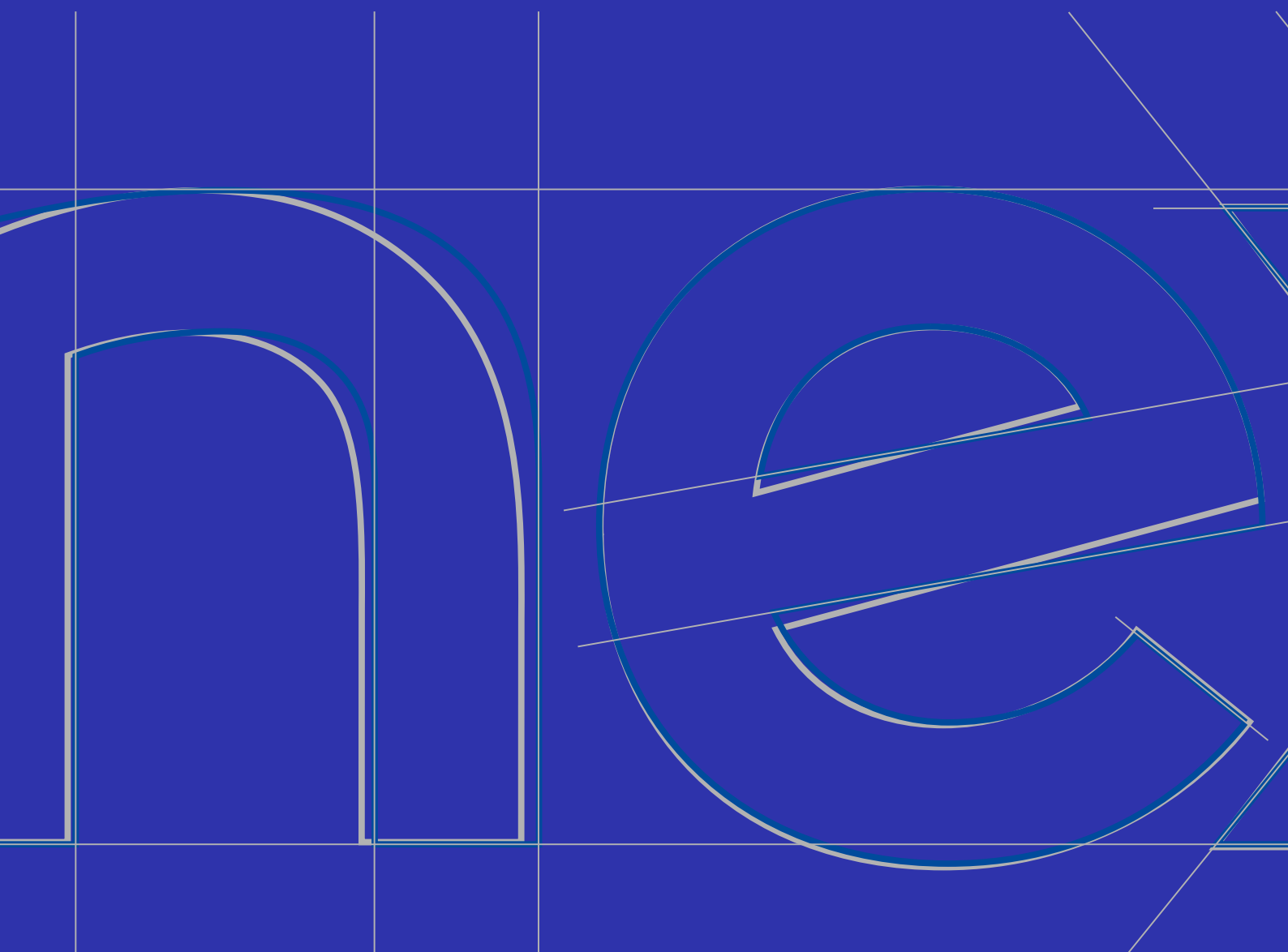


nexi

Remuneration report



Issuer: Nexi S.p.A.

www.nexi.it

Approved by the Board of Directors on 6 March 2020

Drawn up in accordance with articles 123-ter of Legislative Decree no. 58 of 24 February 1998 and 84-quater of the Consob Issuers' Regulation and related Annex 3A, Schedules 7-bis and 7-ter.

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Letter from the Chairman of the Remuneration and Appointments Committee



Dear Shareholders,

As Chairman of the Remuneration and Appointments Committee, I am particularly pleased to present you, also on behalf of the Board, the first Report on remuneration policy and remuneration paid by Nexi S.p.A..

The purpose of this document is to increase our stakeholders' awareness of the Company's remuneration policies and to highlight their consistency with the Company's business strategies.

Nexi is a leader in digital payments in Italy.

Strong investments in technology, new specialized and managerial skills, a complete renewal of the commercial offer, and the acquisition of a wider industrial scale have allowed Nexi to specialize more and more in digital payments and to bring the attention of the market on their fundamental role for the banking system and for the country in general.

In addition, Nexi is constantly striving to develop products and services that guarantee concrete benefits to citizens, businesses and Public Administration, encouraging a public debate and a discussion on the benefits that digital payments can bring to the entire country.

The past year has been characterized by important changes, both in terms of governance and in terms of business:

- The transition from private to public company through the **stock market listing** on the 16th of April 2019 clearly certified the Company's maturity, as demonstrated by the entry of new international and national shareholders, projecting the Company into the near future;
- **The achieved results and the projects undertaken** continue to confirm Nexi's ability to be a leader in the digital payments market **in line with the objectives set out in the Business Plan** focusing on the principles of profitable and sustainable growth, innovation and technological/digital transformation, as well as operational excellence and human capital development;
- The transformation path led Nexi to adopt a new **governance**: in light of this corporate evolution, together with the profound changes taking place in the market, the new Remuneration and Appointments Committee, established on the 25th of February 2019, taking advantage of the legacy of the previous one, decided to adopt **a new remuneration policy** in continuity with the previous one, which reflects and supports Nexi's business strategy and values, in line with the guidelines of the Company's strategic plan.

The Board of Directors, based on the proposal of the Remuneration and Appointments Committee, approved **the new remuneration policy** with the aim of:

- creating **lasting value for stakeholders**: shareholders, customers (banks, merchants, consumers) and employees;
- pursuing and ensuring a **sustainable growth** of the organisation **in the medium to long term**;
- **attracting, motivating and retaining people**; and
- **developing a culture** of performance and based on merit-based reward recognition.

I believe it is important to go over **some of the key elements** of Nexi's remuneration policy, based on a responsible approach and on the conscious management of business risks:

- **Analysis of the evolving trends in remuneration and constant monitoring of market practices** with the aim of strengthening Nexi's leadership in the management and development of resources among listed and hi-tech companies and to attract and retain the best skills, while ensuring overall fairness in the compensations granted;
- **Pre-determined, measurable and complementary financial and non-financial objectives, defined in accordance with the business plan** and linked to variable remuneration through:
 - long-term incentive plan - LTI, introduced in 2019 in order to guide the Company's performance in the medium/long term by aligning Top Management's behaviour with the company strategy and the interests of shareholders; and
 - short term incentive plan - revised MBO built with logics able to guarantee a correct and transparent management of customers and the corresponding minimization of risks; and
- **Clear and transparent communication** to shareholders and to the entire company, sharing the objectives, principles and tools of the remuneration policy integrated with the assessment and development processes already in place.

Furthermore, in view of the growing attention that Nexi is paying to **sustainability** matters, the Board of Directors, based on the proposal of the Committee, approved the introduction of a specific objective in the remuneration policy aimed at keeping the management increasingly focused on long-term growth objectives. The Committee is confident that this decision will help raise corporate awareness on a fundamental and current issue such as sustainable economic development, aimed at creating long-term value for stakeholders. The introduction of the first objective in the MBO of the Managing Director and of the Executives with Strategic Responsibilities, i.e. **People Value**, represents a first step towards the evolution of remuneration policies in line with both the new national and EU regulation for sustainable finance, and with the orientations of the most influential institutional investors.

Together with the Committee's Members, whom I would like to personally thank for their contribution, I believe that this policy - especially in the current context of strong transformation - is consistent with Nexi's vision and strategy and represents a confirmation of the strong commitment to create value for our stakeholders.

I would therefore like to thank you, on behalf of the Committee, for the support you would like to give to the remuneration policy proposed in this Report, which is, I would like to stress, in continuity with the policy approved at the last Shareholders' Meeting.

Marinella Soldi
Chairman of the Remuneration and Appointments Committee

Foreword

This Report on the remuneration policy and remuneration paid (hereinafter referred to as the **“Report”**) was approved by the Board of Directors of Nexi S.p.A. (hereinafter referred to as the **“Board of Directors”** or **“BoD”** and **“Nexi”** or the **“Company”**, respectively) on the 6th of March 2020, based on the proposal of the Remuneration and Appointments Committee, in accordance with the applicable laws and regulations¹.

The Report is divided into two Sections: these Sections are preceded by a brief description of the Company and a summary of the main remuneration elements envisaged for the Managing Director and General Manager² and for the executives with strategic responsibilities³, in order to provide the market and investors with an immediate overview.

The content of each Section is described in greater detail below:

- **Section I**

Section I of this document illustrates the remuneration policy adopted by Nexi with a three-year time horizon with reference to the members of the Board of Directors, the Managing Director and General Manager, the Executives with Strategic Responsibilities, and the members of the board of statutory auditors of Nexi S.p.A. (hereinafter the **“Board of Statutory Auditors”**), specifying the purposes and principles of the current remuneration policy, the bodies involved, and the instruments used to adopt it and implement it. The above is also relevant for the purpose of determining the remuneration policies of the Companies directly controlled by Nexi.

