



TECHNOGYM S.P.A.  
REGISTERED OFFICE IN CESENA, VIA CALCINARO, 2861  
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AND TAX CODE 06250230965

**REMUNERATION REPORT**  
**Pursuant to Art. 123-ter of the Consolidated Finance Law**

This Report is available on the Company's website: [www.technogym.com](http://www.technogym.com)  
Date of approval: meeting of the Board of Directors of 6 March 2017

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## INTRODUCTION

This Remuneration Report has been drawn up pursuant to Art. 123-*ter* of Legislative Decree 58/1998 (“**Consolidated Finance Law**”), as well as in compliance with Art. 6 of the Corporate Governance Code for listed companies of Borsa Italiana S.p.A.

**Section I** of the report provides the market with the information regarding the Remuneration Policy of Technogym S.p.A. (the “**Company**” or “**Technogym**”), as approved by the Board of Directors - on proposal by the Nomination and Remuneration Committee - on 10 February 2017, following the entry into force of the regulatory provisions of CONSOB in implementation of Art. 123-*ter* of the Consolidated Finance Law.

That Remuneration Policy illustrates (i) the policy adopted by the Company in relation to the remuneration of members of the Board of Directors (the “**Directors**”), distinguishing between Executive and Non-Executive Directors, and of Key Managers of the Company, which are understood as persons who have the power and responsibility, directly or indirectly, for planning, directing and controlling activities of the Company according to the definition set out in Annex 1 of the CONSOB Regulations containing provisions relating to transactions with related parties adopted with Resolution no. 17221 of 12 March 2010 (“**Key Management Personnel**”) with regard to at least the following year, and (ii) the procedures used to adopt and implement the Policy.

The report also illustrates the procedures adopted by the Company to draw up and approve the Remuneration Policy, as well as the bodies and parties responsible for implementation thereof.

The Policy may be revised and updated by the Board of Directors, on proposal by the Nomination and Remuneration Committee, which regularly assesses its adequacy, overall consistency and concrete application.

**Section II** of the report provides a representation of the single items comprising the remuneration of Directors and Statutory Auditors of the Company, as well as an analytical breakdown of the compensation paid in 2016, for any reason and in any form, by the Company and its subsidiaries, as well as by its associates. Section II also provides aggregate information regarding compensation of Key Management Personnel.

## **SECTION I**

### **BODIES AND PARTIES INVOLVED IN DRAWING UP AND APPROVING THE REMUNERATION POLICY**

The Remuneration Policy is defined through a process involving the Board of Directors (“**Board**” or also “**Board of Directors**”), the Nomination and Remuneration Committee (“**Committee**”) and the Ordinary Shareholders' Meeting of the Company (“**Shareholders' Meeting**”). Based on the proposal formulated by the Committee within the Board, the Board of Directors defines the general policy for remuneration of the Directors and Key Management Personnel. The Board then implements the Remuneration Policy, determining, in line therewith, the remuneration of Directors holding specific roles, on proposal by the Committee and having consulted the Board of Statutory Auditors pursuant to Art. 22 of the Articles of Association. In line with the recommendations set out in Art. 6 of the Corporate Governance Code, the Committee is tasked with assisting the Board of Directors, with advisory and propositional functions, in the assessments and decisions regarding the composition of the Board of Directors and the remuneration of Directors and Key Management Personnel. The composition and duties of the Committee are described in detail in paragraph B below.

#### **A. NOMINATION AND REMUNERATION COMMITTEE**

With resolution dated 16 March 2016, the Board established the Nomination and Remuneration Committee, taking effect from the first day the shares were traded on the stock exchange (i.e. 3 May 2016), approving the Committee’s internal regulations that govern its composition, duties and methods of operation.

The Committee is composed of the following three Non-Executive Directors, all independent: Vincenzo Giannelli (as Chairman), Maria Cecilia La Manna (as Deputy Chairman) and Riccardo Pinza.

The Nomination and Remuneration Committee is assigned the following duties regarding nominations:

- a) formulate opinions to the Board of Directors regarding the size and composition thereof and make recommendations on the professionals whose presence on the Board of Directors is recommended;
- b) make recommendations to the Board of Directors on the maximum number of offices as Director or Statutory Auditor in other companies listed on regulated markets (including foreign markets), in financial, banking or insurance companies or in companies of significant size which may be considered compatible with effective performance of the role of Director of the Issuer, taking account of the Directors’ participation in the Committees established within the Board of Directors;
- c) make recommendations to the Board of Directors regarding any problematic situations connected with the application of the prohibition on competition applied to Directors pursuant to Art. 2390 of the Italian Civil Code where the Company’s Shareholders' Meeting, due to organisational needs, has generally authorized in advance preventive exceptions from that prohibition;
- d) propose to the Board of Directors candidates for the office of Director in the event of co-optation, where independent Directors must be replaced; and
- e) conduct preliminary analyses on the preparation of a succession plan for the Company’s Executive Directors, where the Board of Directors decided to adopt such plan.

