphs 3-bis and 6, of Lgs.decreet 58/1998, the Shareholders' Meeting is invited:

- i) to approve with a binding resolution Section I of the Report on Remuneration Policy and Fees Paid;
- ii) to carry a resolution in favour or not in favour of Section II of the Report on Remuneration Policy and Fees Paid. The resolution is non-binding.

In reference to the above, the following draft resolutions are presented:

First Resolution

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

resolves

to approve Section I – pursuant to art. 123-ter paragraph 3 of Lgs.Decree 58/1998 – of the "Report on Remuneration Policy and Fees Paid", which concerns the remuneration policy adopted for the members of the governing bodies, the Key Management Personnel and the control bodies, and the procedures used to adopt and implement said policy."

Second Resolution

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

resolves

in favour of Section II – pursuant to art. 123-ter paragraph 4 of Lgs.Decree 58/1998 – of the "Report on Remuneration Policy and Fees Paid".

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

Chair
Marina Berlusconi