In accordance with the provisions of Article 123-ter, paragraphs 3-bis and 3-ter, of the TUF, Section I of this Report is subject to the binding vote of the ordinary shareholders’ meeting of Nexi S.p.A. (hereinafter the **“Shareholders’ Meeting”**) called to approve the financial statements as at 31 December 2019.

- **Section II:**

Section II of this document details the remuneration paid during 2019 to the members of the Board of Directors, the Managing Director and General Manager, the Executives with Strategic Responsibilities, and the members of the Board of Statutory Auditors, as defined by the remuneration policy adopted for that year.

In compliance with the provisions of Article 123-ter, paragraph 3-bis of the TUF, Section II of this Report is subject to the consultative vote of the Shareholders’ Meeting called to approve the financial statements as at 31 December 2019.

This Report will be made available to the public at Nexi’s registered office (Corso Sempione 55, 20149 Milan) and on the Company’s website (www.nexi.it), no later than the twenty-first day prior to the date of the Shareholders’ Meeting called to approve the financial statements for the year 2019 and called to make a binding resolution on Section I of this Report, in accordance with the applicable laws and regulations.

¹ Art. 123-ter of Legislative Decree no. 58 of 24 February 1998 - Consolidated Law on Finance (**“TUF”**) as last amended by Legislative Decree no. 49 of 10 May 2019. Art. 84-*quater* of the Regulation issued by CONSOB with resolution no. 11971 of 14 May 1999 on issuers (**“Issuers’ Regulation”**), as subsequently amended and supplemented and related Annex 3A, Schedules 7-bis and 7-ter.

² The MD of Nexi S.p.A. who also holds the position of Group General Manager (**“Managing Director and General Manager”** or **“MD/GM”**).

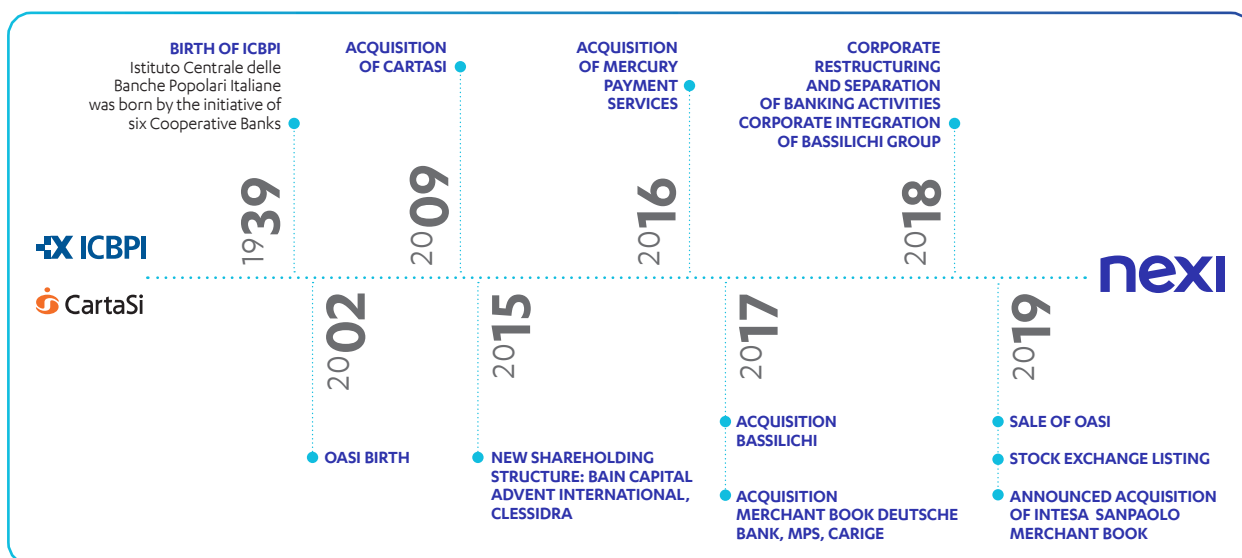
³ The persons who have the power and responsibility, directly and indirectly, for the planning, management and control of the Company (hereinafter the **“Executives with Strategic Responsibilities”** or **“ESRs”**)

Nexi

Who we are

The Nexi Group⁴, leader in the digital payments sector in Italy, through its partner banks, provides services to approximately 900,000 merchants, over 30 million card owners and businesses throughout the country. The business is based on long-term relationships with about 150 affiliated banks, which represent more than 80% of the national banking sector in terms of number of branches⁵. Nexi's history dates back to 1939 when six Italian banks established a company (Istituto Centrale delle Banche Popolari Italiane - ICBPI) with the aim of creating a technology and service-based infrastructure and providing support services to Italian cooperative banks (*banche popolari*).

In December 2015, the entry of a new reference shareholder known as Mercury Italy S.r.l.⁶ gave rise to an important transformation process that led to the birth of **Nexi: the PayTech of the Banks**. Over time, the Company grew and gradually expanded its offering both through the organic development of new products and services and through the implementation of synergy-generating acquisitions (the most relevant ones include: CartaSi S.p.A., Basilichi S.p.A., and Mercury Payment Services S.p.A.).



In recent years, Nexi focused its attention on investments, technological innovation, skills and new products and services that are part of a new strategic vision and are contributing in favouring the digitization of payments in our country.

Vision & Mission

According to our Vision, *"all payments will be Digital"*. Nexi's Mission is inspirational: We want to change the way people and businesses pay and cash-in, making all payments digital so that they are easier, faster and more secure.

For this reason, we are committed, together with our Partner Banks, to offer quality solutions for digital payments that are innovative, simple and secure for people, businesses and for the public administration, working every day to spread them as much as possible in our country. We want to become an excellent company, Italian but with an international profile, which constantly invests in technology and quality, and is always customer-oriented.

⁴ The following companies are included in the scope of consolidation: Nexi S.p.A., Nexi Payments S.p.A., Mercury Payment S.p.A., and Help Line S.p.A.

⁵ Source: Company's management data

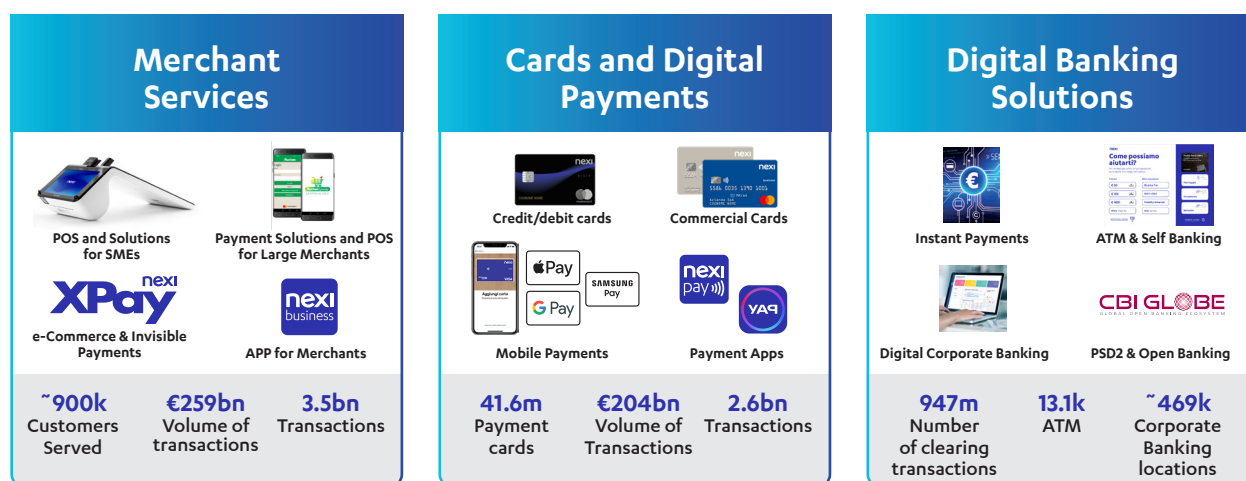
⁶ Vehicle indirectly held by the following funds: Advent International, Bain Capital and Clessidra

We will achieve this thanks to the commitment, the skills and the passion of our people. This is why we will be recognized as **the Champion of digital payments in our country**.

Our Vision, Mission and Ambition

<i>Our Vision</i>	Every payment will become digital
<i>Our Mission and Ambition</i>	We want to change the way People and Businesses pay and cash-in every day
<i>Our Positioning</i>	We will make every payment digital, simpler, faster and safer

Today, through its technology, Nexi connects banks, stores and citizens, making **digital payments** possible. **Nexi's mission is to make every payment digital and facilitate the digitization of our country**, operating in **three market segments** with a wide coverage of the payments' value chain by serving, directly or through banks, small merchants, large retail players, corporate companies and consumers.



Ecosystem of services offered by Nexi⁷

- Merchant Services & Solutions:**
 provides the necessary services to enable the acceptance of electronic payments for merchants through a full range of innovative services that enable transactions through both physical and digital channels (e-commerce).
- Cards & Digital Payments:**
 provides a wide range of "issuing" services, i.e. related to the procurement, issuance and management of payment cards for individuals and businesses, using advanced anti-fraud systems to ensure speed, reliability and security of user authentication systems and rapid execution of payment transactions.
- Digital Banking Solutions:**
 provides three types of services: sale and/or management of ATM hardware/software components, clearing services and Digital Corporate Banking services. Furthermore, in collaboration with the CBI (Interbank Corporate Banking) consortium, it manages the Italian open banking infrastructure.

