

# Report on the 2020 Remuneration Policy and remuneration paid in 2019 of doValue S.p.A.



## doValue

Prepared pursuant to:

article 123-ter of the Consolidated Law on Finance (TUF), as amended by Legislative Decree no. 49/2019 and article 84-quater and outlines no. 7, 7-bis and 7-ter of Annex 3A of the Regulation adopted by CONSOB resolution no. 11971 of 14 May 1999 et seqq., implementing Legislative Decree no. 58 of 24 February 1998.

Rome, 22 April 2020

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## **Letter from the Chairman of the Remuneration Committee to the Shareholders**

Dear Shareholders,

I am pleased to present the “Report on the 2020 Remuneration Policy and remuneration paid in 2019” of doValue (hereinafter also “the Report”) which will be submitted to the Shareholders’ Meeting of 26 May 2020.

The year 2019 was one of great changes for the Group: on 24 June 2019 doValue, previously doBank, after obtaining the necessary authorisation, acquired the status of a listed servicing company with the consequent cancellation from the register of banking groups.

In accordance with the transformation of the company purpose, focussed on servicing activities, on 7 November 2019 doValue presented an update of the business plan with 2019-2022 targets that outlines the business lines – also in light of the completion of the acquisition of 85% of Altamira, the biggest operator specialised in distressed debt in Spain, and the agreement signed for the acquisition, currently being completed, of 80% of the share capital of Eurobank FPS Loans & Credits Claim Management Company (FPS), a leading servicing company operating in Greece - and identified the objectives and relative targets for the coming years, with an increasingly international scope aimed at a leadership position in South Europe.

The early months of 2020 have witnessed a scenario characterised by strong uncertainty at a global level and, obviously national as well, caused by the health emergency related to the COVID-19 epidemic.

The current negative situation connected with the effects of COVID-19, which are not expected to result in structural changes of sector dynamics, requires a cautious approach to short-term performance, in a context of limited visibility. Specifically, despite the continuation of doValue’s operations in all its markets, the Group is attentively monitoring the activity of the judicial system and public services in general, as well as the decisions on bank standstill arrangements and the dynamics of the real estate sector, which influence the timing of procedures and collections.

In light of this context, a decision was made to maintain the remuneration policy in line with that of 2019 after the transformation of the banking parent company into a servicing company (“post de-banking” remuneration policy) defined in detail by the Board of Directors’ meeting of 2 August 2019 within the parameters approved last year by the Shareholders’ Meeting. Therefore, considering appropriate to postpone defining new objectives more consistent with the Group’s current structure - with a more strategic approach - to a period of less uncertainty, thus presumably, in the second half of the year. Any changes and updates to the remuneration policy represented in this document (to be made in accordance to the procedure described below) apposite information will be provided to the market and detailed disclosure given in the Second Section which will be submitted for an advisory vote of the Shareholders’ Meeting to be convened to approve the Financial Statements for the year ending 31 December 2020.

It should be noted that for the scenario just described, 2020 will still be a year focussed on a major development programme for the Group, towards a governance model in line with

international best practices, appropriate in relation to the businesses controlled in Europe, and a remuneration strategy aimed at maximising the return on investments for the various stakeholders

Moreover, the year in course is characterised by important changes in relation to remuneration transparency and “say on pay” introduced with Legislative Decree no. 49/2019 the SHRD II adopted in Italy which amended article 123-ter of the Consolidated Law on Finance concerning Remuneration Reports and introduced a binding vote in terms of the remuneration policy and advisory vote regarding paid remuneration.

The remuneration policy - described in the first section of this Report - has been defined, as mentioned, maintaining the prudential principles in terms of alignment between remuneration and risks undertaken and basically in line with the 2019 “post de-banking” policy, taking into consideration some specific elements related to the new corporate and business organisation of doValue (listed servicing company no longer subject to banking regulations), and compliant with the legal framework required for listed companies.

The Remuneration Policy is an important tool for discussion with investors and with the public in general, aimed at highlighting the methods by which the Group's Top management is incentivised to pursue the business objectives and to achieve the desired results, for example:

- alignment of the objectives underlying the incentive system dedicated to DIRS with the priorities of the strategic plan presented to the Financial Community in November 2019;
- introduction of strategic objectives associated to corporate social responsibility, in particular in respect of the existing internationalisation process, in order to align doValue's Top Management with all the stakeholders.

The 2020 Remuneration Policy, in describing the principles and elements of the remuneration, pursues a new commitment in terms of communication with the aim of offering more complete and transparent information, clearly responding to market requirements and regulations concerning adopted remuneration practices and lastly pointing out their consistency with the short and long term business strategies and objectives to the benefit of Shareholders and all other Stakeholders.

I would like to take the opportunity to thank the Shareholder for your trust conferred, and the other members of the Remuneration Committee for their collaboration and proactive contribution.

This Report on the Remuneration Policy 2020 and Remuneration Paid 2019 was approved by the Board of Directors on 22 April and is submitted to the Shareholders' Meeting, in accordance with the Provisions of article 123 ter of the Consolidated Law on Finance.

The Chairman of the Remuneration Committee

**First Section: Report on the 2020 Remuneration Policy of doValue S.p.A.**



# **1 GENERAL INFORMATION**

## **1.1. Introduction**

This Report - prepared in compliance with articles 114-bis and 123-ter of the “Consolidated Law on Finance”, updated with Legislative Decree 49/2019 and article 84-quater and annexes of the “Issuers Regulation” - illustrates the remuneration policy of doValue S.p.A. (hereinafter also “doValue”) and is organised in two sections:

- the First Section - Report on the 2020 Remuneration Policy - describes doValue’s remuneration policy for 2020 in relation to the Directors, Managers with Strategic Responsibilities and Members of the Control Bodies, specifying the aims, governance process and involved bodies and functions as well as the procedures used for its adoption and implementation;
- the Second Section - Report on remuneration paid for 2019 - provides a representation of remuneration related to 2019 individually and by name for the Directors and Statutory Auditors and in aggregate form for Managers with Strategic Responsibilities (hereinafter also “DIRS”).

Moreover, the first section illustrates how the remuneration policy contributes to the company strategy, pursuit of long term interests and company sustainability.

This document is prepared in compliance with the mentioned laws and regulations and in line with the recommendations regarding remuneration of the Corporate Governance Code from the “Corporate Governance Committee” of listed companies (hereinafter “Corporate Governance Code”) in the July 2018 version <sup>1</sup>, which doValue adopts.

This Report (First and Second Section) was approved by doValue’s Board of Directors on 22 April; in line with article 123-ter of the Consolidated Law on Finance, the First Section - the “Report on the 2020 remuneration policy” - it is subject to a binding vote of the Shareholders’ Meeting while the Second Section - the “Report on remuneration paid for 2019” - is subject to an advisory vote of the Shareholders’ Meeting convened for 26 May 2020 to approve the Financial Statements for the year ending 31 December 2019.

This Report is made available to the public, at the company’s registered office and on doValue’s website in the Governance Section - Remuneration (<https://www.dovalue.it/en/governance/remuneration>), at least twenty-one days before the date of the Shareholders’ Meeting convened to approve the financial statements related to 2019, according to the requirements of current laws.

The Information Document related to the remuneration plan based on financial instruments can be obtained in the Governance Section - Remuneration of doValue’s website.

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<sup>1</sup>It should be noted that in January 2020 the new “Corporate Governance Code” was published which will be applied starting in 2021.

## 1.2. Regulatory framework

The Report on the 2020 remuneration policy and on remuneration paid in 2019 of doValue S.p.A. is defined within the regulatory framework in terms of the remuneration and incentive system, composed of the following sources for listed companies:

- article 123-ter and 114-bis of the Consolidated Law on Finance, respectively “Report on the remuneration policy and remuneration paid” and “Market Disclosure Concerning the Allocation of Financial Instruments to Company Representatives, Employees and Collaborators”;
- CONSOB regulation no. 11971/1999 (known as the Issuers' Regulation);
- Corporate Governance Code of the “Corporate Governance Committee”.

The objective of the remuneration policy is to achieve, in the interest of all stakeholders, remuneration systems aligned with company objectives and values, long term strategies and with a view to managing risk and sustainability.

## 1.3. The new Group organisation and medium-long term strategy: remuneration plan to support the business plan, with a sustainability approach

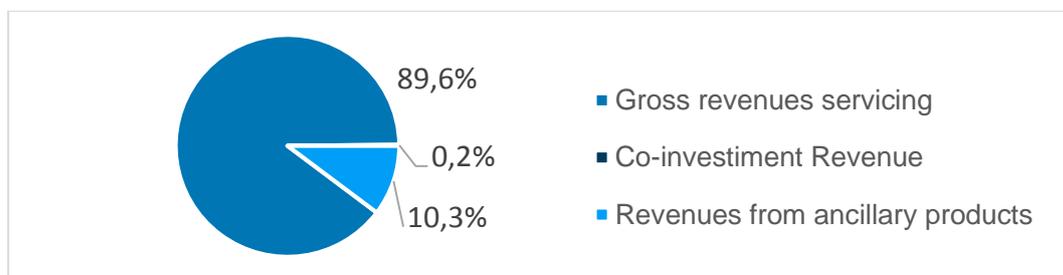
The doValue Group is a leader in the management of primarily non-performing loans for banks and public and private investors. The Group has also developed a range of ancillary products related to servicing activity which include gathering, developing and providing property-related and legal information on borrowers and providing property services that are also related to recovery activities (e.g. participation in auctions, REOCO, etc.) and support activities for the judicial recovery of loans.

The doValue Group intends to continue to reinforce its position as leader in the credit servicing sector in Europe, in line with the objectives outlined in the update of the 2019-2022 targets of the business plan, focussed on:

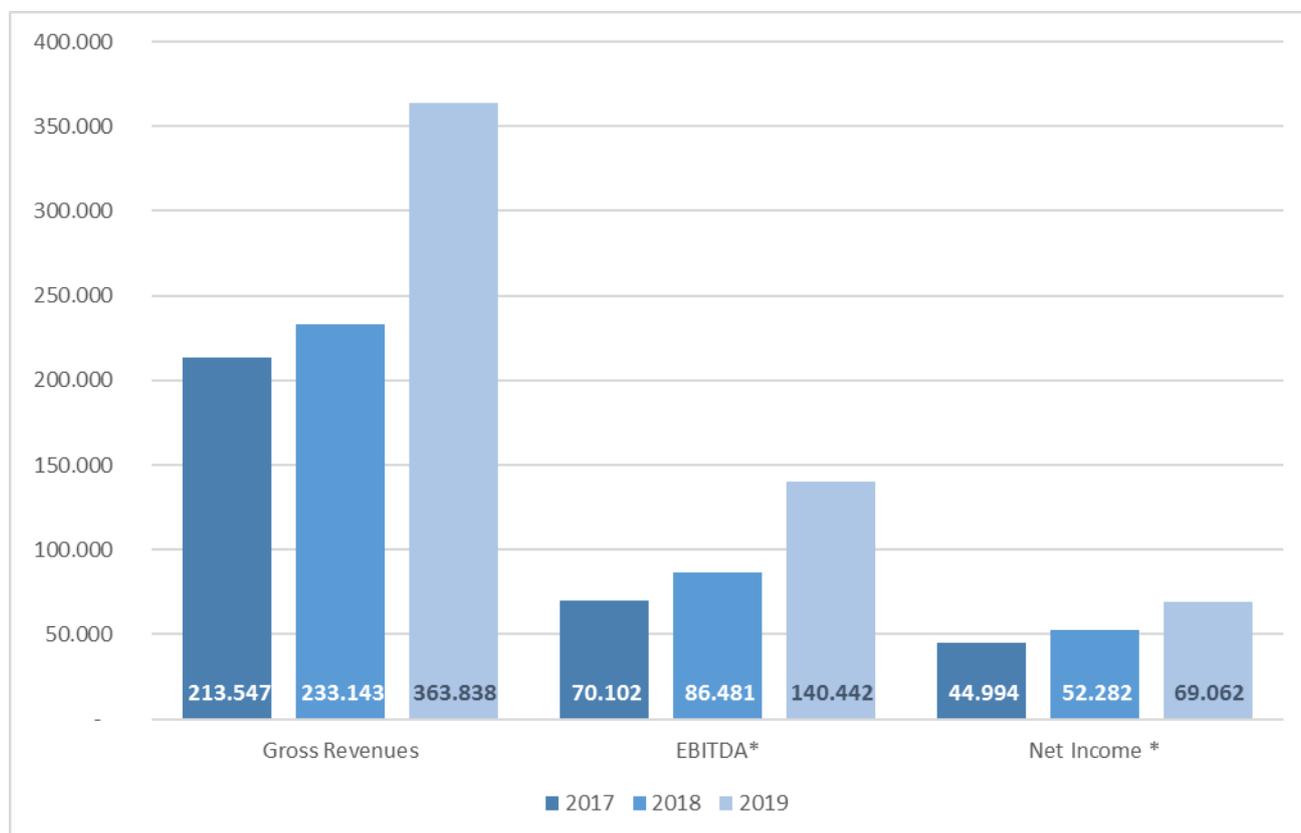
- Achievement of objectives for growth in earnings, return for shareholders and optimization of financial leverage;
- Reinforcement of doValue’s leadership in management services for non-performing and unlikely-to pay debts and Real Estate assets in Southern Europe;
- Greater efficiency in operations and reduction of costs;
- Solid Group asset position to support the creation of value for shareholders.