The Nomination and Remuneration Committee is also assigned the following duties regarding remuneration:

- a) formulate to the Board of Directors proposals concerning the policy for remuneration of Directors and Key Management Personnel;
- b) periodically assess the adequacy, overall consistency and concrete application of the Remuneration Policy for Directors and Key Management Personnel, using, in the latter case, the information provided by the managing Directors;
- c) submit proposals or express opinions to the Board of Directors on the remuneration of Executive Directors and of other Directors that hold specific roles, as well as on setting performance targets correlated with the variable component of said remuneration, and monitor the application of the decisions taken by the Board of Directors, specifically verifying the actual achievement of the performance targets.

The Nomination and Remuneration Committee has the right to access the company information and functions necessary to carry out its duties and may use external consultants, within the limits set by the Board of Directors.

#### **B. NAME OF ANY INDEPENDENT EXPERTS INVOLVED IN DRAWING UP THE REMUNERATION POLICY**

For the purpose of defining the Remuneration Policy, the market practices and remuneration levels are analysed, including through the data provided by independent experts (specifically, Mercer and the professional firm Pirola Pennuto Zei e Associati) in aggregate form, without making specific reference to other companies.

#### **C. PURPOSES OF THE REMUNERATION POLICY, UNDERLYING PRINCIPLES AND ANY CHANGES IN THE REMUNERATION POLICY COMPARED TO THE PREVIOUS YEAR**

The Company's Remuneration Policy is defined, also in line with the recommendations of the Corporate Governance Code, with the objective of:

- i) attracting, retaining and motivating people that have the personal and professional qualities that aid in the achievement of the Company's objectives of business development and promoting the creation of value of Shareholders over the medium/long-term;
- ii) align the management's interests with those of the Company and the Shareholders over the medium/long-term.

Substantially complying with the recommendations of the Code, the Remuneration Policy is thus based on the following criteria:

- a) the fixed component and the variable component of remuneration are suitably balanced based on the strategic objectives and the risk management policy of the Company, also taking account of the business segment in which it operates and the characteristics of the activities the Company concretely carries out, as well as the role performed;

b) maximum limits are set on the disbursement of the variable portion (short and medium/long-term), differentiated based on the role held by the individual in the Company and his/her ability to impact the results of the reference market. The short-term variable component (2017 MBO & Bonus) cannot exceed 62.5% of total gross remuneration, while the long-term variable component (LTIP) at the end of the three-year cycle cannot exceed 90% of the gross annual remuneration of the individual beneficiary;

c) the fixed component is sufficient to remunerate the work of the Directors and Key Management Personnel in the event that the variable component is not disbursed due to failure to reach the performance targets indicated by the Board;

d) the performance targets - i.e. the income statement results and any other specific targets to which the disbursement of the variable components is linked (including the targets defined for the share-based remuneration plans) - as explained in greater detail hereinafter, are pre-set, measurable and linked to the purpose of creating value for Shareholders over a medium/long-term time horizon;

e) the variable component of remuneration is comprised of a portion linked to short-term criteria (Management by Objectives - MBO) and a portion linked to long-term criteria (Long Term Incentive Plan - LTIP). The latter, in terms of importance, represents at least 42% of annual variable remuneration and is deferred over a suitable time frame, as it is linked to the achievement of long-term targets. The duration of the deferral is consistent with the characteristics of the activities the Company carries out and the related risk profiles;

f) for Non-Executive and Independent Directors, remuneration aims to recognize the commitment required and does not include variable components related to performance.

With regard to Directors' severance indemnity, please refer to paragraph K.

The Remuneration Policy in compliance with the Code has been adopted for the first time with regard to 2017 and, as a result, it is not possible to make any comparisons with previous years.

#### **D. DESCRIPTION OF POLICIES CONCERNING FIXED AND VARIABLE COMPONENTS OF REMUNERATION, SPECIFICALLY INDICATING THEIR RELATIVE WEIGHT AS PART OF TOTAL REMUNERATION, DISTINGUISHING BETWEEN SHORT-TERM AND MEDIUM/LONG-TERM VARIABLE COMPONENTS**

Taking account of the criteria and the purposes of the Remuneration Policy, the remuneration package granted to Directors and Key Management Personnel generally breaks down into the following components:

- i) fixed portion, which must compensate the responsibilities assigned, the experience and the distinctive skills held and must be aligned with the best market practices, in order to guarantee a suitable retention level;
- ii) annual variable portion, which must guarantee a direct link between remuneration and performance results, and aims to reward the achievement of company and individual targets (known as MBO – Management by Objectives) and/or provide one-off rewards for extraordinary results and/or commitments to projects (bonuses). It is noted that this component of remuneration is exclusively envisaged for Key Management Personnel;

- iii) medium/long-term variable portion, which ensures the increase in value of the Company and the achievement of results that are sustainable over time, over and above those defined each year in the budget, increasing the loyalty of key resources and aligning the management's objectives with those of Shareholders. It is noted that this component of remuneration is exclusively envisaged for the Managing Director and Key Management Personnel, as described below;
- iv) the overall remuneration package is supplemented through a suitable range of benefits, in accordance with the practices of the reference market.