⁷ Data updated as of 31/12/2019

Strategy and Values

Since its birth, Nexi has started a wide and intense transformation process with the aim of being the **PayTech of the Banks**, through the development of an important **business plan** based on the following strategic pillars:

- Promoting **sustainable organic growth** by expanding the offering, the penetration rate and use of digital payment products and services generating value for all the shareholders;
- Investing in **technology**, acquiring new skills and accelerating the transformation of the IT platform;
- Aiming for operational **excellence**, reducing costs, improving service levels and keeping banks and customers at the centre;
- Developing, in terms of skills and leadership, the best team of **people** operating in our market; and
- **Developing** our competitive positioning, and increasing growth opportunities in the market also through strategic partnerships and potential extraordinary transactions.

People are one of the strategic levers and a key factor in Nexi's success. The cultural transformation path, which started in 2017, aims at building a corporate identity - **One Nexi** - based on our **Values**, leveraging on everyone's aptitudes, passions, skills and experience.

The values we have set for ourselves focus on the future, the customer, excellence, and the ability to be simple, with the will of building together the Nexi of today and tomorrow.



Shape the future

We think positively with confidence in ourselves.
We take the initiative.
We are always looking for new ideas with the courage to try, without fear of making mistakes.
We are curious, we ask questions, we never stop learning.
We are passionate about creating new things.



Live for Customers

We look at things through customer's eyes, we always put ourselves in their shoes.
We put customer needs first.
We do everything we can to find the best solutions. When it is not enough, we do more.
The feedbacks we receive help us to improve.
When the customer calls, the rest goes in the background.



Be reliable, always

Safety comes first.
We respect the commitments we make.
We always look for absolute quality: zero defects.
We take our responsibilities beyond our tasks.



Make it simple

We do everything we can to make life easier for our customers, even when it is complex.
We focus on what is important.
We tell each other things straightforwardly and simply.
We are quick in deciding and effective in acting.
We make life easier also for our colleagues.



Build together

We win together, we lose together.
We help each other with a smile.
We have a common vision and we confront each other openly to achieve it together.
We build together on the richness of our experiences, ideas and skills.

Summary of 2019 results

"In the last year we have consolidated our positioning as PayTech leader in the Italian digital payments market. In 2019, we invested more in technology and expertise than anyone else in Europe in our sector, to bring more innovation, quality and security to our customers. This allowed us to continue on our path of growth and of sustainable development and to make simpler and highly innovative solutions that make life easier for citizens, businesses and the Public Administration available to our partner Banks. The extraordinary transactions that took place during the year also allowed us to increase the scale, perspective and investment capacity of the Company, all necessary elements to take advantage of the opportunities offered by an increasingly dynamic market in the process of international consolidation. We will continue along this investment path, alongside with the Banks, with the conviction that digital payments represent a strategic platform for the development of our country".

Paolo Bertoluzzo

Managing Director of Nexi S.p.A.



In 2019, the Nexi Group registered:

- **EBITDA** of €502.5 million, emphasising an organic growth of 18.5% y/y thanks to solid revenue growth, continued focus on cost containment and operating efficiency, and synergies related to past acquisitions made in advance with respect to the plan.
- **Revenues** were €984.1 million, up 7.1% y/y net of zero margin hardware resale contracts (+5.7% y/y nominal growth); and
- Transformation costs, recorded below EBITDA, amounted to approximately €51.9 million in 2019, down 60% compared to 2018; in 2019 the strong focus on investments in technology and innovation was confirmed, with total **Capex** amounting to €167.3 million (equal to 17% of Revenues).

Key indicators of the remuneration policy

Our remuneration policy is an essential element of our strategy, and is one of the elements that helps in implementing it in accordance with our values. **The strategic drivers are reflected in the variable incentive schemes:** the short-term (MBO) and long-term (LTI) incentive plans are structured in such a way that the targets and measurement metrics⁸ are consistent with the business objectives in a medium/long-term sustainability logic according to the prevailing correlations:

		SHORT TERM - MBO							LONG TERM - LTI	
		Ebitda	Revenues	Operating Cash flow	Opex	Customer: NPS	IT Strategy	People Engagement	Relative TSR	Cumulative Operating cash flow
Strategic Drivers	Growth	●	●	●			●	●	●	●
	Technology			●	●	●	●	●	●	●
	Excellence	●		●	●	●	●	●	●	●
	People						●	●	●	●
	Development	●	●						●	

⁸ With reference to the measurement metrics a brief description follows for Net Promoter Score, IT Transformation and People Engagement, respectively. The **Net Promoter Score** is an indicator that detects the experience perceived by end customers (owners, merchants and banks), in order to continuously improve the service offered. The NPS used is the relational NPS, detected by asking customers to express their level of satisfaction with the relationship with Nexi, answering, on a scale from 0 to 10, the question: "based on your recent experience, would you recommend Nexi?". Based on the feedback received from Customers, the NPS is calculated over the relevant period, applying the following formula: (% Promoter - % Detractor)*100.

IT Transformation is measured through the progress of the activities envisaged in the Company's IT strategy plan by means of a metric that expresses at an aggregate level the percentage of operational completion. This measurement is based on verification that the individual milestones of the plan have been reached, which take on different significance in relation to the volume of work actually carried out and the significance of the activity completed.

People Engagement is the level of satisfaction that employees express through the People Survey, Nexi's people listening tool, managed by a third party company; it is measured through the balanced engagement index taking into consideration those who expressed a positive evaluation net of those who expressed a negative evaluation, on a mix of indicators that assess the level of satisfaction, the sense of pride/belonging, and the desire to recommend company/products/services

Nexi's CEO and General Counsel are listed in the table below.

	PAG. RIF.
<p>Salary (RAL): 0</p> <p>surate on average role held and ilities assigned.</p>	<p>P 23</p> <p>P 30</p>
<p>entive: ross Base Salary</p> <p>ys target from 0% to 200%</p> <p>ys RAL: 260%</p> <p>entive ted according to ed role</p> <p>entive (ESR</p> <p>L</p> <p>ys. target from 0% to 200%.</p> <p>ys. maximum RAL age) 124%</p>	<p>P 24</p> <p>P 30</p>

uneration comparison purposes

REMUNERATION ELEMENT	PURPOSE	KEY FEATURES	VALUES	PAG. RIF.
Long-term incentive (LTI)	<p>To guide company performance in the medium/long term by aligning management behaviour with company strategy and creating value for stakeholders.</p> <p>To retain key people in the company</p>	<p>This is a variable incentive system that provides for the assignment of rights to receive ordinary Nexi shares free of charge to a selected panel of employees of the Company (based on banding and performance criteria), over a medium-long term (three years), vesting of which is conditioned by the achievement of set objectives.</p>	<p>CEO/GM: <i>Target amount:</i> 130% of RAL</p> <p><i>% Payout vs. target incentive:</i> from 0% to 200%</p> <p><i>% Payout vs RAL:</i> maximum 260%</p>	P 26
		<p>CEO/GM and ESRs Assignment of rights to receive Nexi's ordinary shares, Performance Shares, free of charge, based on performance criteria over a medium-long term (three years).</p> <ul style="list-style-type: none"> • Assignment frequency: Rolling (3 allocation cycles: 2019-2021; 2020-2022; 2021-2023) • Performance period: three years • Entry Gate: Three-year Operating Cash Flow ≥ 80% of Target OCF • Performance indicators: <ul style="list-style-type: none"> - (50%) Relative Total Shareholder Return (TSR) - (50%) Cumulative Operating Cash Flow • Holding Period: 1 year for 50% of the shares vested • There are malus and clawback clauses 	<p>ESRs: <i>Target amount:</i> 100% of RAL</p> <p><i>% Payout vs. target incentive:</i> from 0% to 200%</p> <p><i>% Payout vs RAL:</i> maximum 200%</p>	P 32
Benefits	<p>To integrate other remuneration elements into a broader logic of sustainable welfare</p>	<p>Benefits are an important component of the remuneration package as a complement to the other remuneration elements, in a broader logic of sustainable welfare (referred to in the dedicated section in paragraph 3.5). They differ according to the category of beneficiaries and type; they are aligned with market practices, and are consistent with the regulations and the provisions of the collective bargaining agreements in force.</p>	<p>Main types for CEO/ESRs: Supplementary pension; Supplementary healthcare; Insurance coverage (medical expenses, death, permanent disability) Mixed-use car</p>	P 29 P 32
Other instruments: severance payments and non-competition agreements	<p>To protect the company from any risk of litigation and/or competitive risk in cases of termination of the employment period</p>	<p>CEO/GM:</p> <ul style="list-style-type: none"> • Treatment in the event of removal from office or termination of employment <p>ESRs:</p> <ul style="list-style-type: none"> • Treatment in case of termination of employment • Non-competition agreements 	<p>CEO/GM: severance payments equal to 24 gross monthly payments (details in paragraph 3.2)</p>	P 29
	<p>To protect the employee in case of damages</p>	<p>CEO/GM and ESRs:</p> <ul style="list-style-type: none"> • Directors & Officers Policy <p>Discretionary one-off bonuses cannot be granted to the CEO and Executives with Strategic Responsibilities.</p>	<p>ESRs: severance payments equal to 24 gross monthly payments in accordance with the provisions of Article 2121 of the Italian Civil Code</p> <p>non-competition agreements Consideration commensurate with the extent and duration of the agreement.</p>	P 32

Section I - Remuneration Policy

1. Governance

The governance of the process of defining the remuneration policy is consistent with the laws and regulations currently in force and with the provisions of the by-laws.