The year 2019 highlighted the achievement of important results that lay solid bases for the strategic lines set forth.

**Composition of doValue S.p.A. Gross Revenues (2019)**



### Key Economic Indicators (2019, 2018, 2017 values in millions)



\* excluding non recurring items

From 2017, the year of listing, to date, doValue has radically expanded and diversified its activities, at the same time maintaining a high profitability and generation of cash flow, with:

- Managed portfolio growing from €77 billion to €132 billion;
- Gross revenues growing from €213 million to €364 million;
- EBITDA margin, excluding non-recurring expenses, from 33% to 39%;
- Greater market diversification: from main Italian player to leadership in South Europe;
- Greater product diversification: from NPL to management services for NPL, UTP and Real Estate assets;
- Greater customer diversification: from around 40 in 2017 to over 75 in 2019, including three main “flow” contracts for exclusive management of future production of NPL and Real Estate assets of leading European banks.

Product diversification, the larger customer portfolio and capital solidity of doValue are particularly important in the current market scenario, characterised by different macroeconomic cycles and product able to balance out in the larger South Europe market, a greater focus on customers on real estate servicing and UTP debts, and lastly possible consolidation scenarios between servicing sector operators that facilitate M&A opportunities.

### doValue share performance

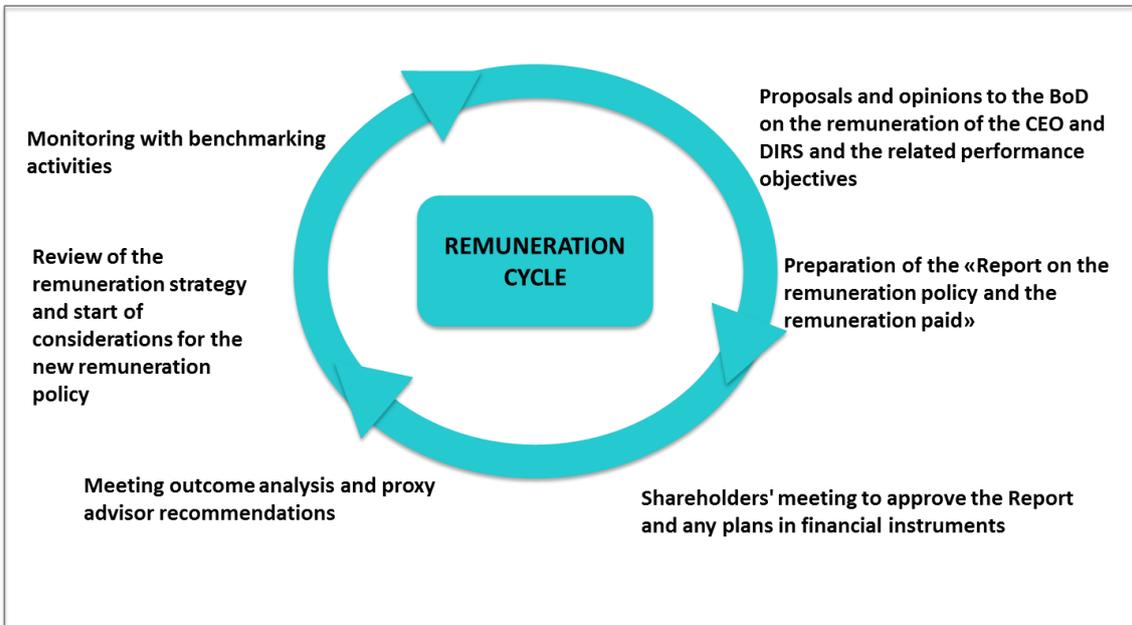


**Peer Group:** Arrow Global; B2Holding; Banca Farmafactoring; Banca IFIS; Banca Sistema; Cerved; Encore Capital Group; Hoist Finance; illimity<sup>2</sup> ; Intrum Justitia; Kruk; PRA Group.

From the listing on 31 December 2019 doValue has reported a total Shareholders Return of 46%, compared to the TSR reported in FTSE mid cap in the same period, equal to 18%, and in the monitored peer group, totalling an average of -20% (excluding Illimity which was not listed on the date measuring started).

## 2. The remuneration policy Governance Process

*The main activities related to the remuneration cycle*



<sup>2</sup> Illimity included in the index starting from the listing date in 2019.

The process related to the definition, adoption and implementation of the remuneration policy takes into account the delegations of the various bodies and functions involved and aims at ensuring that each delegated company body or function fully exercises the responsibilities defined by external regulations, the articles of association or internal regulations.

Again in 2020 doValue used the assistance of Willis Towers Watson in preparing the Report on the remuneration policy and paid remuneration.

The remuneration policy is reviewed at least annually by doValue's Board of Directors based on a proposal from the Remuneration Committee and is later submitted for approval to the Shareholders' Meeting, along with the section related to paid remuneration, in line with the requirements of the current regulatory framework.

The Human Resources Function examines the policy at least annually and makes a proposal to revise this document. In making the proposal, the Function considers, in particular, the evolution of the market, strategies and risk profile, liaising to that end with the competent Functions and Company Bodies, which provide their contribution to the process according to their respective remits as described in more detail below.

Several Bodies and Functions are involved in this process, each for its own areas of competence defined in keeping with regulatory requirements, the Articles of Association and Company's internal governance model.

The role of doValue's Company Bodies and Company Functions is mentioned below for the remuneration policy definition, adoption and implementation process.

## **2.1. Shareholders' Meeting**

The Shareholders' Meeting of doValue:

- determines the remuneration due to the Bodies appointed by the same;
- approves, with binding vote, the remuneration policy for the Directors, Managers with Strategic Responsibilities and Statutory Auditors (First Section - "Report on the remuneration policy")
- approves, with advisory vote, the remuneration paid to Managers with Strategic Responsibilities and Statutory Auditors (Second Section "Report on paid remuneration");
- approves the remuneration plans based on financial instruments.

## **2.2. Board of Directors**

The Board of Directors:

- defines the remuneration due to the Directors holding particular offices, after consulting with the Board of Statutory Auditors;
- defines the performance objectives for the variable remuneration of executive Directors and Managers with Strategic Responsibilities and approves the company results verifying the level at which such performance objectives have been achieved;
- ensures that the remuneration policy is consistent with the strategies, long term objectives, company governance organisation and Company's risk profile and is responsible for its correct implementation;
- prepares and submits to the Shareholders' Meeting at least every three years, the Report on remuneration policy and, at least annually, the Report on Paid Remuneration.

In line with the provisions of article 123-ter, paragraph 3-bis of the Consolidated Law on Finance (updated in 2019), the Board of Directors, in the event of exceptional circumstances, upon proposal of the Remuneration Committee and after consultation with the Risks and Transactions with Related Parties Committee, may temporarily make an exception to the elements of the remuneration policy described in paragraph 3.

Exceptional circumstances refer only to situations where an exception to the remuneration policy is necessary for pursuing long term interests and sustainability of the company as a whole or for ensuring the ability to remain on the market.

In this case, during the year or by the date of the Shareholders' Meeting convened to approve the Financial Statements for the year closed 31 December 2020, it should be noted that there is the possibility of stipulating a new individual agreement with the CEO to take into account the recent corporate and business evolutions and to ensure a growing alignment of his remuneration structure with the changed context.

If this will occur, all of the changes to be made to the CEO's remuneration structure, as an exception to the policy described in this document, will have to be approved by the Board of Directors (with the CEO abstaining from voting as well as being absent from the board discussion) based on a proposal from the Remuneration Committee and after consultation with the Risks and Transactions with Related Parties Committee (in line with the process described in the previous point).

The composition of the Board of Directors and relative bodies is shown below:

	Board of Directors	Male (U) Female (D)	Independent	Executive	Nomination Committee	Risk and Transactions with Connected Persons Committee	Remuneration Committee
Giovanni Castellaneta	C	U			M	M	
Andrea Mangoni	M	U		X			
Francesco Colasanti	M	U					M
Emanuela Da Rin	M	D	X				
Giovanni B. Dagnino	M	U			M	C	
Nunzio Guglielmino	M	U				M	C
Giovanni Lo Storto	M	U	X		C		M
Giuseppe Ranieri	M	U	X				
Marella Idi Maria Villa	M	D					

P: Chairman

M: Member

### 2.3. Remuneration Committee

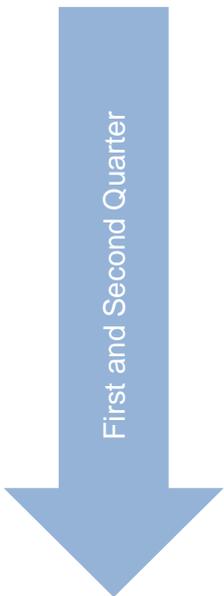
The Remuneration Committee, made up of a minimum of three non-executive members and with most in possession of the independence requirements, supports the Board of Directors with consulting, advisory and investigative functions relevant to the remuneration and incentive systems.

In particular, the Remuneration Committee:

- submits proposals to the Board of Directors regarding the remuneration policy of the Directors and Managers with Strategic Responsibility, periodically assessing its adequacy, overall consistency and concrete application;
- presents proposals or expresses opinions to the Board of Directors on remuneration of the CEO and directors holding particular offices as well as establishing the relative performance objectives correlated to the variable remuneration of the CEO and Managers with Strategic Responsibilities; monitors application of the decisions adopted by the board checking, in particular, the actual achievement of the performance objectives;
- preventively examines the Report on Remuneration Policy and Remuneration Paid and presents it the Board, to be made available to the public in view of the annual Shareholders' Meeting on the financial statements;
- handles preparation of the documentation to be submitted to the Board of Directors for the respective decisions;
- ensures the involvement of the competent Company Functions in the process of developing and checking the remuneration policy.

The Remuneration Committee meets, when convened by its Chairman, whenever necessary to perform the activities required by law and by the internal regulations that govern its operating procedures.