Note that the medium/long-term variable portion of remuneration pursuant to point (iii) above, may be disbursed in the form of equity or through equity-based instruments, increasing the beneficiaries' participation in the actual creation of value, translated into the share value.

Below, a detailed description of the short-term and medium/long-term incentive policies implemented and/or planned to be implemented by the Company in 2017. These are represented by a monetary variable component (MBO Plan) and a variable component based on financial instruments (LTIP).

### D.1.1 MBO PLAN

The annual variable component of remuneration is calculated according to methods set out in the 2017 MBO & Bonus Plan. That Plan is defined based on targets to be reached in the year and parameters (KPIs) used to measure those targets.

The MBO Plan acts as a short-term incentive and focuses on the achievement of quantitative and qualitative annual results. The guidelines and policies of the incentive system are defined by the Chairman of the Board of Directors in line with the Company's development strategy. The main income statement indicators, which assesses company performance in order to identify the variable component assigned to Key Management Personnel, are the Net Profit and Free Cash Flow of the Group. The assignment of the bonus is thus subject to achievement of the Group targets.

Targets connected with the income statement performance of the unit/department the individual belongs to are also set, as well as with the targets linked to specific parameters, modulated according to the achievement of individual KPIs.

The bonus, where owed, shall be disbursed on payment of amounts due for April 2018 and, in any event, following the approval of the separate financial statements and based on the income statement and statement of financial position indicators at the close of financial year 2017. The affective disbursement of the bonus is subordinate, in any event, to the beneficiary remaining in service as at 30 April 2018.

Below, the main conditions of the Technogym 2017 MBO & Bonus Plan are shown below:

Addressees	Gate (system activation)	Entry threshold (minimum bonus)	Weight of Targets
Key Management Personnel	Group Net Profit and FCF	Minimum score for company and individual targets	80% Group KPIs 20% Individual KPIs



The value of the annual bonus has a lower weight than the gross annual remuneration, and may reach a maximum of 62.5% of the gross annual remuneration, in the event of overperformance by the beneficiary.

### D.1.2 LTIP

As of today, an incentive plan introduced prior to listing is still in force. The Long-Term Incentive Plan was initially approved by the Board of Directors in June 2012 and later amended, first by resolution of the Board of Directors on 18 June 2015 and, most recently, on 16 December 2015 (hereinafter, the “LTIP”). The LTIP shall cease to be valid during 2017.

At the end of the eighteenth month following the date of admission to trading of the Company on the Mercato Telematico Azionario, which occurred on 3 May 2016, as the pre-set targets were reached, identified as an average EBITDA of €69,000,000.00 and the existence of cash flow equal to at least 4.5% of turnover relating to each financial year included in the period 2014 – 2015, the Managing Director and Management Personnel who, at the date of listing, cover key roles (the beneficiaries) shall be assigned a number of shares of the Company, free of charge. This number is determined based on the value of the Management Share (as defined in the LTIP), equal to 1% of the Created Value, an indicator of growth in the value of the Company in the two years of observation and, in any event, no greater than €7,000,000.00.

The number of shares assigned to each beneficiary is determined based on the percentage of Management Share granted to the beneficiary. These percentages assigned were identified based on the contribution the individual beneficiary managed to make to the achievement of the pre-set targets as a result of his/her role in the Company.

Addressees	Activation requirement	Value distributed	Determination of number of shares assigned
<b>Managing Director and Key Management Personnel</b>	Meeting the income statement and statement of financial position performance requirements alternatively at the date of listing	Management Share: 1% of the Created Value (in any event, no greater than €7,000,000.00)	Pre-set % of interest in the Management Share

Assignment of the shares, in any event, shall be subordinate to the existence of an employment relationship between the beneficiary and the Company at the date of assignment and shall be recognised *pro rata temporis* to the participants involved during the term of the Plan.

The long-term variable component of remuneration paid to the beneficiaries of the Plan described, which shall be paid during 2017, cannot in any event exceed 223% of gross annual remuneration.

### **D.1.3 NEW LTIP**

The Company has developed a new Long-Term Incentive Plan for the years 2017 - 2019, based on the assignment of the right to receive shares, free of charge, on achievement of specific Company performance targets.

That incentive plan for the period 2017 - 2019 is characterised by:

- (i) pre-set performance targets identified as performance of the Company's income statement and statement of financial position, calculated referring to:
  - the cumulative Earnings per Share (EPS) for the period 2017 - 2019; and
  - the arithmetic mean of the stock market price of the Technogym ordinary share in the month prior to the date of closure of the vesting period;
- (ii) adequate vesting periods for the right to obtain the shares assigned (three-year vesting period);
- (iii) restriction against transferring the shares for 12 months from the date of their assignment.