1.1. Bodies and people involved

The bodies and people involved in the preparation and approval of the remuneration policy, as well as the verification of its correct implementation, are listed below, indicating their respective roles and responsibilities.

Shareholders' Meeting
Board of Directors
Remuneration and Appointments Committee
CEO and other relevant functions

Shareholders' Meeting

With regard to the matters of interest in this Report, the Shareholders' Meeting:

- defines the remuneration of the members of the Board of Directors at the time of appointment and for the entire term of office;
- determines the remuneration of the members of the Board of Statutory Auditors;
- approves incentive plans based on financial instruments on the proposal of the Board of Directors; and
- approves this Report in accordance with the provisions of Article 123-ter of the TUF.

Board of Directors

The Board of Directors - as of the date of this document - consists of 13 members, with a three-year term of office (until the approval of the financial statements as at 31 December 2021).

The Board of Directors

- approves the remuneration of directors with delegated powers and other directors holding particular positions following analysis of the proposals made by the Remuneration and Appointments Committee, after consulting the Board of Statutory Auditors;
- approves the remuneration for participation in internal board committees¹⁰ after consulting the Board of Statutory Auditors;
- approves the remuneration of Executives with Strategic Responsibilities as well as the first reports of the CEO in the various forms provided for by current policy;
- approves the short-term (MBO) and long-term (LTI) variable incentive plans, including the objectives, the degree of achievement, the beneficiaries, and the regulations implementing these plans; and
- approves the remuneration policy and this Report, submitting them to the subsequent vote of the Shareholders' Meeting.

The Chairman of the Board of Directors participates, upon invitation, in the meetings of the Remuneration and Appointments Committee, calls and chairs the meetings of the Board of Directors, coordinates its work, and ensures that adequate information is provided to all directors, verifying the implementation of the resolutions of the Board of Directors, including those concerning remuneration.

¹⁰ Strategic Committee, Control, Risk and Sustainability Committee pursuant to art. 7 of the Corporate Governance Code as defined below, Related Parties Transactions Committee pursuant to art. 4 of the Corporate Governance Code and following the provisions of the Related Parties Regulation adopted by resolution no. 17221/2010, a Remuneration and Appointments Committee pursuant to articles 5 and 6 of the Corporate Governance Code (the "Internal Board Committees").

Remuneration and Appointments Committee

a. Composition

The Remuneration and Appointments Committee (hereinafter also referred to as the “Committee”) was established on 25 February 2019 pursuant to the Corporate Governance Code¹¹. The powers, responsibilities and tasks of the Committee are defined by a specific set of rules, approved by the Board of Directors on 8 March 2019. In accordance with the provisions of the Corporate Governance Code, the Committee is made up of three directors, all non-executive and the majority of whom, including the chairman, meet the independence requirements set forth in the TUF and the Corporate Governance Code, and have the knowledge, skills and experience necessary to perform the tasks assigned to them, in compliance with the provisions of art. 6 of the Corporate Governance Code.

The Remuneration and Appointments Committee of Nexi – at the date of this document - is composed of three members.

Previously, and up to the date of 25 February 2019 indicated above, there was a Remuneration Committee; we would like to thank this Committee for the important role it played in defining the remuneration policy, which was then refined, assessed and revised by the new Committee set up in February 2019.

b. Mode of operation

The Committee shall meet as often as is appropriate for the proper performance of its functions and tasks. The Chairman chairs the meetings of the Committee, prepares its work, directs, coordinates and moderates the discussion. Minutes of the meetings are regularly taken and the Chairman provides information at the earliest meeting of the Board of Directors.

For meetings to be valid, a majority of members is required and decisions/resolutions are taken by a majority of those present.

The chairman of the Board of Statutory Auditors or another statutory auditor designated by him/her participates in the work of the Committee; the Chairman of the Board of Directors, the Vice Chairman and the CEO, the other members of the Board of Directors, the executives in charge of the various functions and any other person whose presence is deemed to assist in the best performance of the Committee’s functions with regard to all or some of the items on the agenda may also participate, upon the invitation of the Committee.

The Committee has the right of access to the information and company functions necessary for the performance of its duties and may engage external consultants within the limits set out by the Board of Directors. The Company makes available to the Committee the appropriate financial resources to carry out its tasks within the limits of a budget approved by the Board of Directors on the basis of a reasoned proposal by the Committee, which defines its size annually. No director attends the Committee’s meetings at which proposals concerning his or her remuneration are submitted to the Board of Directors, except in the case of proposals concerning all members of committees established within the Board of Directors.

c. Role and powers of the Committee

In line with the Corporate Governance Code, the Committee plays a pivotal role in the process of defining and governing the remuneration policies of Nexi and the Companies directly controlled by Nexi.

The Committee assists the Board of Directors by carrying out investigative, propositive and consultative functions with regard to assessments and decisions concerning the policy for the remuneration of Directors and Executives with Strategic Responsibilities. In particular, the Committee:

- makes proposals to the Board of Directors regarding the remuneration of Directors and Executives with Strategic Responsibilities, for the latter with the involvement of the CEO;
- periodically assesses the adequacy, overall consistency and concrete application of the policy for the remuneration of Directors and Executives with Strategic Responsibilities adopted by the Company, making use, in this regard, of the information provided by the CEO, making proposals on the subject to the Board of Directors, if necessary;
- examines in advance the Remuneration Report, to be made available to the public for the Annual General Meeting;

¹¹ The Corporate Governance Code for listed companies approved by the Corporate Governance Committee and promoted by Borsa Italiana, ABI, Ania, Assogestioni, Assonime and Confindustria to which Nexi adheres (hereinafter the “Corporate Governance Code”).

- submits proposals or expresses opinions to the Board of Directors on the remuneration of executive directors and other directors holding particular offices and of Executives with Strategic Responsibilities, as well as on the setting of performance objectives related to the variable component of such remuneration;
- monitors the application of the decisions taken by the Board of Directors, verifying, in particular, the actual achievement of the performance objectives related to the variable component of remuneration; and
- makes proposals to the Board of Directors regarding the adoption of remuneration policies and/or incentive systems applicable also to directors, managers and employees within the Group.

The Chairman of the Committee reports to the Board of Directors on the activities carried out by the Committee.

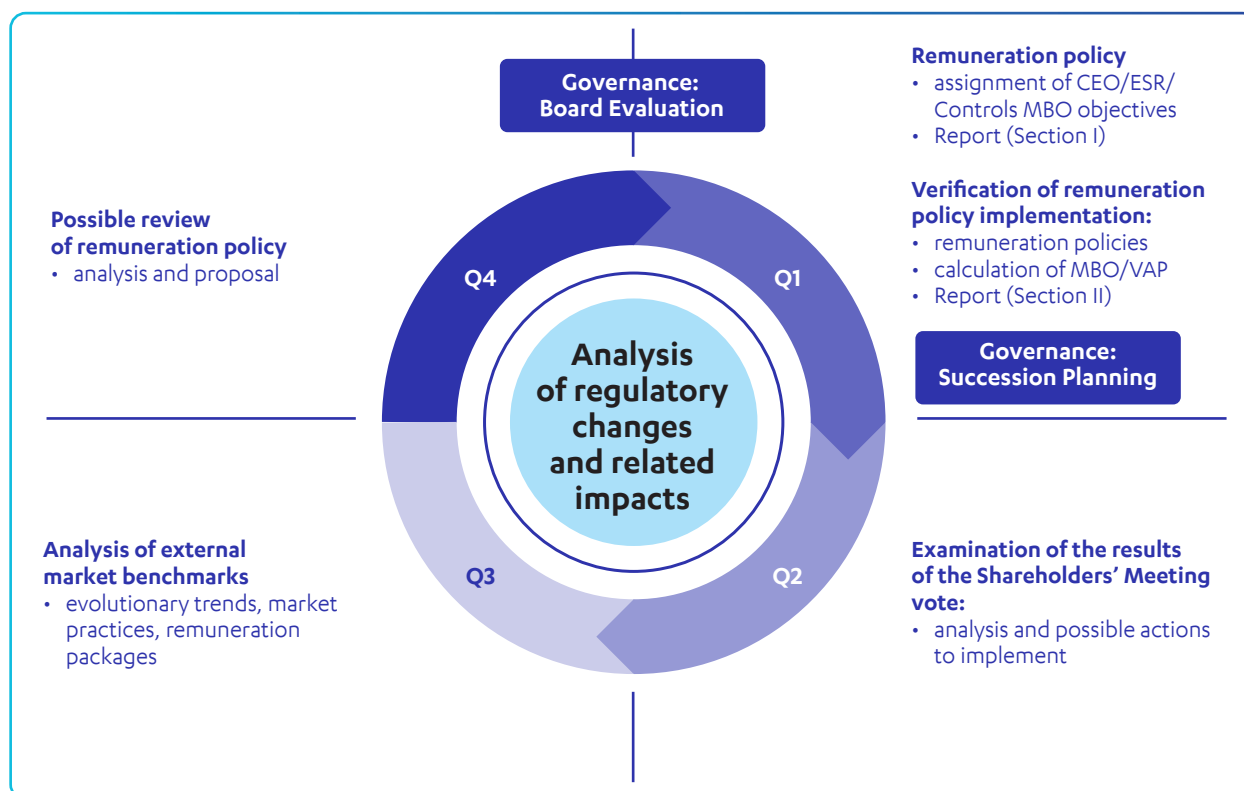
d. Meetings held and annual cycle of activities

The Committee met 5 times from the date of commencement of trading on the MTA (Online Stock Market) (16 April 2019) until 31 December 2019. For the sake of thoroughness, please note that - prior to 16 April 2019 - the Committee met 4 times. Overall, the average attendance of meetings during 2019 was 90%. The meetings were always attended by the Chairman of the Board of Statutory Auditors or one permanent statutory auditor and, each time, by the statutory auditors designated by him. Below are the main matters addressed by the Committee during 2019.