The scheduling of the Remuneration Committee's ordinary activities for 2020 is illustrated below. The possibility remains for the Remuneration Committee to meet during 2020 to examine other issues that may arise during the year.

	Issues
 	<p>Policy concerning 2020 Remuneration for corporate bodies, executive directors and Managers with Strategic Responsibilities.</p> <p>Analysis of achievement of performance objectives, final balance proposal and annual variable component related to MBO 2019 with reference to the CEO and Managers with Strategic Responsibilities.</p> <p>Analysis and proposal of Group performance conditions for activation of the 2020 incentive system.</p> <p>Proposal on the Report on remuneration policy and on remuneration paid.</p> <p>Proposal to assign 2020 Performance Objectives in relation to MBO with reference to the CEO and Managers with Strategic Responsibilities.</p> <p>Analysis of the result of the 2020 Shareholders' Meeting vote for doValue and relative to other listed companies in Italy and the European peer group.</p> <p>Discussion on market trends, regulatory framework and expected investors.</p> <p>Analysis of the competitiveness of the remuneration structure for the CEO and Managers with Strategic Responsibilities.</p> <p>Initial considerations concerning the Remuneration Policy guidelines for 2021.</p>

## 2.4. Chief Executive Officer

CEO:

- decides upon and approves the operational process for defining the criteria used as a basis for the remuneration policy, in compliance with regulatory limits and internal regulations;
- submits proposals for applying the remuneration policy to Corporate Bodies by outlining the objectives and the incentive systems in keeping with the provisions of these Policies;
- defines remuneration and incentive policies for the remaining company population.

## 2.5. Human Resources Function

The Parent Company's Human Resources Function collaborates with the CEO and the competent company functions to provide all necessary and opportune information for the proper functioning of the remuneration policy and concretely implements the Board of Directors' resolutions on remuneration and incentives, through the following activities:

- it develops and submits the revision of the remuneration policy to the Remuneration Committee;
- it provides support to the Remuneration Committee and to the competent Bodies in developing and reviewing this Report, together with the other competent Company Functions;
- it guarantees, in collaboration with the other Company Functions, the adequacy of this Report and its compliance with the regulations, together with its correct functioning;
- it suggests the performance assessment system, the bonus system and the career plans system in line with the policy; in that regard, it also participates in defining and assigning the performance objectives underlying the structured incentive systems;
- it checks, with the support of the Administration, Finance and Management Control Area, the achievement of the objectives and verifies that the conditions have been met to access forms of variable remuneration;
- it performs monitoring activity of the trends and practices of the relevant labour market in order to:
  - formulate remuneration policy revision proposals;
  - propose revision solutions of the remuneration and incentive system in terms of operating tools, methods and mechanisms and parameters adopted by the Company.

## **2.6. Other Functions involved**

The Parent Company's Administration, Treasury, Planning and Control Area:

- supports the process of establishing the performance objectives assigned in order to achieve the planned results and, after the fact, for verifying the performance achieved;
- defines beforehand, the Bonus Pool and the access gates to variable remuneration, to be submitted for approval by the competent Bodies;
- verifies the achievement of the gates and determines the amount of the final Bonus Pool based upon the rules indicated in these Policies.

The Parent Company's Legal and Corporate Affairs Function:

- participates in defining and reviewing the Remuneration Policy, with particular reference to remuneration for members of the doValue's Company Bodies, guaranteeing the consistency of the policy with the adopted corporate governance structures.

The Investor Relations Function:

- promotes dialogue with the investors and proxy advisors, addressing the received feedback and voting guidelines to the functions in charge.

## **3. Remuneration policy for 2020**

### **3.1. Elements of the remuneration policy for 2020**

doValue S.p.A. 2020 remuneration policy includes the following elements:

- fixed remuneration;
- MBO system;
- non-monetary benefits (hereinafter also “benefits”);
- payments related to termination of the assignment or the of employment contract (hereinafter also “severance” or “termination payment”).

Neither the CEO nor the Managers with Strategic Responsibilities can be recipients of discretionary one-off payments.

The CEO’s remuneration structure may undergo changes if a new individual agreement is signed with the CEO in the course of the year or by the date of the Shareholders’ Meeting convened to approve the Financial Statements for the year ended 31 December 2020; in any case such changes must be approved according to the procedure described in paragraph 2.2.

The following paragraphs describe the details of the remuneration policy and the single elements composing it with reference to the various recipients of the policy.

### **3.2. Remuneration policy recipients**

The 2020 remuneration policy is differentiated based on the following categories of recipients:

- the members of the Board of Directors (see **§3.3**), making a distinction between Directors not holding particular offices and Directors holding particular offices;
- the members of the Board of Statutory Auditors (see **§3.4**),
- the Chief Executive Officer (see **3.5**),
- the Managers with Strategic Responsibilities (see **§3.6**).

### **3.3. Remuneration of the Board of Directors**

The ordinary Shareholders’ Meeting establishes the remuneration to be paid to the bodies it appoints, and in particular, to the members of the Board of Directors. The Shareholders’ Meeting may set a maximum amount for the remuneration of all Directors, including the Directors holding particular offices, to be distributed among the individual members as decided by the Board of Directors.

The allocation methods of the remuneration of the Board of Directors among its members are established by resolution of the Board itself. If not resolved by the Shareholders’ Meeting, after consulting with the Board of Statutory Auditors and Remuneration Committee, the Board of Directors establishes the remuneration of the Directors holding particular offices in accordance article 2389, third paragraph, of the Civil Code (including the Directors forming part of the Board’s committees). Specifically, the Chairman of the Board of Directors receives a remuneration of an amount consistent with the central role assigned to him and it is determined beforehand.

### **3.3.1. Directors not holding particular offices**

The remuneration of Directors not holding particular offices is composed of:

- compensation for the office of Director;
- where provided, additional compensation for participation in board committees.

The Shareholders' Meeting of 19 April 2018 established - in addition to what is described in the paragraph below for the Chairman - a total overall compensation for Directors not holding particular offices of 850,000.00 euro gross annually, of which:

- 240,000.00 euro allocated equally for remuneration of the members of the Board other than the Chairman;
- 210,000.00 euro allocated to the Members of the Board Committees, including the offices of chairman of the same.

In light of what is established by the Shareholders' Meeting - and taking account of the remuneration established by the Shareholders' Meeting itself to the Chairman of the Board of Directors - the Board of Directors, consistent with the provisions of the Articles of Association in that regard and having consulted with the Remuneration Committee, has established 30,000.00 euro as the amount due to each member of the Board of Directors, other than the Chairman.

It should be noted that the CEO has waived the amount due to him in the capacity of Director.

The Directors are also entitled to the reimbursement of expenses incurred in the exercise of their functions.

It should also be noted that the Directors not holding particular offices are not recipients of the variable remuneration systems.

All the Directors are also entitled to a D&O (Directors & Officers) insurance policy.

#### ***Additional compensation for the participation in Board Committees***

The Board of Directors, consistent with the provisions of the Articles of Association in that regard and having consulted with the Remuneration Committee, has also established the additional compensation due to the Directors for participation in Committees totalling:

- 35,000 euro, as Chairman of a Committee;
- 17,500 euro, as Member of a Committee.

### **3.3.2. Directors holding particular offices**

#### ***Chairman of the Board of Directors***

The Shareholders' Meeting of 19 April 2018 established an annual compensation totalling 400,000 euro for the Chairman of the Board of Directors.

The Chairman is not a recipient of the variable remuneration systems and, like the other Directors, has the right to the reimbursement of the expenses incurred in the exercise of his functions.

The Chairman is also entitled to a D&O (Directors & Officers) insurance policy.

In line with the current regulatory framework, the Chairman abstains from votes that regard his remuneration and is also not present at board discussions on these matters.

### **3.4. Remuneration of the Board of Statutory Auditors**

The ordinary Shareholders' Meeting votes on the annual amount due to each auditor in accordance with the law. That sum is fixed and invariable for the entire duration of the office. In no case may the Auditors receive forms of variable remuneration.

The Shareholders' Meeting of 19 April 2018 defined the following fees on an annual basis:

- for the Chairman of the Board of Auditors, a special amount for the office, including the amount as auditor, amounting to 45,000 euro in addition to 10,000 euro as Chairman of the Supervisory Body.
- for each member of the Board of Auditors an amount amounting to 35,000 euro and 5,000 euro as member of the Supervisory Body.

The Auditors are also entitled to the reimbursement of expenses incurred in the exercise of their functions.

The Auditors are also entitled to a D&O (Directors & Officers) insurance policy.

### **3.5. Chief Executive Officer**

The remuneration structure of the Group's CEO is established in order to align the incentives with the Group's long-term interests, and in general, those of shareholders and investors, and to ensure the long-term sustainability of remuneration and incentive systems while taking into account changes in risks assumed by the Group over time. The structure of the CEO's remuneration has fixed and variable components established so as to maximise the alignment with the interests of shareholders and the company.

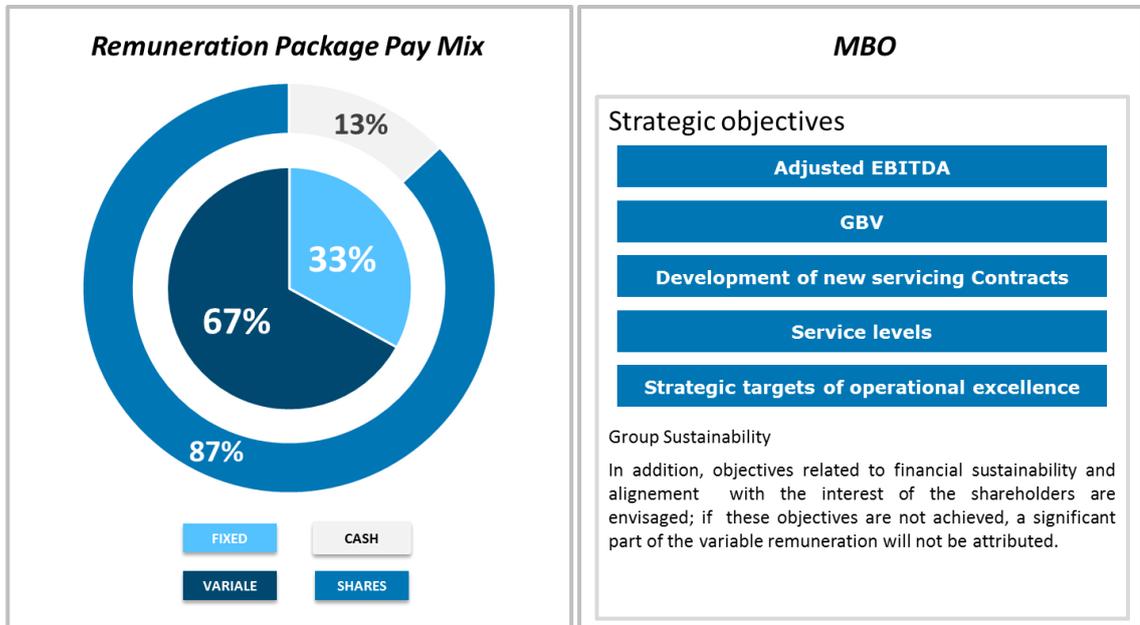
The remuneration package of doValue S.p.A. CEO is articulated in two components, in continuity with the provisions of the 2019 "post-debanking" remuneration policy, as follows:

- fixed remuneration paid for 40% in cash and 60% in doValue common shares;
- variable remuneration: associated to the achievement of the assigned objectives and paid, within a maximum of 200% of the fixed remuneration, entirely in shares over a period of five years.