The beneficiaries of the plan shall be identified by the of Board of Directors among the Group's Key Management Personnel, as well as other employees or workers of the Company or the Group who hold positions deemed strategic by the Company.

The number of shares assigned by the Board of Directors at the end of the vesting period is determined based on the achievement of the performance targets, on the basis of the percentage of gross annual remuneration pre-set by the Board of Directors and provided that 95% of the performance target has been achieved. The shares shall be assigned to the beneficiaries, provided that the conditions set out in the plan have been met, by the 60th day following approval of the Group's consolidated financial statements as at 31 December 2019. At the time of assignment, the Board of Directors retains the right to disburse to the beneficiary an amount in cash equal to the value of the shares the beneficiary would be entitled to, according to the criteria set out in the Plan, if it is not possible, for regulatory reasons, to assign the beneficiary financial instruments.

As the purpose of the Plan is to ensure loyalty and retention, as a result of termination of employment for reasons that do not make the leaver a "good leaver", the beneficiaries shall lose all rights they are entitled to under the Plan.

The variable component of remuneration for beneficiaries of the Plan at the end of the three-year cycle cannot exceed 90% of the gross annual remuneration.

## **D.2. REMUNERATION POLICY WITH REGARD TO SINGLE RELEVANT POSITIONS**

### **D.2.1 REMUNERATION OF THE CHAIRMAN/MANAGING DIRECTOR**

#### Fixed portion

The remuneration of the Chairman/Managing Director is mainly comprised of the fixed component, based on the resolution of the Shareholders' Meeting, in consideration of the powers assigned to it.

#### Annual variable portion

For the Chairman/Managing Director, participation in the annual variable incentive plans is not envisaged.

#### Medium/long-term incentive

For the Chairman/Managing Director, participation in the medium/long-term variable incentive plan is envisaged, in accordance with that set out in paragraph D.1.2 above, while participation of the Chairman/Managing Director in the plans under paragraph D.1.3. above is not envisaged. The long-term variable component of remuneration for the Managing Director amounts to approximately 70% of the gross annual remuneration.

#### Benefits

Non-monetary benefits include the use of a company car and company mobile phones, as well as the contracting, at the exclusive expense of the Company, of all suitable D&O (Directors' and Officers' Liability Insurance) insurance policies and insurance coverage to reimburse medical expenses and expenses as a result of accidents in and out of the workplace.

### **D.2.2 REMUNERATION OF THE DEPUTY CHAIRMAN**

#### Fixed portion

The remuneration of the Deputy Chairman is mainly comprised of the fixed component, based on the resolution of the Shareholders' Meeting, in consideration of the powers assigned to it.

#### Annual variable portion

For the Deputy Chairman, participation in the annual variable incentive plans is not envisaged.

#### Medium/long-term incentive

For the Deputy Chairman, participation in the medium/long-term variable incentive plan in accordance with that set out in paragraph D.1.2 above is not envisaged.

#### Benefits

Non-monetary benefits include the use of a company car and company mobile phones, as well as the contracting, at the exclusive expense of the Company, of all suitable D&O (Directors' and Officers' Liability Insurance) insurance policies and insurance coverage to reimburse medical expenses and expenses as a result of accidents in and out of the workplace.

### **D.2.3 REMUNERATION OF THE EXECUTIVE DIRECTORS**

The remuneration of Executive Directors is suitably balanced in order to ensure consistency between the short-term development targets and the sustainability of creation of value for Shareholders over the medium/long-term.

#### Fixed portion

A fixed component of the remuneration of Executive Directors is decided by the Shareholders' Meeting and the Board of Directors pursuant to Art. 2389, Par. 3 of the Italian Civil Code, and includes pre-set gross annual compensation for the entire period of office of Director proportionate to the commitment required and to be paid *pro rata temporis* based on the actual term of office.

#### Annual variable portion

For Executive Directors, participation in the annual variable incentive plans is not envisaged.

#### Medium/long-term incentive

For Executive Directors, participation in the medium/long-term variable incentive plans is not envisaged.

#### Benefits

Non-monetary benefits generally granted to Executive Directors include D&O (Directors' and Officers' Liability Insurance) insurance policies.

### **D.2.4 REMUNERATION OF THE NON-EXECUTIVE DIRECTORS**

The remuneration of Independent Non-Executive Directors is determined in a fixed amount proportionate to the commitment required, also in relation to their participation in auxiliary Committees. In compliance with principle 6.C.4 of the Code, the remuneration of Non-Executive Directors is not linked to the income statement results achieved by the Company.

The Company also contracts, at its expense and for the benefit of Non-Executive Directors, D&O (Directors' and Officers' Liability Insurance) insurance policies.