TOPIC	DATE	MATTERS IN DETAIL
Remuneration policy of Nexi and the companies directly controlled by Nexi	15-Jan	<ul style="list-style-type: none"> • Short-term variable incentive plan (MBO), including control functions: approach, beneficiaries, scheme, and operating mechanisms
	31-Jan	<ul style="list-style-type: none"> • Long-term variable incentive plan (LTI): approach, beneficiaries, scheme, and operating mechanisms • Remuneration short-term policy of Nexi and the companies directly controlled by Nexi: remuneration policies, short- and long-term incentive plans and other remuneration instruments (severance payments, non-competition agreements and entry bonus) • Analysis of the remuneration benchmarks of the CEO/GM and his first line • Remuneration for the CEO/GM • MBO objectives for the CEO/GM and the Heads of control functions
New Committee	25-Feb	Creation of a new Remuneration and Appointments Committee
Governance of the Remuneration and Appointments Committee Composition/emoluments of the Board of Directors and Board of Statutory Auditors	08-Mar	<ul style="list-style-type: none"> • Rules of the Remuneration and Appointments Committee • Composition of the Board of Directors of the companies directly and indirectly controlled by the Parent Company and related emoluments • Composition of the Board of Statutory Auditors and related emoluments • Members of the Remuneration and Appointments Committee • Calendar of meetings of the Remuneration and Appointments Committee for the year 2019 and definition of the related topics
Implementation of the 2018 Remuneration Policy Assignment of MBO objectives to CEO/GM and control functions	19-Mar	<ul style="list-style-type: none"> • Verification of the implementation of the 2018 remuneration policy, with reference to the remuneration policies for the first lines of the CEO/GM and calculation of the MBO for the CEO/GM and its first lines • Examination of the final statement of the Company's 2018 results for the purposes of the short-term incentive plans and the productivity bonus (VAP)
Regulation of the long-term incentive plan - LTI	19-Apr	<ul style="list-style-type: none"> • Regulation of the long-term incentive plan (LTI): <ul style="list-style-type: none"> - Financial KPIs and calculation mechanisms - Legal and fiscal aspects and budget
Regulation of the short-term incentive plan (MBO)	06-May	<ul style="list-style-type: none"> • Regulation of the short-term incentive plan (MBO): details of the type of objectives with reference to the commercial structure and the personnel responsible for offering products to customers (Provisions on Transparency) and operating rules (e.g. treatment in case of new hiring, ...)

TOPIC	DATE	MATTERS IN DETAIL
2020 Annual cycle of activity of the Remuneration and Appointments Committee	19-Sept	<ul style="list-style-type: none"> Annual cycle of activity of the Remuneration and Appointments Committee. For Q4 2019 and Q1 2020, focus on: <ul style="list-style-type: none"> - Board Evaluation and Succession Planning - Revision and refinement of the remuneration policy and regulation of short- and long-term incentive plans - AoB: revision of the LTI assignment criteria for new hires.
Board Evaluation	24-Oct	<ul style="list-style-type: none"> Board Evaluation: selection of the consulting firm to be entrusted with the task
Analysis of the remuneration policy of Nexi and the companies directly controlled by Nexi	25-Nov	<ul style="list-style-type: none"> Revision of the remuneration policy on the basis of recommendations by external advisors for Corporate Governance Advisory¹² and Compensation/Benefit & Executive Remuneration¹³ matters, respectively, in order to receive appropriate recommendations in view of the 2020 meeting season Succession planning: selection of the consulting firm to be entrusted with the task

The following diagram illustrates **the annual cycle of activity of the Remuneration and Appointments Committee**:



¹² Morrow Sodali S.p.A.

¹³ Mercer Italia of the Marsh&McLennan Group

CEO and other relevant functions

The CEO makes proposals to the Committee regarding the remuneration of Executives with Strategic Responsibilities and is involved by the Committee in the remuneration policy decisions concerning these individuals.

The Chief Administrative Officer (CAO) structure starts the remuneration policy process, supports the Committee in the operational management of meetings, providing technical support - also in terms of reporting - and prepares the material for the definition of remuneration policies. In addition, together with the competent corporate functions, it contributes to the identification, monitoring and subsequent final calculation of the economic-financial objectives linked to the short-term incentive (MBO) and long-term incentive (LTI) plans and prepares the documentation for the implementation of the remuneration policy (e.g. incentive plan rules).

The entire process of identifying and calculating the quantitative objectives of the incentive plans is carried out with the support of the Chief Financial Officer (CFO) function.

The control functions are involved and collaborate in various ways in the definition and implementation of the remuneration policy and/or subsequent verification of the correct implementation of remuneration policies. In particular:

- The Compliance & Anti Money Laundering (AML) function verifies that the remuneration policy is in line with the applicable remuneration provisions with reference to the supervised companies present within the Group and ensures that the company's conduct complies with the relevant regulatory framework.
- The Risk Management function verifies that the remuneration policy (in particular with regard to short- and long-term variable incentives) is consistent with the company's operations and risk profiles.

The aforementioned functions examine the remuneration policy ex ante, each for the matters falling within their respective responsibilities, with a view to submitting it to the resolution of the Shareholders' Meeting.

Finally, the Audit function oversees the entire process of identifying and calculating the quantitative objectives of short- and long-term variable incentive plans and verifies the correct settlement of fixed and variable components, in line with the approved remuneration policy.

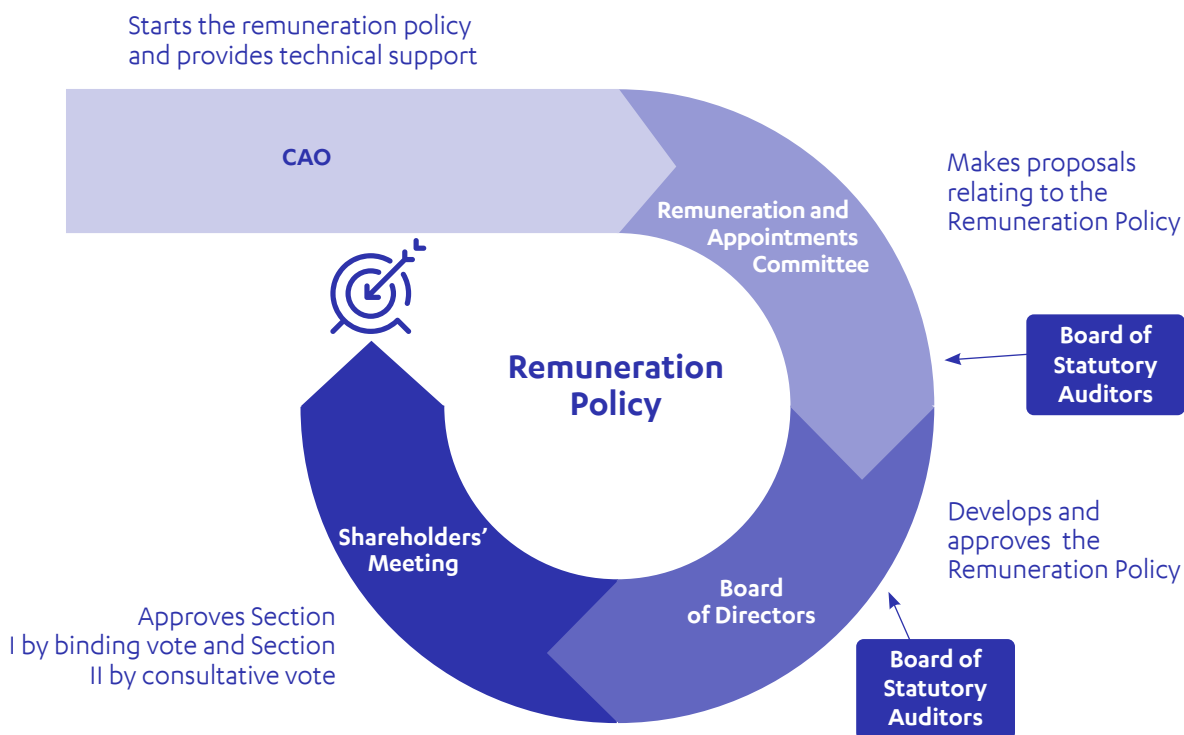
The above functions report to the relevant bodies on the results of the checks carried out, indicating corrective measures, if necessary.

1.2. The remuneration policy approval process

The remuneration policy regarding the Board of Directors, Board of Statutory Auditors and Executives with Strategic Responsibilities, on the proposal of the Committee, was approved by the Board of Directors on 6 March 2020, at the same time as the approval of this Report. The Board of Directors submits it to the vote of the Shareholders' Meeting which approves Section I of this Report with a binding vote and Section II with a consultative vote.

Consistent with the applicable laws and regulations on this matter and with the guidelines of the Corporate Governance Code, the process of approving the remuneration policy consists of the following steps and involves the bodies and persons indicated below:

PROCESS OF DEFINING AND APPROVING THE REMUNERATION POLICY



2. Purposes, principles and instruments

The remuneration policy was approved by the Board of Directors on the proposal of the Remuneration and Appointments Committee and defined in accordance with the recommendations of the Corporate Governance Code and in compliance with applicable laws and regulations for listed companies¹⁴. Pursuant to the new art. 123-ter of the TUF, the policy contributes to the company's strategy, the pursuit of long-term interests and the sustainability of the Company and illustrates the way in which it makes this contribution.