Benefits are also assigned that are in line with the relevant policies, in addition to D&O (Directors and Officers) insurance coverage, of a stable and pre-determined nature.

### 3.5.1 Variable Remuneration of the CEO

*Remuneration Package Pay Mix and MBO Chart for the CEO*



Payment of the variable remuneration is subordinate to the preliminary and joint achievement of the gates that also guarantee the sustainability of the Group's incentive systems.

Specifically, no variable remuneration is paid in the event that the entry gate identified for the purposes of activating the Group's incentive systems is not met ("Access Gates"):

Consolidated EBITDA at least equal to 80% of what was defined during planning (strategic and operational).

The indicator will be considered net of extraordinary transactions approved by the BoD.

Variable remuneration is paid based on the degree to which the assigned targets have been achieved. The maximum possibility is recognised upon achieving the maximum level of all the assigned objectives.

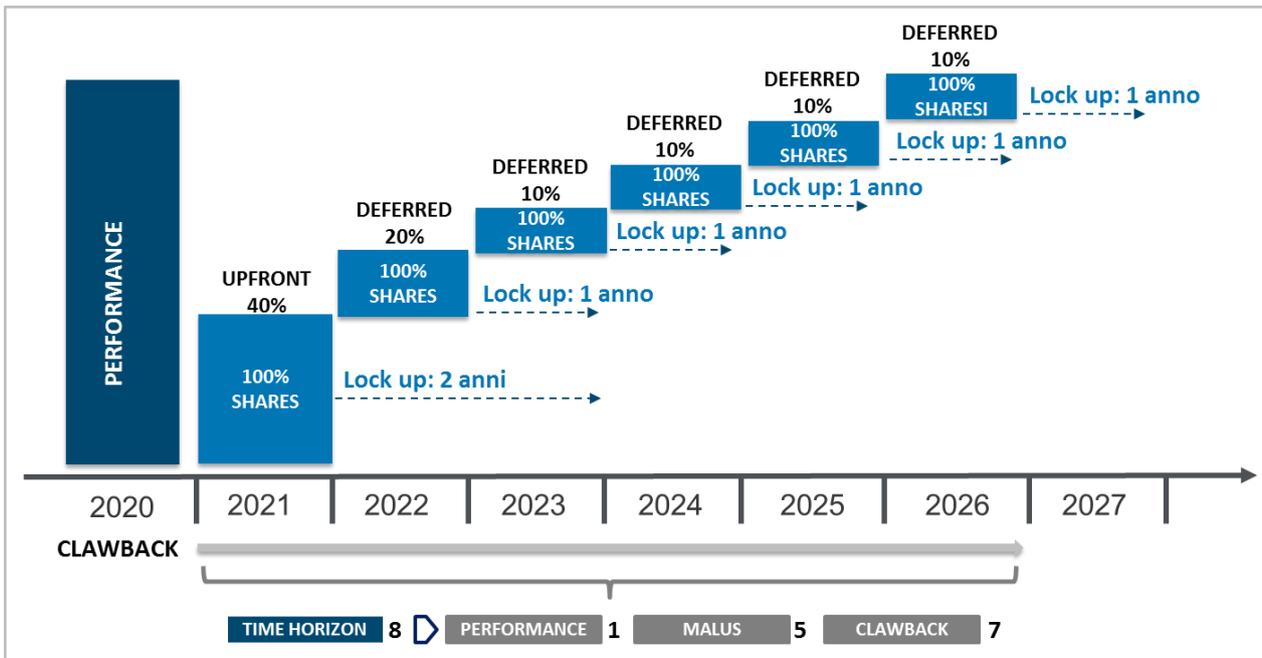
The assigned variable remuneration is gradually reduced for performances not in line with the assigned objectives. The same is zeroed if the entry gate is not met.

The graph depicts changes in the performance of the payout compared to the earnings target, zeroing the variable component if the performance is below the threshold value, and maturing 100% if the target value is achieved.

Payout Vs Target



In order to align the incentives with the long-term interests of the Group, and in general, those of shareholders and investors, and to ensure the long-term sustainability of the remuneration and incentive systems, and taking into account the performance over time of the risks assumed by the Group, any variable remuneration assigned is paid over a timeframe of several years as indicated in the diagram below:



- an Up-Front Amount of 40% is paid after the approval, by the Shareholders' Meeting, of the financial statements relating to the Accrual Period, within 30 days of that approval, and in any case, by the end of July and subject to a lock up period of two years;
- a 60% amount is deferred pro-quota over the five financial years (vesting) after the assignment year of the up-front variable portion, and is paid within 30 days of the Shareholders' Meeting approving the financial statements, and in any case, by the end of July each year: the first deferred amount totals 20% of the variable remuneration, and the remaining four have a weight of 10%. All of the deferred amounts are subject to a one year lock up period.

The payment of deferred amounts is also subject to the verification of the Access Gate and the following **malus conditions**:

- 20% reduction, if the Adjusted EBITDA is 25% less than the values ascertained at the end of the performance period. If this reduction is higher than 50%, the deferred amounts will be reduced by 50%;
- 20% reduction for failure to respect the service levels;
- 100% reduction (zeroing of the deferred amounts) if one of the clawback clauses (see below) occurs during the deferral period.

The values of these indicators are checked as of 31 December of the year prior to the year the deferred amount matures.

Once the achievement of the above conditions has been verified, the payment of deferred amounts is also subject to meeting the **condition** that the **average market value of shares in the 3 months prior to the Vesting date (date the Board of Directors votes on achievement of the performance objectives and meeting the gates) is at least equal to €8.55** (Minimum Vesting Value). If on the vesting date, the minimum vesting value has not been reached, vesting will be deferred by 12 months, after which, the condition will again be verified and, if again it has not been met, vesting will be deferred a further 12 months; if at this point (24 months after the original vesting date) the Minimum Vesting Value has not been reached, the corresponding deferred amount will be cancelled.

The shares subject to deferral, when the required conditions are met, are increased by a number of shares corresponding to the amount of the dividend paid on the same during the deferral period.

Without prejudice to the right to compensation for any additional damages, after payment of the bonus, the Company reserves the right, within 5 years from the granting date of the variable remuneration and regardless of whether the employment is ongoing or terminated, to ask the Beneficiary to repay the bonus or the equivalent monetary value of the assigned Shares (“clawback”), if one of the following cases occurs:

- beneficiary’s fraudulent behaviour or gross negligence to the detriment of the Group;
- serious and intentional violations of laws, the Code of Ethics and company rules,
- allocation of a bonus based on data which later turns out to be manifestly incorrect or intentionally altered.

It should be noted that, given the use of doValue common shares, the Company will submit for approval to the Shareholders’ Meeting convened on 26 May 2020, the “*Remuneration Plan based on financial instruments*”, accompanied by the *relative Information Document* prepared as per article 114-bis of the Consolidated Law on Finance.

As mentioned above, the CEO cannot be a recipient of the discretionary one-off payments.

### **3.5.2 Benefits provided in the event of leaving office or termination of the office as CEO**

In keeping with best practices and the Company’s policies, there is an agreement with the CEO which governs ex-ante the economic aspects related to early termination of the corporate office and/or early termination of contract aimed at preventing the hazard of a current or future dispute, thus avoiding the risks inevitably connected with a lawsuit that could have consequences including of a reputational and image nature for the Company, ensuring at the same time greater certainty in legal relationships.

The amount resulting from application of this agreement cannot exceed a maximum number of 24 months of total remuneration, calculated based on the last fixed remuneration and average of the variable remuneration in the previous three year period.

Without prejudice to compliance with the aforesaid total maximum limit equal to 24 months of gross conventional overall remuneration, in terms of the CEO, the existing agreement links the remuneration to the achieved performance and residual duration of the agreement. In particular, in the event of early departure from office for reasons other than just cause, the provided benefit is equal to 25% of the last monthly fixed remuneration received, multiplied by the number of months between the date of leaving office and the month of March, included, of the year after the last year in office underway plus 1/12 of 50% of the last allocated MBO, multiplied by the number of months between the date of leaving office and the closing date of the 2022 financial year.

### **3.6. Remuneration of Managers with strategic responsibilities<sup>3</sup>**

On the date this Report was written, the Managers with Strategic Responsibilities are:

- Parent company executive and non-executive directors
- Members of the parent company Board of Statutory Auditors
- CEO
- Chief Financial Officer
- General Counsel
- Chief Operations Officer
- Chief Internal Controls Officer
- Chief NPL Servicing Officer

#### **3.6.1. Fixed remuneration**

The remuneration fixed component of Managers with Strategic Responsibilities is characterised as stable, irrevocable and correlated to the professionalism and responsibility of the position. It includes the Gross Annual Salary, any position-related indemnity connected to specific roles within the company organisation as well as benefits, when granted to all employees either by category or bracket of employees or by company role covered and taking into consideration market practices.

In particular, “benefits” are forms of remuneration in kind, and also the result of policies concerning categories of employees or second-level contracts, effective on a time-to-time basis, aimed at increasing the motivation and loyalty of employees. The main benefits that can currently be granted, in addition to what is already provided by the National Collective Labour Agreement (where applicable) consistent with the internal regulations applicable on a time-to-time basis, are:

- assignment of mixed use company car;

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<sup>3</sup> In the event of change of the area of Managers with Strategic Responsibilities during the year, including following the Group’s organisational structure, the elements of the remuneration structure defined in this section represent the guiding principles of the remuneration structure, which will be organised taking into account the specific nature of the reference geographic market and assigned responsibility.

- additional contribution to supplementary Pension Fund;
- health insurance policy;
- non-professional insurance policy;
- life insurance policy.

The remuneration policy measures having an impact on the structural part of remuneration, as well as any assignment of benefits, are usually implemented on an annual basis.

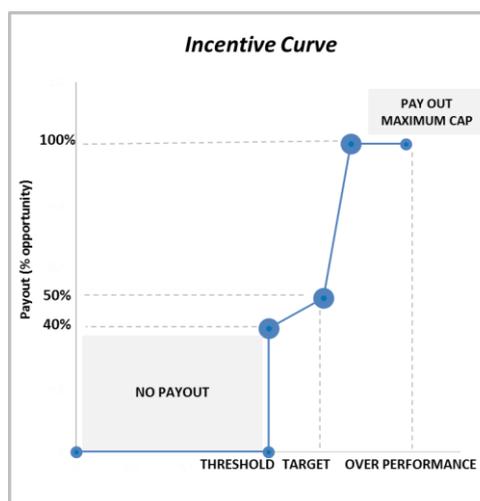
### 3.6.2. Variable remuneration

The Managers with Strategic Responsibilities are recipients of a “**Management by Objectives**” (known as “**MBO**”) type of incentive system. The MBO system, based on a “pay-for-performance” principle, uses “individual” objective charts consistent with the strategic and operational plans and with the assigned position and responsibilities.

Buy-outs, aimed at ensuring the attraction of resources with proven experience, are only allowed during the hiring phase.

Managers with Strategic Responsibilities are recipients of the “MBO” incentive system whose incentive possibility is defined within the maximum incidence of 200% of gross annual remuneration.

The possibility of achieving an incentive amount greater than 100% of fixed remuneration is correlated to overperformance and subject to achievement of the EBITDA objective greater than 100% based on the following incentive curve:



The actual definition of the maximum MBO possibility for the Managers with Strategic Responsibilities is performed by the Board of Directors, after consultation with the Remuneration Committee.

Payment of the variable remuneration is subordinate to the preliminary and joint achievement of the entry gate that also guarantee the sustainability of the Group’s incentive systems.

Specifically, no variable remuneration is paid in the event that the entry gate identified for the purposes of activating the incentive systems is not met (“Access Gates”):

Consolidated EBITDA at least equal to 80% of what was defined during planning (strategic and operational).