### **D.2.5 REMUNERATION OF KEY MANAGEMENT PERSONNEL**

#### Fixed portion

The fixed portion of compensation is consistent with the remuneration the Company considers to be in line with the market, and is structured in such a way as to suitably remunerate the skills, commitment and service provided by the Management Personnel on an ongoing basis.

The total fixed remuneration of Management Personnel may also include the housing allowance, for Management Personnel that hold the role of Director in subsidiaries, additional compensation and severance indemnity in an amount that suitably remunerates the commitment required by the office.

#### Annual variable portion

Key Management Personnel participate in the 2017 MBO & Bonus annual incentive plan, as described in paragraph D.1.1.

#### Medium/long-term incentive

To contribute to the creation of value over the medium/long-term, Key Management Personnel are also addressees of the LTIP incentive plans described in paragraphs D.1.2 and D.1.3.

#### Benefits

All Management Personnel are assigned a series of benefits, specifically including the company car and mobile phone. All Management Personnel also have the following insurance coverage: D&O (Directors' and Officers' Liability Insurance) insurance policies, life insurance policies, insurance coverage to reimburse medical expenses and expenses as a result of accidents in and out of the workplace.

### **E. POLICY IMPLEMENTED CONCERNING NON-MONETARY BENEFITS**

The assignment of non-monetary benefits is envisaged in line with general practice and to an extent suitable to the office and role held. Non-monetary benefits include the use of the company car, life insurance policies, accident policies and supplementary health coverage.

For the description of the non-monetary benefits, please refer to that set out for each position in paragraph D above.

### **F. A DESCRIPTION OF THE PERFORMANCE TARGETS USED TO ASSIGN VARIABLE COMPONENTS, DISTINGUISHING BETWEEN SHORT-TERM AND MEDIUM/LONG-TERM VARIABLE COMPONENTS, AND INFORMATION ON THE LINK BETWEEN CHANGES IN RESULTS AND CHANGES IN REMUNERATION**

Please refer to the description set out in paragraph D above.

### **G. CRITERIA USED TO ASSESS THE PERFORMANCE TARGETS USED TO ASSIGN SHARES, OPTIONS, OTHER FINANCIAL INSTRUMENTS OR OTHER VARIABLE COMPONENTS OF REMUNERATION**

The criteria used to assess the performance targets used to assign shares, options, other financial instruments or other variable components of remuneration shall be founded on the income statement results and profitability achieved by the Group and on the performance of the Company's share.

### **H. INFORMATION USEFUL IN ASSESSING THE CONSISTENCY OF THE REMUNERATION POLICY WITH THE PURSUIT OF THE COMPANY'S LONG-TERM INTERESTS AND THE RISK MANAGEMENT POLICY**

As described in paragraphs C and D above, the Remuneration Policy focuses on the sustainable creation of value for the Company and its Shareholders.

In line with that purpose, the remuneration of Executive Directors and Key Management Personnel is structured in a way that:

- i) balances fixed remuneration and variable remuneration with the objective of creating sustainable value for the Company;
- ii) connecting the variable remuneration to the achievement of operational and financial targets aligned with the creation of value and the actual results achieved by the Company;
- iii) adequately pay remuneration to attract, motivate and retain people that have the personal and professional qualities necessary for the pursuit and achievement of the objectives of business development of the Company and the Technogym Group.

**I. VESTING PERIODS, DEFERRED PAYMENT SYSTEMS, INDICATING THE DEFERMENT PERIODS AND THE CRITERIA USED TO DETERMINE THOSE PERIODS AND THE EX POST CORRECTION MECHANISMS**

Please refer to the description set out in paragraph D above.

**J. INFORMATION ON CLAUSES REQUIRING THAT FINANCIAL INSTRUMENTS BE HELD IN THE PORTFOLIO FOLLOWING THEIR ACQUISITION, INDICATING THE HOLDING PERIODS AND THE CRITERIA USED TO DETERMINE SUCH PERIODS**

The Remuneration Policy adopted by the Company sets out holding periods for the financial instruments following their acquisition.

With regard to the LTIP in force, it is expressly set out that the shares shall be assigned only once 18 months have passed since the occurrence of the conclusive event of the Plan. The actual assignment is also subordinate to the continuing employment relationship between the beneficiary and the Company. The LTIP being defined shall set out equivalent mechanisms for holding the shares for a period of no less than 12 months from their assignment.

**K. POLICY CONCERNING BENEFITS IN THE EVENT OF TERMINATION OF OFFICE OR TERMINATION OF EMPLOYMENT**

Though it is not the Company's typical practice, agreements may be entered into with Directors and/or with Key Management Personnel which govern - *ex ante* - the financial aspects in the event of termination of office, or regarding the possible early termination of employment by the Company or the interested party.

Non-competition clauses and agreements may also be entered into with Key Management Personnel, in compliance with the provisions and limits of laws in force.

**L. INFORMATION ON NON-MANDATORY INSURANCE COVERAGE OR WELFARE OR PENSION PLANS**

As indicated in paragraph E above, non-monetary benefits may include D&O (Directors' and Officers' Liability Insurance) insurance policies, life insurance policies, accident policies, supplementary health coverage and other types of coverage to be assessed on a case-by-case basis.