2.1. Purposes

The remuneration policy reflects and supports Nexi's business strategy and values, with the aim of strengthening its leadership in the management and development of resources among listed companies, with a particular focus on the hi-tech sector. The remuneration policy has the following purposes:

- **To create lasting value for shareholders**, while also respecting the interests of our **customers** and **employees**;
- **To pursue and guarantee a sustainable growth of the organization in the medium-long term**, in line with the guidelines of the Company's strategic business plan, through a conscious management of business risks;
- **To attract, motivate and retain people** whose aptitudes, passions, skills and experience are a key factor in Nexi's success; and
- **To develop a culture** of recognition of **merit**, through remuneration systems linked to the results achieved in the short and medium term, as well as to the behaviours put in place.

¹⁴ Art. 123 ter of the TUF. Art. 84-quater of the Issuers' Regulation and related Annex 3A, Schedules 7-bis and 7-ter.

2.2. Principles

The remuneration policy is based on the following principles that guide remuneration programmes and subsequent actions:



- **Alignment with values and business strategy**

The approach of a balanced remuneration package between fixed and variable remuneration is considered a key driver for the alignment with Nexi's objectives and behaviours put in place. In particular, variable incentive systems represent a fundamental instrument in driving performance and impact on company results: they are structured so that the targets and measurement metrics are consistent with business objectives in the short and long term.

- **Performance**

Remuneration policies have a direct link with performance and people's contribution to sustainable business results according to a meritocratic approach, particularly rewarding top performers.

We assess the performance of our employees according to explicit and defined criteria (WHAT and HOW):

WHAT: clear and measurable qualitative and quantitative, individual and company objectives.

HOW: behaviours put in place in line with company values.

We expect at least one feedback session to facilitate alignment with the expected targets and possible corrective actions.

- **Competitiveness and fairness**

The remuneration package in all its elements is consistent with the role and responsibilities assigned, at all levels of the company. We weigh company roles in terms of impact and responsibility in accordance with a codified and internationally recognised system (banding) to ensure a consistent and fair approach to the role held. We carry out external benchmarking - including benefits - with the relevant peer groups, both in terms of pay-mix and salary levels, with the support of an independent external consulting firm. We constantly monitor market practices against which we measure ourselves, both nationally and internationally; the objective is to ensure that remuneration decisions are made effectively to ensure that remuneration packages are competitive to attract and retain key competencies, and to ensure internal fairness.

- **Transparency and communication**

The criteria for remunerating our people are clear and transparently communicated to shareholders, employees and outsiders.

2.3. Instruments and recipients

The purposes and principles set out above are reflected in the key elements of the remuneration of executive directors and directors holding special offices and of Executives with Strategic Responsibilities, as illustrated below:

KEY ELEMENTS OF REMUNERATION

FIXED COMPONENT

Fixed salary

VARIABLE COMPONENT

Short-term incentive MBO

Long-term incentive LTI

WELFARE & BENEFITS

Welfare program and benefits

OTHER INSTRUMENTS

Severance payments/
Non-competition agreements/D&O Policy

Fixed component of remuneration

This is the fixed salary, commensurate with the role held and responsibilities assigned, also taking into account the experience, skills and contribution required. It is sufficient to remunerate performance if the variable component is not paid and can be adjusted over time. For these purposes, Nexi, with the support of independent external consultants, constantly monitors market practices and remuneration benchmarks both in terms of pay-mix and salary. With reference to the CEO/GM and Executives with Strategic Responsibilities, comparisons have been made with similar roles in Italian industrial groups, selected within the FTSE MIB Index, with a focus on the high-tech, services and banking sectors.

For non-executive directors, remuneration is limited to the fixed component only, in line with the guidelines of the Corporate Governance Code, and no form of variable remuneration linked to the achievement of performance objectives is envisaged.

EMOLUMENTS	
Fixed component of remuneration	Recipients
Pursuant to Art. 2389 Civil Code paragraph 1	Non-executive directors
Pursuant to Art. 2389 Civil Code paragraph 3	Directors holding special offices: <ul style="list-style-type: none"> • Non-executive Chairman • Non-executive Vice Chairman
Remuneration for participation in the Internal Board Committees	<ul style="list-style-type: none"> • Non-executive Directors
FIXED SALARY	
Fixed component of remuneration	Recipients
Gross Base Salary (RAL)	<ul style="list-style-type: none"> • CEO and General Manager • Executives with Strategic Responsibilities

With regard to the Board of Statutory Auditors, the members receive an annual emolument, defined by the Shareholders' Meeting. In accordance with the role and responsibilities of this body, members of the Board of Statutory Auditors are not entitled to receive any variable remuneration.

EMOLUMENTS OF MEMBERS OF THE BOARD OF STATUTORY AUDITORS	
Fixed component of remuneration	Recipients
Emoluments	<ul style="list-style-type: none"> • Chairman of the Board of Statutory Auditors • Members of the Board of Statutory Auditors

Variable component of remuneration

The variable component of remuneration is defined through short-term (MBO) and medium/long-term (LTI) incentive plans.

These incentive plans are associated with pre-determined, complementary and measurable objectives linked to the achievement of economic, operating, financial and non-financial results in a rolling logic consistent with Nexi's budget, strategic plan and the interests of shareholders.

	SHORT-TERM INCENTIVE PLAN - MBO (Management By Objectives)	LONG-TERM INCENTIVE PLAN - LTI (Long Term Incentive)
Definition	Variable incentive system based on the results achieved over the year, against set objectives (company, specific and individual). The achievement of the objectives is linked to economic/monetary incentives, paid within the first half of the fiscal year following the relevant year.	Variable incentive system that provides for the assignment of rights to receive ordinary shares of Nexi SpA, free of charge, to a selected panel of employees of the Company, over a medium-long term (three years), vesting of which is conditioned by the achievement of set objectives.
Purposes	<ul style="list-style-type: none"> To guide company performance in the short term by identifying objectives aligned with the Company's strategy, budget and annual business plans; To orient and focus people on business priorities while respecting the principles of mitigation of major risks 	<ul style="list-style-type: none"> To guide company performance in the medium/long term by aligning management's behaviour with company strategy and create value for stakeholders; To retain key people in the Company with high-impact roles for the organisation and who have relevant skills that can represent a competitive advantage for the Company.
Beneficiaries	<ul style="list-style-type: none"> CEO/GM According to banding and role (sales area). 	<ul style="list-style-type: none"> CEO/GM Selected panel of employees with open-ended contracts identified according to banding¹⁵ and performance¹⁶ criteria

These incentive plans are governed by specific rules that are consistent and compliant with the applicable laws and regulations.

In compliance with the risk mitigation principles, these incentive plans provide for:

- specific entry gates below which no disbursement/ vesting can take place;
- maximum incentive levels, linked to the actual achievement of performance conditions;
- malus clauses that allow for the reduction or non-payment of the variable component in the event of conduct during employment period that has caused or may cause serious damage or significant loss to Nexi or other Group companies;
- clawback clauses that allow for the total or partial return of the variable component in the event of a breach of the rules set out in Article 114-quinquies.3 of the TUB; of conduct during employment period that has caused or may cause serious damage or significant loss to Nexi or other Group companies; or payment of the variable component on the basis of data that proved to be manifestly incorrect.

In view of the three-year horizon of Section I of this Report, with reference to the long-term variable incentive (LTI), the Company will consider defining and implementing a new plan with effect from 2022, the year from which the current plan will no longer be in force.

Benefits

Benefits are an important component of the remuneration package as a complement to the other remuneration elements, in a broader logic of sustainable welfare (referred to in the dedicated section in paragraph 3.5). They differ according to the category of beneficiaries and type; they are aligned with market practices, consistent with the applicable laws and regulations and with the provisions of the collective bargaining agreements in force.

Other instruments

Severance payments and non-competition agreements are instruments designed to protect the Company from potential risks of litigation and/or competition in cases of termination of employment. These treatments are consistent with the remuneration received, in line with the recommendations set out in the Corporate Governance Code and consistent with the provisions of law and the applicable collective bargaining agreements.

The CEO and General Manager and Executives with Strategic Responsibilities are not entitled to receive discretionary one-off bonuses.

¹⁵ An internationally codified and recognized system to weigh corporate roles in terms of impact and responsibility.

¹⁶ Evaluation of our employees according to explicit and defined criteria (WHAT and HOW).

OTHER INSTRUMENTS	
Componente	Destinatari
Severance payments	<ul style="list-style-type: none"> • CEO and General Manager • Executives with Strategic Responsibilities on an individual basis
Non-competition agreements	<ul style="list-style-type: none"> • Executives with Strategic Responsibilities on an individual basis
One-off Bonus	<ul style="list-style-type: none"> • Not applicable to CEO/GM and Executives with Strategic Responsibilities

For all other people, in order to strengthen their commitment and increase the possibility of retention, one-off bonuses may be granted, within the limits of what is approved in the budget, in the following cases:

- to recognize high performance and particularly significant results for the year, as part of the annual remuneration review process; and
- to reward the additional contribution made in relation to the ordinary work activity in the case of special projects; these are absolutely exceptional cases, for amounts below the fixed annual salary, in any case linked to the beneficiary's stay in service for a certain period.

A **D&O¹⁷ policy** is guaranteed for members of the Board of Directors, CEO and General Manager, Executives with Strategic Responsibilities and members of the Board of Statutory Auditors.