The indicator will be considered net of extraordinary transactions approved by the BoD.

Variable remuneration is paid based on the degree to which the assigned targets have been achieved. The maximum possibility is recognised upon achieving the maximum level of all the assigned objectives.

The assigned variable remuneration is gradually reduced for performances not in line with the assigned objectives. The same is zeroed for failure to meet the minimum performance threshold that activates the MBO system.

The objectives of Managers with Strategic Responsibilities are defined by the Board of Directors, after consultation with the Remuneration Committee, based on a proposal from the CEO.

The objectives are structured as follows:

- Consolidated earnings at 31/12/2020 (excluding positions with control function)
- Execution of the 2019-2022 strategic line priorities for 2020
- Specific objective associated to function position and responsibilities (for example Revenues, Business Development, Operational Excellence and Efficiency)
- ESG: inclusive leadership measured through the evaluation of the contribution to the internationalization of the teams.

The actual assignment of the variable component and the respective amount are defined by the Board of Directors, after consultation with the Remuneration Committee, at the outcome of the process that assessed the actual achievement of the specified objectives, which is managed by the Parent Company's Human Resources Function.

Without prejudice to the right to compensation for any additional damages, after payment of the bonus, the Company reserves the right, within 5 years from the granting date of the variable remuneration and regardless of whether the employment is ongoing or terminated, to ask the Beneficiary to repay the bonus or the equivalent monetary value of the assigned Shares ("clawback"), if one of the following cases occurs:

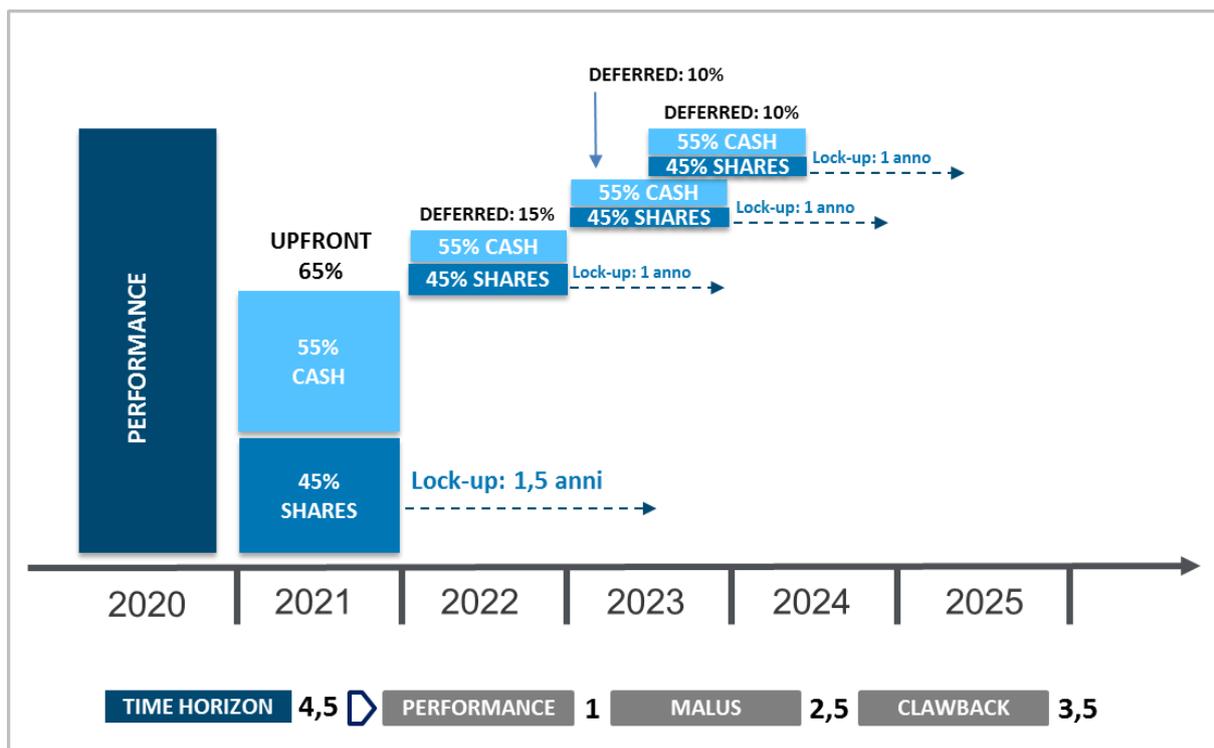
- beneficiary's fraudulent behaviour or gross negligence to the detriment of the Group;
- serious and intentional violations of laws, the Code of Ethics and company rules,
- allocation of a bonus based on data which later turns out to be manifestly incorrect or intentionally altered.

As previously mentioned, Managers with Strategic Responsibilities cannot be recipients of discretionary one-off payments.

### **3.6.3. Variable remuneration payment**

#### DIRS with variable:fixed remuneration ratio up to 2:1

Any variable remuneration assigned, in the event of the possibility of variable remuneration greater than 100% of gross annual remuneration, is paid over several years based on the scheme indicated below:



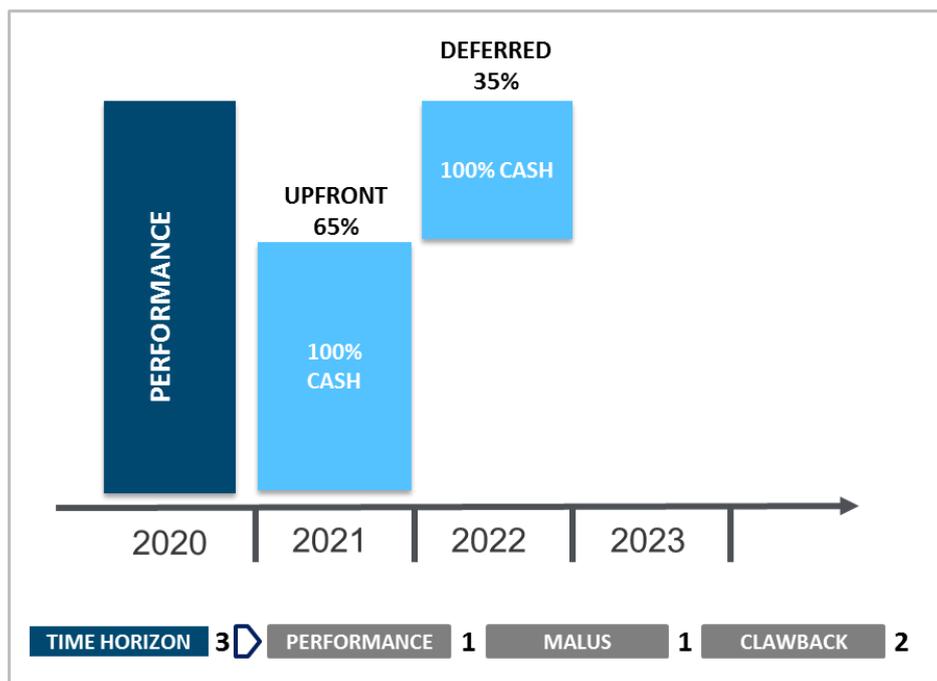
- an Up-Front amount of 65% is paid, if there is no resignation and/or notice given, after the approval, by the Shareholders' Meeting, of the financial statements relating to the Accrual Period, by the end of July. The same is granted 55% in cash and 45% in doValue common shares subject to a lock up period of a year and a half;
- an amount equal to 35% is deferred in three parts (15%, 10%, 10%) in the two and a half years after granting of the variable amount paid up-front (recognised in the absence of resignations and/or notice, respectively), the second deferred amount by the end of July of the following year and the third amount within six months after payment of the second deferred amount. All of the deferred amounts are granted 55% in cash and 45% in doValue common shares and the shareholding is subject to a lock up period of one year.

The shares subject to deferral, when the required conditions are met, are increased by a number of shares corresponding to the amount of the dividend paid on the same during the deferral period.

If the incentive assigned, amounts to than €40,000 it is entirely paid in cash and up-front.

#### DIRS with variable:fixed remuneration ratio up to 1:1

Any variable remuneration assigned, in the event of the possibility of variable remuneration equal to a maximum of 100% of gross annual remuneration, is paid over several years, based on the scheme indicated below:



- an Up-Front amount of 65% is paid, in the absence of resignations and/or notice, after the approval, by the Shareholders' Meeting, of the financial statements relating to the Accrual Period, by the end of July. The same is granted entirely in cash;
- an amount of 35% is deferred a year compared to the year of granting the variable part paid up-front and is paid by the end of July of each year if there is no resignation or notice given. Even the deferred amount is granted entirely in cash.

If the incentive assigned, amounts to less than €40,000 it is entirely paid in cash and up-front.

It should be noted that, given the use of doValue common shares, the Company will submit for approval to the Shareholders' Meeting in their 26 May 2020 session, the "Remuneration Plan based on financial instruments", accompanied by the relative Information Document prepared as per article 114-bis of the Consolidated Law on Finance.

### **3.6.4 Severance in the event of early termination of DIRS**

In keeping with best practices and the Company's policies, it is possible to define agreements which govern the economic aspects related to early termination of the corporate office and/or early termination of employment contract aimed at avoiding the hazard of a current or future dispute, thus avoiding the risks inevitably connected with a lawsuit that could have consequences including of a reputational and image nature for the Company, ensuring at the same time greater certainty in legal relationships.

The amount defined in such agreements, as termination payment, cannot exceed a maximum number of 24 months of total remuneration, calculated on the basis of the last fixed remuneration and the average of the variable remuneration of the previous three years.

In calculating termination payments, long-term performance is taken into consideration, in terms of creation of value for Stakeholders, any legal requirements, as well as the provisions of collective or individual contracts and all individual circumstances included in the reasons for an early termination. leaving.

The company cost associated with indemnity for pre-notice, amounts due and accrued to the date of termination (unused holidays, etc.) and any defined non-compete compensation, are excluded if considered appropriate and in the interest of the Company and/or its subsidiaries, by the Board of Directors prior consultation with the Remuneration Committee.

#### **4 Ban on hedging strategies**

The application of personal hedging strategies or insurance on remuneration or on other aspects, aimed at altering, if not even eliminating, the principle of risk weighting, which is inherent in remuneration and incentive mechanisms, are prohibited.

## Second Section: Report on remuneration paid in 2019



## **Introduction**

Section II of the Remuneration Report was prepared in accordance with:

- article 123 ter of the Consolidated Law on Finance, entitled, “Report on remuneration policy and on remuneration paid”;
- article 114 bis of the Consolidated Law on Finance, entitled “Market information on the assignment of financial instruments to company representatives, employees or collaborators”;
- CONSOB Regulation no. 11971/1999 (known as the Issuers Regulation) with particular reference to articles 84 quater, entitled “Remuneration Report”, and 84 bis, entitled “Information on assignment of financial instruments to company representatives, employees or freelancers”, as well as Annex 3A, Outline no. 7 bis “Remuneration Report” and no. 7 ter “Information on investments of members of the management and control bodies, general managers and other managers with strategic responsibilities”, of the Issuers Regulation and Outline no. 7 “Information Document that forms the subject matter of the illustrative report of the management body for the shareholders’ meeting convened to vote on the remuneration plans based on financial instruments”.

This section provides a concise and descriptive representation of the remuneration for recipients of the remuneration policy and shows the aforesaid remuneration in tables.

In this context and in compliance with normative provisions, disclosure is provided related to the following recipient of the remunerations policy:

- The Chairman and other members of the Board of Directors;
- The Chairman and other members of the Board of Statutory Auditors;
- the Chief Executive Officer/Group CEO;
- Managers with Strategic Responsibilities.