**M. REMUNERATION POLICY CONCERNING: (I) INDEPENDENT DIRECTORS, (II) PARTICIPATION IN COMMITTEES AND (III) THE EXECUTION OF SPECIFIC ASSIGNMENTS**

The Policy sets out the assignment of additional fixed compensation in favour of Non-Executive Directors and Independent Directors that are part of the internal Board Committees, to suitably remunerate the additional activities and commitment provided and benefiting the Company.

For additional information and for information regarding the remuneration of Key Management Personnel, please refer to the description set out in paragraph D above.

#### **N. INDICATIONS OF ANY USE OF REMUNERATION POLICIES OF OTHER COMPANIES AS REFERENCES**

The Company's Remuneration Policy was drawn up also using, as benchmarks, reference Italian and foreign companies in terms of size and business segment.

## **SECTION II**

### **I. PART ONE**

This section illustrates and names the items that comprise the compensation paid - for any reason and in any form - in 2016 to: (i) members of the Board of Directors; (ii) members of the Board of Statutory Auditors and the Supervisory Board; (iii) members of the internal Company Committees; and (iii) Key Management Personnel.

#### ***Board of Directors***

##### *Fixed Remuneration*

Directors received the fixed compensation determined by the Shareholders' Meeting and the Board of Directors, also taking account of the following:

- on 16 March 2016, the Shareholders' Meeting of the Company resolved to assign, subordinate to the start of trading of the Company's shares, which occurred on 3 May 2016, gross annual compensation of €20,000.00, to be paid *pro rata temporis* based on the actual term of office;
- the meeting of the Company's Board of Directors, held on 16 March 2016, resolved to assign gross annual compensation to the Chairman of the Board of Directors of €1,500,000.00, for each of the years of the term of office, to be paid *pro rata temporis* based on the actual term of office;
- the meeting of the Company's Board of Directors, held on 16 March 2016, resolved to assign gross annual compensation to the Deputy Chairman of the Board of Directors of €500,000.00, for each of the years of the term of office, to be paid *pro rata temporis* based on the actual term of office.

##### *Variable Remuneration*

For the members of the Board of Directors, with the exception of the Managing Director, participation in the annual variable or medium/long-term incentive plans is not envisaged.

For the Managing Director, participation in the medium/long-term variable incentive plans is envisaged. In this regard, please refer to paragraph D.2.1 of Section I.

##### *Non-monetary benefits*

Non-monetary benefits paid to the Chairman and Deputy Chairman of the Company's Board of Directors include the use of a company car and company mobile phone, as well as the contracting, at the exclusive expense of the Company, of all suitable D&O (Directors' and Officers' Liability Insurance) insurance policies, including liability from the prospectus, and insurance coverage to reimburse medical expenses and expenses as a result of accidents in and out of the workplace.

With regard to Executive Directors, the Company has contracted a D&O (Directors' and Officers' Liability Insurance) insurance policies.



## ***Members of Committees***

### **Fixed Remuneration**

On 16 March 2016, the Issuer's Board of Directors resolved, with the favourable opinion of the Board of Statutory Auditors, to assign the following compensation, starting from the date of admission to trading of the Company's shares, which occurred on 3 May 2016:

- to the member of the Board of Directors who holds the office of Chairman of the Control and Risk Committee, gross annual compensation of €15,000.00, to be paid *pro rata temporis*, based on the actual term of that office, in addition to annual compensation of €20,000.00 due to said party for the office of Director and any compensation due to said party as Chairman, Deputy Chairman or member of the Nomination and Remuneration Committee;
- to the member of the Board of Directors who holds the office of Chairman of the Nomination and Remuneration Committee, gross annual compensation of €15,000.00, to be paid *pro rata temporis*, based on the actual term of that office, in addition to annual compensation of €20,000.00 due to said party for the office of Director and any compensation due to said party as Chairman, Deputy Chairman or member of the Control and Risk Committee;
- to each member of the Board of Directors who holds the office of Deputy Chairman or member of the Control and Risk Committee, gross annual compensation of €10,000.00, to be paid *pro rata temporis*, based on the actual term of that office, in addition to annual compensation of €20,000.00 due to said party for the office of Director and any compensation due to said party as Chairman, Deputy Chairman or member of the Nomination and Remuneration Committee;
- to each member of the Board of Directors who holds the office of Deputy Chairman or member of the Nomination and Remuneration Committee, gross annual compensation of €10,000.00, to be paid *pro rata temporis*, based on the actual term of that office, in addition to annual compensation of €20,000.00 due to said party for the office of Director and any compensation due to said party as Chairman, Deputy Chairman or member of the Control and Risk Committee.