3. Remuneration policy

This chapter details Nexi's three-year remuneration policy for members of the Board of Directors, the CEO and General Manager, Executives with Strategic Responsibilities and members of the Board of Statutory Auditors, as approved by the Board of Directors on 6 March 2020.

This policy takes into account market practices and external benchmarking with reference peer groups, both in terms of pay-mix and remuneration levels, carried out with the support of an independent external consulting firm¹⁸.

3.1 Board of Directors

Chairman of the Board of Directors

The remuneration of the non-executive Chairman of the Board of Directors provides for the payment of only the fixed component, in the form of a total gross annual remuneration of €300,000, with reference to the 2019-2021 mandate. This remuneration includes the emolument pursuant to article 2389, paragraph 1, of the Italian Civil Code approved by the Shareholders' Meeting for the office of Director. The non-executive Chairman also receives an additional emolument of €10,000 as a member of the Strategic Committee.

There is a reimbursement, on submission of receipts and invoices, for expenses incurred in the performance of the function. A Directors & Officers (D&O) policy is also guaranteed.

Vice Chairman of the Board of Directors

The remuneration of the non-executive Vice Chairman provides for the payment of only the gross annual fixed component of €150,000. This remuneration includes the emolument pursuant to article 2389, paragraph 1, of the Italian Civil Code approved by the Shareholders' Meeting for the position of director. The Vice Chairman also receives an additional emolument of €10,000 as a member of the Strategic Committee.

There is a reimbursement, on submission of receipts and invoices, for expenses incurred in the performance of the function. A D&O policy is also guaranteed.

¹⁷ Directors & Officers: "Civil liability policy for the Board of Directors and Board of Statutory Auditors of the Company"

¹⁸ Mercer Italia of the Marsh&McLennan Group

Non-executive directors

The other non-executive/independent directors receive only the fixed component, divided between an annual fee, approved by the Shareholders' Meeting in the amount of €50,000 gross per year for the 2019-2021 term of office, and an additional fee for participation in the Internal Board Committees, determined by the Board of Directors for the 2019-2021 term of office as follows:

- Chairman: €25,000
- Directors: €10,000

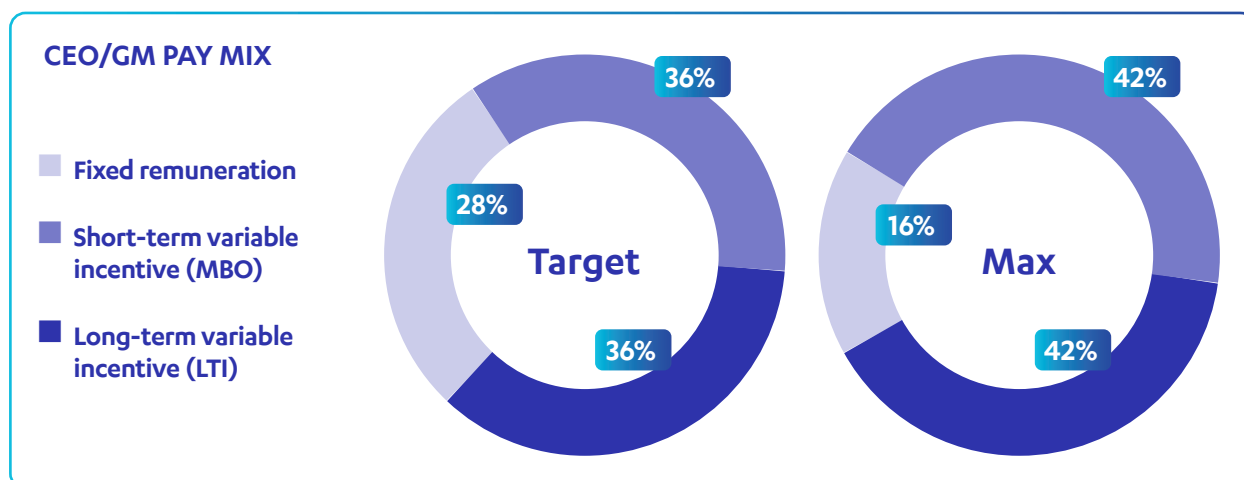
In line with the recommendations of the Corporate Governance Code, non-executive directors are not eligible to participate in variable incentive plans linked to performance objectives. There is also no distinction in terms of remuneration between directors who meet the independence requirement and those who are not independent.

There is a reimbursement, on submission of receipts and invoices, for expenses incurred in the performance of the function. A D&O policy is also guaranteed.

3.2 CEO and General Manager

Remuneration for the role of CEO and General Manager includes a fixed component, a variable component (short- and long-term incentives), benefits and severance payments.

The short- and long-term variable components closely linked to the business plan constitute a significant part of the pay-mix in order to recognize and enhance the results achieved in a sustainable way over time, aligning management's behaviour with the company strategy, creating value for stakeholders.



The directorship and employment relationships are inseparable: therefore, the termination of the employment period will also result in the termination of the offices and powers of CEO and vice versa.

The remuneration package assigned to the General Manager as an employee, which is described below, also remunerates for the position of CEO of Nexi and any other position, assignment of powers and/or responsibilities assumed during the relationship, for which the CEO and General Manager does not receive any further remuneration.

Fixed remuneration

The fixed remuneration for the position of General Manager was resolved by the Board of Directors and is €1,200,000 per year, with effect from 1 April 2019.

Short-term variable remuneration - MBO

The CEO and General Manager, as General Manager, is the beneficiary of the short-term variable incentive plan (MBO) approved by the Board of Directors on the proposal of the Remuneration and Appointments Committee.

With reference to the variable incentive plan - MBO -, the general scheme of the incentive instrument applicable at company level is illustrated below.

a. Beneficiaries

- Beneficiaries are identified according to banding and role (sales area)

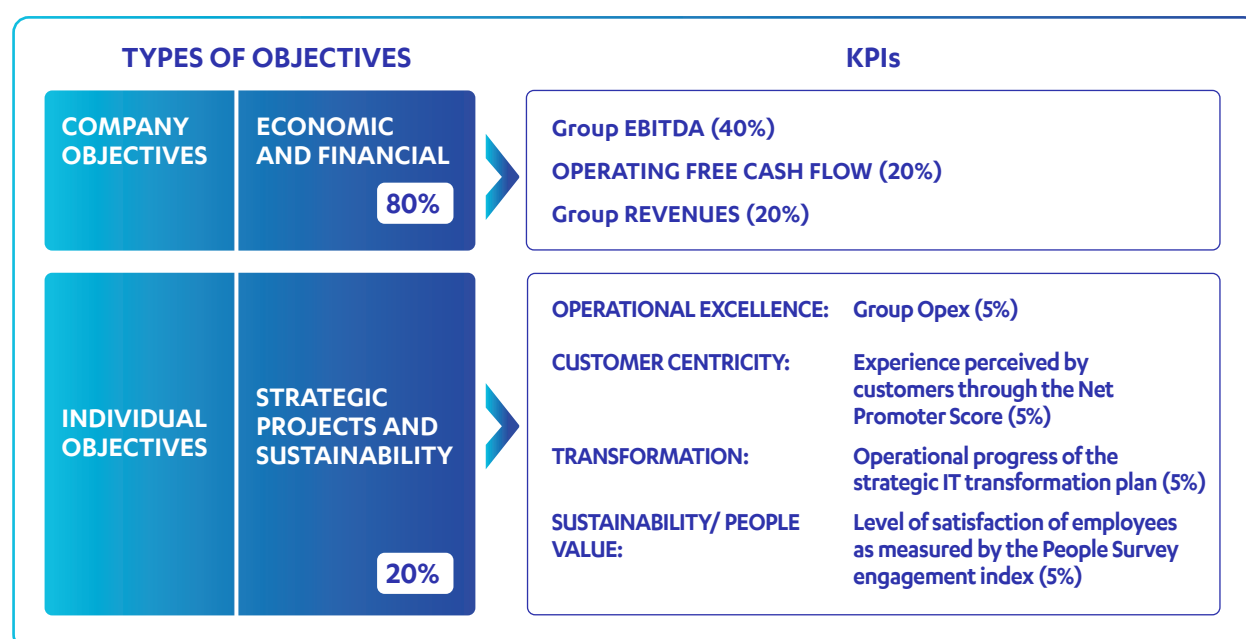
b. Purposes

- To guide the Company's performance in the short term, by identifying objectives aligned with the Company's strategy, budget and annual business plans.
- To orient and focus people on business priorities while respecting the principles of mitigation of major risks.

c. Structure

- There is an **entry gate**, below which no MBO disbursement takes place. This is represented by the achievement of at least 85% of the Group's EBITDA target value. Likewise, no MBO is disbursed if the individual targets (referred to in the following point) assigned are not achieved.
- In line with the Company's strategic drivers focused on profitable growth, innovation and technological/digital transformation, operational excellence, people and value creation, the MBO scheme sets out pre-determined, measurable and complementary economic-financial and non-financial **objectives** (linked to strategic projects and sustainability) according to the following types:
 - company objectives (e.g. Group EBITDA)
 - specific objectives by Business Unit and Area (where applicable), and
 - individual objectives.
- Each objective is associated with a Key Performance Indicator (KPI) and a percentage weight differentiated according to the role held and responsibilities assigned.

The current MBO scheme¹⁹ for the CEO/GM is shown below:



¹⁹ With reference to the definitions of the KPIs relating to Net Promoter Score, IT Transformation and Engagement Index, please refer to note 8.