### **1. Salient events during the 2019 financial year**

The year 2019 represented a year of transformation from a banking group to a servicing company.

In this context, doValue S.p.A., previously doBank S.p.A., introduced some changes to its remuneration policy in relation to this change, ensuring an alignment to the business and organisational strategy.

Important business results have been achieved, in line with the growth trends already reported the previous year and consistent with the expectations for the strategic plan that includes reinforcement of doValue’s leadership in the European credit servicing market.

These results are reflected in our incentive systems characterised by a direct connection with the actual performance of the Group and the business where we operate. All of the access thresholds to the 2019 incentive plans were met and the remuneration results are described in the details and tables provided below in this section.

The 2019 remuneration and incentive policies of the doValue Group (hereafter, the “Policy”), were approved on 12 March 2019 by the Parent Company's Board of Directors based on a proposal from the Remuneration Committee and by the Shareholders' Meeting on 17 April 2019.

The Policy, in line with the 2018-2020 strategic plan, included the possible transformation of the former doBank, now doValue, in the first half of 2019, into a servicing company in possession of the license as per article 115 Consolidated Law on Public Safety and elimination of the banking group with consequent release of significant resources (hereinafter the “Transformation”).

However, in order to be able to adjust to industry best practices, the Policy envisages the possibility of introducing simplifications and flexibilities, in view of the fact that the prudential supervisory and regulatory requirements would no longer be applicable after the Transformation, provided that such Transformation took place by the first half of 2019, despite maintaining among the fundamental principles sustainability with respect to a long-term timeframe.

In this regard, it should be noted that the Shareholders' Meeting delegated the Board of Directors, after consultation with the Remuneration Committee, to introduce greater flexibility to the payment schemes for the beneficiaries of the 2:1 variable fixed ratio and for Key Figures, upon occurrence of the Transformation on a date before 30 June 2019 and based on verification of the economic sustainability of the impacts of such changes.

Due to the fact that the Transformation was authorised by the Bank of Italy on 21 June 2019 and the same occurred on 24 June 2019, doValue's remuneration and incentive systems underwent adjustments as described below.

In terms of the access gates, the Policy requires that the variable remuneration be paid upon achieving the assigned objectives and in the presence of consolidated EBITDA at least equal to 90% of the lower between what is defined during the strategic and operational planning and 64 million euro, while the capital and liquidity gates are no longer applicable, as they are related to prudential supervision and regulatory provisions.

Similarly, the deferred amounts are paid in the presence of a consolidated EBITDA at least equal to 90% of the lesser between what was defined during the strategic and operational planning and 64 million euro.

In consideration of the corporate Transformation, on 2 August 2019 the Board of Directors, based on a proposal of the Remuneration Committee, approved the following changes to the payment terms and deferral of variables, as well as the company access gates:

In terms of the access gates, the Board of Directors considered it appropriate to introduce another indicator, in addition to EBITDA, which addresses economic-financial sustainability. The indicator was identified in the Debt to EBITDA multiple not greater than 3 times.

The payment and deferral terms have been changed as indicated below

<b>Beneficiaries of the 2:1 variable fixed ratio</b>	<b>Policy 2019 as a Bank</b>	<b>Maximum flexibility approved as Servicer</b>	<b>Policy post “debanking” BoD 2/8/2019</b>
Up-Front and Deferred amounts	60:40	70:30	65:35
Cash e Shares amounts	50:50	60:40	55:45
Defferal Period	3 years	2 years	2,5 years
Lock up up front shares amounts	2 years	1 year	1,5 years

<b>MRTs as of the 2019 Policy approval date</b>	<b>Policy 2019 as a Bank</b>	<b>Maximum flexibility approved as Servicer</b>	<b>Policy post “debanking” BoD 2/8/2019</b>
Up front e deferred amounts	60:40	70:30	65:35
Defferal Period	1 year	1 year	1 year

In terms of the deferred amounts for the beneficiaries with a 2:1 variable fixed ratio and for Key Figure, they are payable as follows: 15% for the first deferred amount and 10% for each of the other deferred amounts.

## **2. Remuneration Committee**

The Remuneration Committee plays an essential role in supporting the Board of Directors in supervising the Group's Remuneration Policy and design of incentive plans.

The Committee has a consultative and propositional function and does not limit the Board of Directors' responsibility or decision-making power. Specifically, the Committee's purpose is to assess the adequacy and implementation of the remuneration and incentive policies and plans, as well as their implications in relation to the assumption and management of risks.

In line with the provisions of the Regulation of Corporate Bodies and Committees, the Committee is composed of 3 non-executive directors. The work is coordinated by a Chairman selected from its members.

The Remuneration Committee, established in July 2017, on the approval date for this document, was composed of:

REMUNERATION COMMITTEE	
CHAIRMAN	NUNZIO GUGLIELMINO
MEMBER	GIOVANNI LO STORTO
MEMBER	FRANCESCO COLASANTI

All members of the Committee, in its current composition, are independent in accordance with article 148, paragraph 3, of Legislative Decree no. 58/98 ("Consolidated Law on Finance" - "TUF") and possess the independence requirements required by the Law, which coincide with those required by the Articles of Association. All Committee members are in possession of the professional requirements required by current normative and regulatory provisions. Some members have a specific technical expertise and experience in financial and remuneration policy issues.

During 2019, the Committee held 7 meetings with reference to Remuneration matters. Below are details of the meetings and the subjects discussed during those Committees:

### *Meetings and matters discussed on remuneration in sessions of the Remuneration Committee*

Session	Matters discussed
12 March 2019	<ul style="list-style-type: none"> <li>- Material Risk Takers of the doBank Group: process adopted and results of the analysis for 2019;</li> <li>- Managers with Strategic Responsibilities of the doBank Group: 2019 self-assessment;</li> <li>- Review of 2018 variable remuneration system and Audit Opinion on 2018 Remuneration;</li> </ul>

	<ul style="list-style-type: none"> <li>- Paragraph on the Report on Corporate Governance and Ownership Structure - 2018 Financial Year;</li> <li>- Annual Report on Remuneration Committee activities and main results;</li> <li>- Acknowledgement of the Committee's 2019 budget.</li> </ul>
<b>21 March 2019</b>	<ul style="list-style-type: none"> <li>- Annual Report on remuneration and incentive policies: <ul style="list-style-type: none"> <li>a) Sect. I - 2019 policy;</li> <li>b) Sect. II - 2018 implementation; <ul style="list-style-type: none"> <li>- 2019 Incentive Plan based on financial instruments (with CONSOB Information Document for 2019 stock option plan);</li> <li>- Severance Pay Policy;</li> <li>- 2019 MBO system regulation Key Resources and other "selected resources".</li> </ul> </li> </ul> </li> </ul>
<b>16 April 2019</b>	<ul style="list-style-type: none"> <li>- Disclosures concerning remuneration and incentive policies.</li> </ul>
<b>20 June 2019</b>	<ul style="list-style-type: none"> <li>- 2019 incentive system: Selected Resources to whom to allocate a variable component higher than 100%.</li> </ul>
<b>17 July 2019</b>	<ul style="list-style-type: none"> <li>- 2019 incentive system: Selected Resources to whom to allocate a variable component higher than 100%.</li> </ul>
<b>1 August 2019</b>	<ul style="list-style-type: none"> <li>- Revision of the 2019 Remuneration Policy and 2019 MBO chart for the CEO;</li> <li>- 2018 audit finding objective review;</li> <li>- Market benchmark result on 2:1.</li> </ul>
<b>7 November 2019</b>	<ul style="list-style-type: none"> <li>- Update of Committee's Regulation.</li> </ul>

### **3. 2019 Main results**

#### **3.1 Economic results and activation of Group Gates**

The payment of variable remuneration is subject to the preliminary and joint achievement of the of the activation gates which also ensure compliance with capital and liquidity stability indexes established as a part of the procedures to assess the doValue Group's risk appetite.

With reference to the Group's performance in the 2019 financial year, following the final analysis of the results achieved at 31 December 2019, the achievement of the minimum level provided for the "Group Gates" and the consequent activation of the related incentive systems is highlighted.

Below are details for each "gate indicator":

GATE INDICATOR	TARGET	FINAL	
<b>EBITDA</b>	64 m/€	77,68 m/€	✓
<b>Multiplo Debt to EBITDA</b>	3x	1,28x	✓

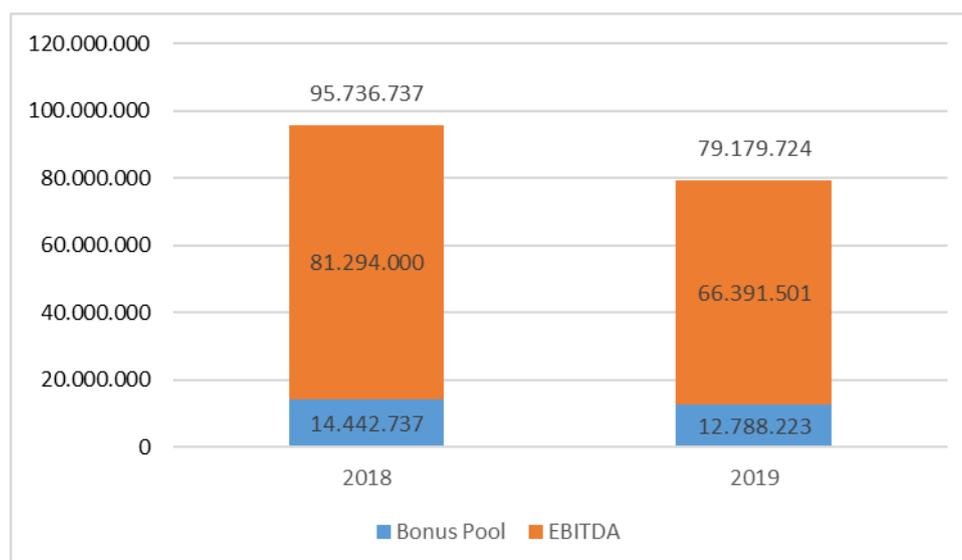
The final variable remuneration (including contributions) totals €12.760.032, which corresponds to 13.9% of the pre-bonus pool EBITDA.

The indicated amount does not compromise the capital and liquidity requirements. In line with what is defined in the 2019 Group Policy, the sum of the various incentive components did not in any case exceed the maximum limit set for each Personnel category.

The sum of the various incentive components did not in any case determine a bonus greater than 200% of the fixed remuneration for Personnel with maximum incentive up to a 2:1 variable fixed ratio and greater than 100% of fixed remuneration for the remaining Personnel.

Resources with a maximum limit of 2:1 were not paid a bonus greater than the fixed remuneration since the overperformance level of the EBITDA objective was not met and was a condition for a bonus amount greater than the fixed remuneration.

The paragraphs below provide the details on the final review results of the incentive systems.



**EBITDA Pre-Bonus Pool 2019 Vs 2018**

### **3.2 Remuneration paid to corporate bodies**

The amount of fees incurred for the doValue directors amounts to €742,385, including for participation in Board Committees, while for the statutory auditors and members of the Supervisory Body the sum is €182,097, making an overall cost item of €924,482.

Therefore the amounts do not include compensation received by the members of the Board of Statutory Auditors who hold offices in other doValue Group companies (€99,282).

### **3.2.1 Remuneration approved for the Board of Directors**

With reference to the period between 1 January and 31 December 2019 the fees resolved by the Shareholders' Meeting of 19 April 2018 were paid, which established in the maximum value of 640,000 euro the overall gross annual fee due to the members of the Board of Directors. The annual fee granted for specific offices held is broken down as follows:

- 400,000 euro in favour of the Chairman of the Board of Directors;
- 240,000 euro allocated equally to the remuneration of the members of the Board other than the Chairman;
- 210,000 euro allocated to the Members of the Board Committees, including the offices of chairman of the same.