## ***Board of Statutory Auditors***

### **Fixed Remuneration**

The members of the Board of Statutory Auditors received fixed compensation as established by the Shareholders' Meeting, also considering that on 16 March 2016, the Shareholders' Meeting of the Company resolved to assign, subordinate to the start of trading of the Company's shares, which occurred on 3 May 2016, gross annual compensation of €30,000.00 to the Chairman of the Board of Statutory Auditors and gross annual compensation of €20,000.00 to Standing Auditors, to be paid *pro rata temporis* based on the actual term of office.

### **Variable remuneration and non-monetary benefits**

No payment of variable remuneration or non-monetary benefits to members of the Board of Statutory Auditors is envisaged.

## ***Key Management Personnel***

### **Fixed Remuneration**

The General Manager and Key Management Personnel received the fixed portion of remuneration determined in their respective employment contracts, including the fees due pursuant to provisions of law and contracts applicable (holidays, travel reimbursement, etc.).

#### Variable Remuneration

During 2016, Key Management Personnel received the payment of a variable monetary component linked to the 2015 Management by Objectives Plan, and the requirements were accrued for payment of the 2016 Management by Objectives Plan, which will be disbursed in April 2017.

Key Management Personnel participate in the 2017 MBO & Bonus annual incentive plan, as described in paragraph D.1.1 of Section I, to which reference is made. Furthermore, to contribute to the creation of value over the medium/long-term, Key Management Personnel are also addressees of the LTIP incentive plans described in paragraphs D.1.2 and D.1.3.

#### Non-monetary benefits

All Management Personnel are assigned a series of benefits, specifically including the company car, mobile phone and, possibly, a housing allowance. All Management Personnel also have the following insurance coverage: D&O (Directors' and Officers' Liability Insurance) insurance policies, including liability from the prospectus, life insurance policies, insurance coverage to reimburse medical expenses and expenses as a result of accidents in and out of the workplace.

#### ***Agreements entailing compensation in the event of early termination of office***

There are no agreements entailing the payment of compensation in the event of early termination of office or entailing the assignment or retention of monetary benefits for Directors or Key Management Personnel who have ceased office, or the stipulation of consulting agreements for a period following termination of office or, lastly, entailing compensation for non-competition commitments.

## **II. PART TWO**

This part two of Section II analyses the compensation paid in 2016 for any reason and in any form, to the parties who, during the year, covered, even for a portion of the period, the office of member of Administration and Control Bodies, General Manager or Key Management Personnel. For specific reference to compensation, please refer to the attached Tables below.

**TABLE 1: Compensation paid to members of Administration and Control Bodies.**

**DIRECTORS. All compensation is paid by the company that draws up the financial statements. Values expressed in Euro.**

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Name and surname	Office	Period in which the office was held	Termination of office (1)	Fixed compensation	Compensation for participation in Committees	Variable non-equity compensation	Non-monetary benefits	Other compensation	Total	Fair value Equity compensation	Severance indemnity
Nerio Alessandri	Chairman and Managing Director	16/07/2015 - 31/12/2017	2017	1,500,000			3,605		1,503,605	1,295,000	
Pierluigi Alessandri	Deputy Chairman	16/07/2015 - 31/12/2017	2017	500,000			5,365		505,365		
Knut Arp	Director	16/07/2015 - 03/05/2016	3/5/2016	3,750					3,750		
George Buckley	Director	16/07/2015 - 03/05/2016	3/5/2016	3,750					3,750		
Francesco Javier Abad	Director	16/07/2015 - 03/05/2016	3/5/2016	3,750					3,750		
Massimo Cremona	Director	16/07/2015 - 05/04/2016	5/4/2016	3,900					3,900		
Yuri Zugolaro	Director	16/07/2015 - 07/03/2016	7/3/2016	2,895					2,895		
Maurizio Cereda (*)	Director	07/03/2016 - 31/12/2017	2017	16,187					16,187		
Francesca Bellettini (**)	Director	03/05/2016 - 31/12/2017	2017	19,918					19,918		
Riccardo Pinza (***)	Director	16/07/2015 - 31/12/2017	2017	17,601	6,893 <sup>2</sup>				24,494		
Erica Alessandri (*)	Director	07/03/2016 - 31/12/2017	2017	15,615					15,615		
Carlo Capelli	Director	16/05/2015 - 31/12/2017	2017	18,320			3,559		21,879		
Vincenzo Giannelli (**)	Director	03/05/2016 - 31/12/2017	2017	29,877					29,877		
Maria Cecilia La Manna (**)	Director	03/05/2016 - 31/12/2017	2017	29,877					29,877		
TOTAL				2,165,440	6,893		12,529		2,184,862	1,295,000	

(\*) Appointed by co-optation by the meeting of the Board of Directors of 7 March 2016 following the resignations of Riccardo Pinza and Yuri Zugolaro on the same date. The appointment was confirmed by the Shareholders' Meeting of the Company of 16 March 2016.