In light of what was established by the Shareholders' Meeting and taking account of the remuneration already assigned by the Shareholders' Meeting itself to the Chairman of the Board of Directors, the Board of Directors, after consultation with the Remuneration Committee, has suggested establishing at:

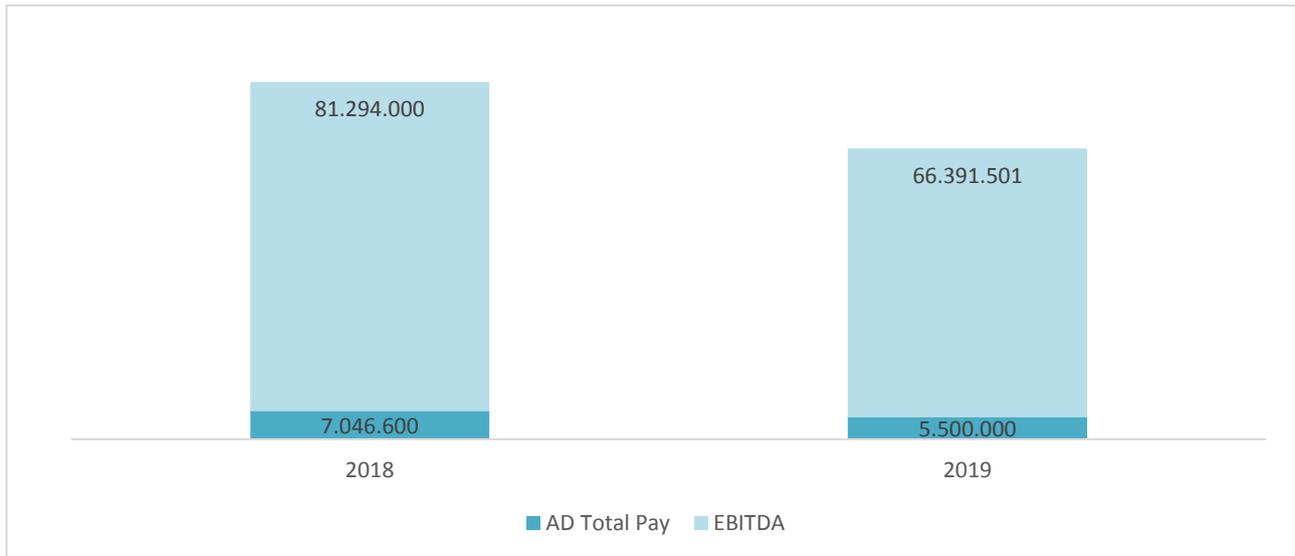
- 30,000 euro as the fee due to each member of the Board of Directors, other than the Chairman;
- 17,500 euro the fee due to each member of the Committees, other than the Chairmen of those Committees;
- 35,000 euro the fee due to each Chairman of the Committees.

### **3.2.2 Remuneration approved for the Board of Statutory Auditors and Supervisory Body**

With reference to the period between 1 January and 31 December 2019 the fees resolved by the Shareholders' Meeting held on 19 April 2018 were paid, structured on an annual basis as follows:

- for the Chairman of the Board of Statutory Auditors a special fee for the office, including the fee as auditor, of 45,000 euro in addition to 10,000 euro for the office of Chairman of the Supervisory Body;
- for each member of the Board of Statutory Auditors a fee amounting to 35,000 euro and 5,000 euro as member of the Supervisory Body.

### **3.3 doValue Group CEO remuneration**



**CEO Total Pay Vs EBITDA 2018 Vs 2019**

Based on what is established in the individual contract signed with the Company on 5 April 2016, the CEO received a fixed remuneration for 2019 totalling €2,500,000.

The CEO waived his compensation as director provided by the Shareholders' Meeting of 19 April 2018 totalling €30,000.

The 2019 fixed remuneration is payable as follows: €1,500,000 in shares and €1,000,000 in cash.

As regards the variable component of the remuneration, the payment of the same, having verified the achievement of the assigned objectives, occurs, in full in shares, according to the following scheme:

- an Up-Front amount of 40% is paid after approval, by the Shareholders' Meeting, of the financial statements relating to the accrual period and by the end of July;
- an amount of 60% is deferred on a pro rata basis in the five financial years after the year of granting of the variable part paid up-front and is paid by the end of July of each year;
- both the upfront amount and the deferred amounts are paid in doValue shares. For the shares attributed up-front, there is a two-year retention period, while for the remaining deferred amounts there is a one-year retention period which commences from their vesting.

Below is the performance achieved by the CEO with reference to the 2019 objectives:

	Indicator	Performance	Performance (%)
Sustainability objectives	Adjusted Ebitda	x	-
	GBV NPL Manged	✓	94,94%
	Contracts signed other than Unicredit	✓	100%
	KPI SLA	✓	100%
Strategic objectives	Operational excellence	x	-
Share Performance	Share price and Debt to EBITDA multiple	✓	100%

Based on the achieved performance, the variable component, granted entirely in shares, totals €3,000,000. The respective allocation is distributed over time, subject for 60% to a 5 year deferral, after checking the malus clauses. Both the upfront and deferred component are also subject to a retention period, respectively of 2 years and 1 year.

The individual contract between the CEO and doValue S.p.A. also regulates resignation, dismissal/revocation or early termination of the relationship, and provides for a severance payment in the case of early termination of the office or non-renewal, within the limits and taking account the regulatory provisions in that regard and the Company's Severance Policy.

### **3.4 Remuneration of Managers with Strategic Responsibilities and Resources with 2:1**

Managers with Strategic Responsibilities and Personnel whose maximum limit of the variable component is equal to 200% of the fixed remuneration component (with the exception of the CEO) is assigned based on an MBO type incentive system with objectives aimed at incentivising Resources to achieve the Group's earning objectives, as part of the pursued development strategy and a sound and prudent risk management.

For Resources with maximum limit of 2:1 (total of 7 of which 4 DIRS), the possibility of achieving an incentive greater than 100% of fixed remuneration is conditioned to overperformance and subject to reaching the EBITDA objective greater than 100%.

The Group's EBITDA value at 31 December 2019 did not reach such target level and therefore the condition for paying the variable amount greater than fixed remuneration was not met.

A review of the individual MBO of the Resources with maximum incentive of 2:1 shows an average achievement of the performance level compared to the assigned individual targets equal to 86.26%, for the DIRS with the 2:1 ratio equal to 88.18%. The overall take out of Resources with maximum incentive of 2:1 totals €1.118.232,10 with an average take out of €223.646; for DIRS with 2:1 the total take out amounts to € 778.718,10 with an average take out of €259.572.

For Resources with the 2:1 ratio, in compliance with the requirements of the Policy, as later amendments made by the Board of Directors based on the delegation granted by the Shareholders' Meeting and for the maximum flexibility approved by the Board of Directors, payment is made 65% up-front and 35% deferred in 2.5 years and paid after verification of malus conditions.

The variable remuneration is paid 55% in cash, and the remaining 45% in doValue S.p.A. shares.

The component in shares, equal to 45% , is subject to a 1.5 year retention period for the up-front part and 1 year for the deferred amounts.

In terms of the other Managers with Strategic Responsibilities (3 resources), with a maximum variable incentive of of 1:1, a review of the individual MBO shows an average achievement of the performance level compared to the assigned individual targets equal to 113.43%. The overall take out totals €184,122, while the average equals €61,374.

For these Resources, in compliance with the requirements of the Policy, as later amendments made by the Board of Directors based on delegation granted by the Shareholders' Meeting and for the maximum flexibility approved by the Board of Directors, the variable remunerations is entirely paid in cash: 65% up-front and 35% deferred in 1 year and paid after verification of malus conditions.

### **3.5 Hiring and severance pay**

No early terminations of DIRS occurred in 2019 thus no severance pay was paid out.

### **3.6 CONSOB quantitative tables**

## Fees paid to members of the Management and Control Bodies, to the General Manager, to other Managers with Strategic Responsibilities

(A)	(B)				1	4	5
MEMBERS OF THE BOARD OF DIRECTORS (name and surname)	BOD	Nomination Committee	Risks and Transactions with Related Parties Committee	Remuneration Committee	Fixed Compensation*	Total	Fair Value of equity compensation**
<b>Giovanni Castellana</b> <sup>1</sup>	C	M	M				
(I) Compensation in the company that prepares the financial statements	400.000	17.500	16.371		433.871	433.871	
(II) Compensation from subsidiaries and associates							
<b>(III) Total</b>	<b>400.000</b>	<b>17.500</b>	<b>16.371</b>		<b>433.871</b>	<b>433.871</b>	
<b>Andrea Mangoni</b> <sup>AD 2</sup>	M						
(I) Compensation in the company that prepares the financial statements	2.500.000				2.500.000	2.500.000	2.399.426
(II) Compensation from subsidiaries and associates							
<b>(III) Total</b>	<b>2.500.000</b>				<b>2.500.000</b>	<b>2.500.000</b>	<b>2.399.426</b>
<b>Giovanni Lo Storto</b> <sup>3</sup>	M	C		M			
(I) Compensation in the company that prepares the financial statements	30.000	35.000		17.500	82.500	82.500	
(II) Compensation from subsidiaries and associates							
<b>(III) Total</b>	<b>30.000</b>	<b>35.000</b>		<b>17.500</b>	<b>82.500</b>	<b>82.500</b>	
<b>Nunzio Guglielmino</b> <sup>4</sup>	M		M	C			
(I) Compensation in the company that prepares the financial statements	30.000		17.500	35.000	82.500	82.500	
(II) Compensation from subsidiaries and associates							
<b>(III) Total</b>	<b>30.000</b>		<b>17.500</b>	<b>35.000</b>	<b>82.500</b>	<b>82.500</b>	
<b>Emanuela Da Rin</b> <sup>5</sup>	M						
(I) Compensation in the company that prepares the financial statements	30.000				30.000	30.000	
(II) Compensation from subsidiaries and associates							
<b>(III) Total</b>	<b>30.000</b>				<b>30.000</b>	<b>30.000</b>	
<b>Giovanni B. Dagnino</b> <sup>6</sup>	M	M	C				
(I) Compensation in the company that prepares the financial statements	30.000	17.500	35.000		82.500	82.500	
(II) Compensation from subsidiaries and associates							
<b>(III) Total</b>	<b>30.000</b>	<b>17.500</b>	<b>35.000</b>		<b>82.500</b>	<b>82.500</b>	
<b>Marella Idi Maria Villa</b> <sup>9</sup>	M						
(I) Compensation in the company that prepares the financial statements	31.014				31.014	31.014	
(II) Compensation from subsidiaries and associates							
<b>(III) Total</b>	<b>31.014</b>				<b>31.014</b>	<b>31.014</b>	
<b>Giuseppe Ranieri</b> <sup>7</sup>	M						
(I) Compensation in the company that prepares the financial statements							
(II) Compensation from subsidiaries and associates							
<b>(III) Total</b>							
<b>Francesco Colasanti</b> <sup>8</sup>	M			M			
(I) Compensation in the company that prepares the financial statements							
(II) Compensation from subsidiaries and associates							
<b>(III) Total</b>							
<b>TOTAL BOD COMPENSATION</b>	<b>3.051.014</b>	<b>70.000</b>	<b>68.871</b>	<b>52.500</b>	<b>3.242.385</b>	<b>3.242.385</b>	<b>2.399.426</b>
	<b>P: CHAIRMAN</b>	<b>M: MEMBER</b>					

\* Including compensation for participation in Board Committees. There are no attendance fees.

\*\* The fair value of share compensation does not represent a value actually paid/obtained by the beneficiaries of Share Plans, since it is the cost that the Company reports - on an accrual basis and during the period of maturity - in consideration of the offer of incentives based on financial instruments.

### Notes:

1 \_In office since 19/4/2018. Member of the Risk Committee since 25/1/2019.

2 \_Fixed compensation: €2,500,000 is governed by a collaboration agreement signed with the Company on 5 April 2016, (of which 60% paid in shares and subject to meeting certain conditions). The CEO waives compensation as director passed by the Shareholders' Meeting of 19/4/2018 totalling €30,000.

Andrea Mangoni holds the office of Chairman of a company of the doValue Group, Italfondario S.p.A., with appointment of 3/3/2017.

3 In office since 19/4/2018. The compensation indicated in the table includes the office of Nomination Committee member

4 In office since 19/4/2018. The compensation indicated in the table includes the office of Remuneration Committee member

5 In office since 19/4/2018.

6 In office since 19/4/2018. The compensation indicated in the table includes the office of Risk Committee member.

7 In office since 19/4/2018. Waives compensation as Member of BoD.

8 In office since 19/4/2018. Waives compensation both as director and member of the Remuneration Committee.

9 In office since 25/1/2019

Members of the Board of Statutory Auditors (name and surname)	Office	Fixed Compensation*	Total
<b>Chiara Molon</b> <sup>1</sup>	<b>Chairman</b>		
<i>(I) Compensation in the company that prepares the financial statements</i>		76.009	76.009
<i>(II) Compensation from subsidiaries and associates</i>			
<b>(III) Total</b>		<b>76.009</b>	<b>76.009</b>
<b>Francesco Marinao Bonifacio</b> <sup>2</sup>	<b>Statutory Auditor</b>		
<i>(I) Compensation in the company that prepares the financial statements</i>		53.766	53.766
<i>(II) Compensation from subsidiaries and associates</i>		51.386	51.386
<b>(III) Total</b>		<b>105.153</b>	<b>105.153</b>
<b>Nicola Lorito</b>	<b>Statutory Auditor</b>		
<i>(I) Compensation in the company that prepares the financial statements</i>		52.322	52.322
<i>(II) Compensation from subsidiaries and associates</i>		47.895	47.895
<b>(III) Total</b>		<b>100.216</b>	<b>100.216</b>
<b>TOTAL BOARD OF STATUTORY AUDITORS COMPENSATION</b>		<b>281.378</b>	<b>281.378</b>

**P: CHAIRMAN M: MEMBER**

1 In office since 19/4/2018. Holds the Office of Chairman of the Supervisory Body of doValue 231/01

2 In office since 19/4/2018. Also holds the office of member of the Supervisory Body 231/01 of doValue and Chairman of the Board of Statutory Auditors and Supervisory Body 231/01 of the subsidiary Italfondario Spa.

3 In office since 19/4/2018 Also holds the office of member of the Supervisory Body 231/01 of doValue and Chairman of the Board of Statutory Auditors and Supervisory Body 23/01 of the subsidiary doSolutions

Managers with strategic responsibilities	Fixed Compensation	Non-equity Variable Compensation		Non-monetary benefits	Other compensation	Total	Fair Value equity compensation*	Post-mandate or post-employment benefits
		Bonuses and other incentives	Profit sharing					
8 (HC) <sup>1</sup>								
<i>(I) Compensation in the company that prepares the financial statements</i>	1.867.074	636.923		35.533		2.539.530	395.541	
<i>(II) Compensation from subsidiaries and associates</i>								
<b>(III) Total</b>	<b>1.867.074</b>	<b>636.923</b>		<b>35.533</b>		<b>2.539.530</b>	<b>395.541</b>	

\* The fair value of share compensation does not represent a value actually paid/obtained by the beneficiaries of Share Plans, since it is the cost that the Company reports - on an accrual basis and during the period of maturity - in consideration of the offer of incentives based on financial instruments.

#### NOTES

1 The Managers with Strategic Responsibilities include a person who left on 30/6/2019.

Table 3A Incentive plans based on financial instruments, other than stock options, in favour of members of the management body, general managers and other managers with strategic responsibilities

ID	Name and Surname	Office	Plan	Number and type of financial instruments	Vesting Period	Number and type of financial instruments	Fair Value on the assignment date	Vesting Period	Assignment date	Market price at the assignment*	Number and type of financial instruments	Number and type of financial instruments	Value on the maturity date	Fair Value
	Andrea Mangoni	Chief Executive Officer												
(I)	Compensation in the company that prepares the financial statements		2019 Share Plan (Shareholders' Meeting of 17/4/2019)			307.377	€ 3.000.000	5	10/04/2020	€ 9,76		122.951	€ 9,76	€ 1.200.000
			2018 Share Plan (Shareholders' Meeting of 19/4/2018)									79.225	€ 11,47	€ 908.720
			IPO BONUS (Plan approved by the BoD of 09/06/2017)									23.201	€ 12,53	€ 290.706
(II)	Compensation from subsidiaries and associates													
(III)	Totale					307.377	3.000.000					225.377		€ 2.399.426

3 HC <sup>1</sup>		Managers with Strategic Responsibilities												
(I)	Compensation in the company that prepares the financial statements		2019 Share Plan (Shareholders' Meeting of 17/4/2019)			35.904	350.423	3	10/04/2020	9,76		23.338	9,76	227.775
			2018 Share Plan approved 19/4/2018									9.483	€ 11,47	108.766
			IPO BONUS related to the Plan approved 09/06/2017									4.710	€ 12,53	€ 59.000
(II)	Compensation from subsidiaries and associates													
(III)	Totale					35.904	350.423					37.531		395.541

Notes:

\* the share price is registered on the MTA of Borsa Italiana in the 3 months prior to the grant date. For the 2018 Plan, the reporting period is from 12 December 2018 to 11 March 2019; the 2017 Incentive Plan from 19 December 2017 to 16 March 2018.  
\*\* Of the 7 Resources belonging to the Managers with Strategic Responsibilities, 4 are beneficiaries of the 2019 Share Plan. Following closing of the final performance balances of the accrual period, only 3 recipients had reached the required results.

Table 3b -Monetary incentive plans in favour of members of the management body, general managers and other managers with strategic responsibilities

Name and Surname	Office	Plan	Bonus of year			Bonus of previous years			Other Bonus
			(A) Payable/paid	(B) Deferred	C Deferral period *	(A) No longer payable	(B) Payable/paid	C Still deferred	
Andrea Mangoni <sup>1</sup>	Chief Executive Officer								
7 HC <sup>2</sup>	Managers with Strategic Responsibilities								
(I)	Compensation in the company that prepares the financial statements		Bonus System 2019 <sup>3</sup>	€ 411.541	€ 200.876	2,5			
			Bonus System 2018			3,0	€ 152.576	€ 108.766	
			Bonus System 2017			3,0	€ 72.807	€ 72.807	
(II)	Compensation from subsidiaries and associates								
(III)	Total			€ 411.541	€ 200.876		€ 225.383	€ 181.573	

Notes:

<sup>1</sup> The variable compensation of the CEO is paid exclusively in shares, of which 40% distributed at the end of the year of accrual and within 30 days from the date of approval of the financial statements of the previous year by the Shareholders' Meeting, and the remaining 60% deferred for a period of 5 years.

<sup>2</sup> The Manager with Strategic Responsibilities who left in 2019 will not be paid the variable sums, since his time on the job was not sufficient for payment.

<sup>3</sup> The variable cash compensation of the Managers with Strategic Responsibilities is distributed for 65% up front at the end of the year of accrual, after approval of the financial statements of the previous year by the Shareholders' Meeting; the remaining 35% deferred in 2.5 years for personnel with a maximum variable compensation of 2:1 compared to fixed compensation, while the remaining DRS with a maximum variable equal to 1:1 have a lower deferral period, equal to one year.

\*The deferral period indicated in the table is the maximum one for personnel with a maximum compensation of 2:1, the remaining personnel with maximum variable 1:1 has a one year deferral.

OUTLINE NO. 7-TER - Outline relating to the information on investments of members of the management and control bodies, general managers and other managers with strategic responsibilities

<b>Table 1 : Equity investments of members of the administration and control bodies and general directors</b>						
<b>Name and Surname</b>	<b>Office</b>	<b>Equity investment</b>	<b>No. of shares held at 31/12/2018</b>	<b>No. of shares purchased in 2019*</b>	<b>No. of shares sold in 2019</b>	<b>No of shares held at 31/12/2019</b>
Andre Mangoni	Chief Executive Officer	doValue	87.002	323.619	144.064	266.557
						-
*Shares allocated based on incentive plans						
<b>Table 2 : Equity investments of other managers with strategic responsibilities</b>						
<b>Name and Surname</b>	<b>Office</b>	<b>Equity investment</b>	<b>No. of shares held at 31/12/2018</b>	<b>No. of shares purchased in 2019*</b>	<b>No. of shares sold in 2019</b>	<b>No of shares held at 31/12/2019</b>
n.3	Managers with Strategic Responsibilities	doValue	15.106	37.864	17.330	35.640
*Shares allocated based on incentive plans						

## **Report on audits conducted on the compliance of the remuneration and incentive practices with the policies approved by the Company and the relevant regulatory framework**

The audit activity was aimed at assessing the compliance of the Group's remuneration practices with the 2019 Remuneration and Incentive Policies, by carrying out the following checks:

- compliance of the relevant internal rules with remuneration policies;
- correct application of the criteria established in the Remuneration policies (i.e. opening of Group gates in order to ensure economic-financial sustainability and capital soundness; compliance with the bonus pool approved by the Bodies; definition and updating of the Managers with Strategic Responsibilities area, including taking into account what is governed by Consob Regulation no. 17221 regarding Related Parties; procedure for paying variable remuneration related to years before 2019 all or partly in financial instruments; quantity thresholds and mechanisms related to deferral of part of the variable remuneration related to years before 2019; malus and claw back conditions);
- correctness of final data (through sample checks focussed on Managers with Strategic Responsibilities, key and selected resources), with respect to the maximum ratio between the variable and fixed component, payment method and deferral rules;
- correct application of criteria for determining the 2019 redundancy incentives, as established by the Severance Pay Policies;
- limitations/exclusions of fixed/variable remuneration to the Bodies;
- compliance with the disclosure obligation to the public and Shareholders' Meeting as per article 450 CRR related to reporting high earners to the Bank of Italy relative to 31/12/18.

The checks conducted based upon the final data provided by Resources & Transformation have highlighted the correctness of final bonuses to sampled subjects and, overall, compliance with the proportion between the fixed and variable component, payment methods and deferral rules provided in the Policies.

In this context, areas for improvement of the internal controls system for the implementation of the remuneration policies were identified in relation to governance of the matter with reference to the structuring of the "MBO Bonus" incentive system. These results can be explained by the impacts on the definition process for individual charts resulting from the continuous evolution of strategic scenarios which strongly involved the Group in 2019.

The main areas for improvement identified are summarily indicated below:

- the MBO Bonus system is not completely governed specifically in terms of identification of objectives and relative targets that allow an objective review as well as timely assignment and acceptance of the objective charts by the recipients;
- The Group's DIRS area does not seem to be updated at least every six months, in order to reflect the changed organisational context and results of analyses performed on the importance of the Italian and foreign subsidiaries;
- the monitoring process of the foreign supplier of the IT platform introduced to support end-to-end loading, notification and accounting activities of the MBO charts is not fully effective to guarantee the correct management and prompt identification of any errors.

In terms of the focus areas found Management has not defined a consistent plan of corrective actions reflected in the audit report issued on 7 April 2020.