(\*\*) Appointed on 16 March 2016 with effect subordinate to the date of admission to trading of the Technogym shares on the Mercato Telematico Azionario following the resignations of Francisco Javier Abad, George Buckley and Knut Fredrik Arp, also with effect subordinate to said date.

(\*\*\*) Resigned on 7 March 2016 and subsequently reappointed by the Shareholders' Meeting of 11 April 2016 following the resignation of Massimo Cremona submitted on 5 April 2016.

<sup>1</sup> Where only the year is indicated, it is understood that the Director remains in office until the approval of the financial statements for the financial year indicated.

<sup>2</sup> Compensation for participation in the Nomination and Remuneration Committee.

**STATUTORY AUDITORS.** All compensation is paid by the company that draws up the financial statements. Values expressed in Euro.

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Name and surname	Office	Period in which the office was held	Termination of office <sup>(3)</sup>	Fixed compensation	Compensation for participation in Committees	Variable non-equity compensation	Non-monetary benefits	Other compensation	Total	Fair value Equity compensation	Severance indemnity
Fabio Oneglia	Statutory Auditor	17/07/2014 - 03/05/2016	3/5/2016	11,215					11,215		
Filippo Cicognani	Chairman of the Board of Statutory Auditors	17/07/2014 - 03/05/2016	3/5/2016	14,430					14,430		
Massimo Bellevigna	Statutory Auditor	17/07/2014 - 03/05/2016	3/5/2016	11,180					11,180		
Claudia Costanza	Chairman of the Board of Statutory Auditors	03/05/2016 - 31/12/2018	2018	22,000					22,000		
Gianluigi Rossi	Statutory Auditor	03/05/2016 - 31/12/2018	2018	15,098					15,098		
Ciro Piero Cornelli	Statutory Auditor	03/05/2016 - 31/12/2018	2018	14,401					14,401		

**MEMBERS OF THE SUPERVISORY BOARD.** All compensation is paid by the company that draws up the financial statements. Values expressed in Euro.

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Name and surname	Office	Period in which the office was held	Termination of office <sup>(4)</sup>	Fixed compensation	Compensation for participation in Committees	Variable non-equity compensation	Non-monetary benefits	Other compensation	Total	Fair value Equity compensation	Severance indemnity
Andrea Russo	Member of the Supervisory Board	28/05/2013	Approval of 2018 financial statements	15,845					15,845		
Filippo Fonzi	Member of the Supervisory Board	28/05/2013- 23/12/2016	23/12/2016	2,500					2,500		
Emanuele Scorsonetto	Member of the Supervisory Board	28/05/2013	Approval of 2018 financial statements	2,083					2,083		

<sup>3</sup> Approval of the financial statements for the financial year indicated, when only the year is indicated.

<sup>4</sup> Approval of the financial statements for the financial year indicated, when only the year is indicated.

**Table 1 – bis: Compensation paid to Key Management Personnel<sup>5</sup>. All compensation is paid by the company that draws up the financial statements. Values expressed in Euro.**

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Number	Office	Period in which the office was held	Termination of office	Fixed compensation	Compensation for participation in Committees	Variable non-equity compensation	Non-monetary benefits	Other compensation	Total	Fair value Equity compensation	Severance indemnity
11				2,007,763		982,130 <sup>6</sup>	48,149 <sup>7</sup>	125,000 <sup>8</sup>		2,355,000	

**TABLE 3A: Share-based incentive plans other than stock options, for members of the Board of Directors, General Managers and other Key Management Personnel. Values expressed in Euro.**

(A)	(B)	(1)	Financial instruments assigned in previous years not vested during the year		Financial instruments assigned during the year					Financial instruments vested during the year and not granted	Financial instruments vested during the year which may be granted		Financial instruments pertaining to the year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(1)			
Name and Surname	Office	Plan	Number and Type of Financial Instruments	Vesting period	Number and Type of Financial Instruments	Fair value at assignment date	Vesting period	Assignment date	Market price at assignment date	Number and Type of Financial Instruments	Number and Type of Financial Instruments	Fair value at vesting date	Fair value
Nerio Alessandri	Chairman and Managing Director	Long Term Incentive Plan (18/6/2015)			271,000	3.6	18 months	3/5/2016	3.6				1,295,000
Key Management Personnel	8	Long Term Incentive Plan (18/6/2015)			503,000	3.6	18 months	3/5/2016	3.6				2,355,000

<sup>5</sup> As the Company fulfils the definition of “smaller companies” pursuant to Art. 3, Par. 1, letter f) of Regulation no. 17221 of 12 March 2010, the information on compensation received by Key Management Personnel is provided in aggregate form.

<sup>6</sup> €537,000 constitutes the estimated charge for the 2016 MBO referring to the results for 2016 but paid in 2017.

<sup>7</sup> €34,010 as taxable amount for car benefits. €14,139 as taxable amount for accidents out of the workplace, life insurance and reimbursement of medical expenses.

<sup>8</sup> €125,000 as Board Member Fee.