- Group EBITDA and People Value are also common objectives for all Executives with Strategic Responsibilities.

d. Target incentive and operating mechanisms

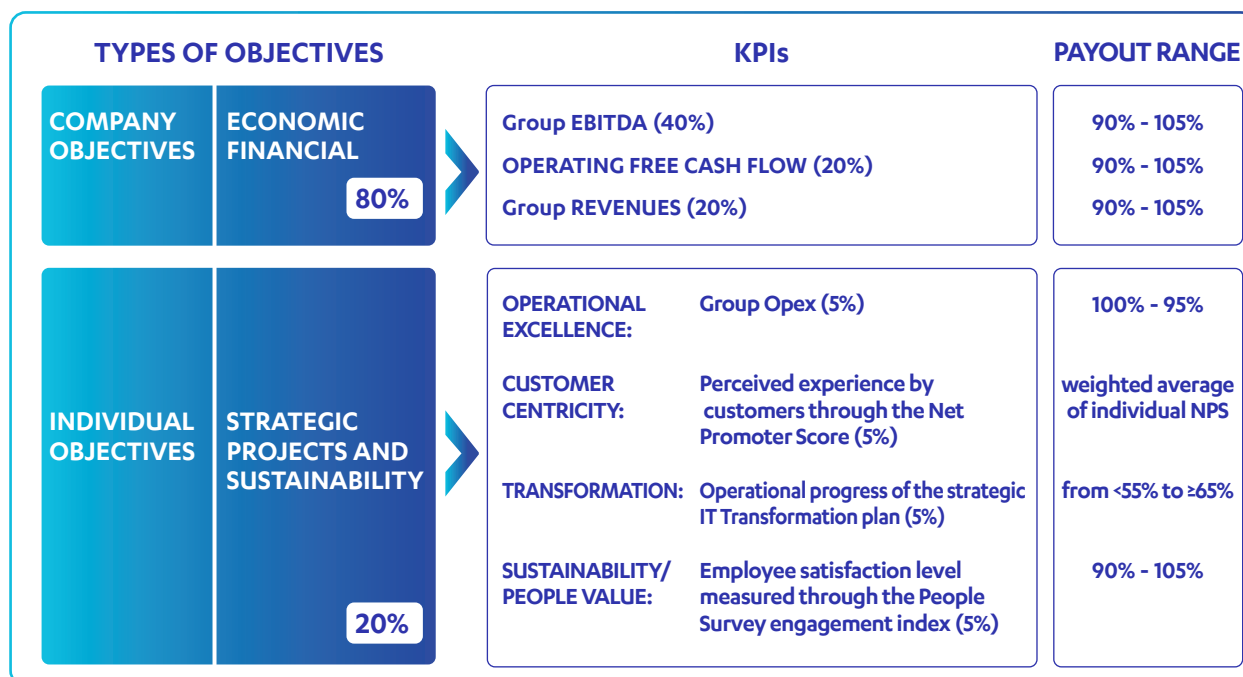
- The target incentive is the amount of the MBO bonus payable upon achievement of the set objectives; it is equal to a percentage of Gross Base Salary ("**RAL**") and is differentiated according to the role held and responsibilities assigned: for the CEO/GM it is equal to 130% of the **RAL**.
- The maximum MBO bonus payable cannot exceed 200% of the target incentive.
- For each objective and its KPI, the expected objective and the range within which the objective is considered not achieved (minimum value) or achieved at the maximum level (maximum value) is defined.

If the level of achievement of the objective is equal to, or lower than the minimum value, the payout (amount of the incentive paid to the target) is equal to zero; if the level of achievement of the objective is equal to the target, the payout is equal to 100% of the target incentive; if the level of achievement is equal to, or higher than the maximum value, the payout is equal to 200% of the target incentive.

The following example scheme applies to the CEO/GM:

PERFORMANCE vs EXPECTED OBJECTIVE		% PAYOUT vs TARGET INCENTIVE		% PAYOUT vs CEO/GM RAL
MINIMUM VALUE	➤	0%	➤	0%
TARGET VALUE	➤	100%	➤	130%
MAXIMUM VALUE	➤	200%	➤	260%

- With particular reference to the Group EBITDA, the range of achievement of the objectives is between 90% and 105% according to an asymmetrical linear curve and provides for a different payout depending on the level of achievement of the objective.
Below is the overall MBO of the CEO/GM with its objectives, KPIs, weights and range of achievement.



e. Malus and clawback clauses

There are specific malus and clawback clauses:

- *Malus* clauses: they allow the variable component to be reduced or not to be paid in the event of conduct during the employment period, which has caused or may cause serious damage or significant loss to Nexi or other Group companies; and
- Clawback clauses: they allow for the total or partial restitution of the variable component in the event of a breach of the provisions set out in article 114-*quinquies*.3 of the TUB; or of conduct during the employment period, which has caused or may cause serious damage or significant loss to Nexi or other Group companies; or payment of the variable component on the basis of data that has proven to be manifestly incorrect.

f. Effects of termination of employment period

- Payment of the MBO bonus is subject to the beneficiary's employment relationship being in force at 31 December of the relevant year. In the absence of this condition, no bonus is paid, even if the company and individual objectives are achieved. With regard to the CEO/GM, in the event of termination of employment during the year without just cause or in the event of resignation for just cause, the MBO bonus is paid on a pro-rata *temporis* basis.

Long-term variable remuneration - LTI

The CEO and General Manager, as General Manager, is a beneficiary of the Long-Term Incentive Plan (LTI) approved by the Board of Directors on the proposal of the Remuneration and Appointments Committee.

With reference to the Long-Term Incentive Plan (LTI), the general scheme applicable at company level is illustrated below.

a. Purposes

- To guide the Company's performance in a sustainable way in the medium/long term, aligning management's behaviour with the company strategy and creating value for stakeholders.
- To retain key people in the Company who hold high-impact roles for the organization and who have relevant skills that can represent a competitive advantage for the Company.

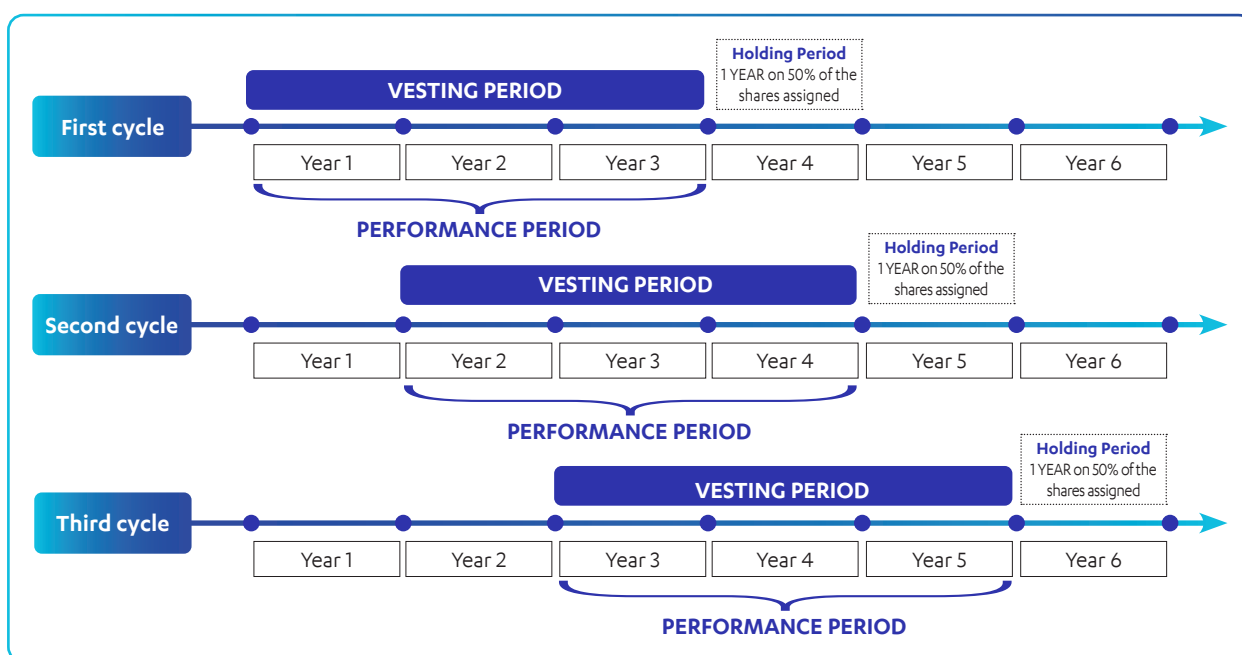
b. Beneficiaries

Beneficiaries of the plan are a selected panel of employees hired on open-ended contracts, identified according to the criteria of banding and performance.

c. Features for CEO/GM and Executives with Strategic Responsibilities

The plan:

- provides for the assignment of rights to receive a certain number of ordinary shares of Nexi S.p.A. free of charge to a selected panel of employees of the Company (with an open-ended contract according to banding and performance criteria), over a medium/long-term period (three years). The shares assigned are **Performance Shares**, i.e. ordinary shares of the Company, ownership of which is transferred to the employee upon achievement of pre-determined company performance objectives over a specific period of time;
- is for a three-year period and provides for the assignment of rights to receive Nexi S.p.A. shares on an annual basis;
- provides for a vesting period of 3 years, with transfer/vesting of shares in rolling mode;
- provides for a holding period, a further period of non-trading of financial instruments after the expiry of the vesting period, equal to one year for 50% of the number of shares transferred;



d. Structure and operating mechanisms

- There is an **entry gate**, below which no transfer/vesting of shares is envisaged: the actual Cumulative Operating Cash Flow must be at least 80% of the target Operating Cash Flow.
- In line with the Company's strategic drivers, the Key Performance Indicators (KPIs) that influence the vesting of the Performance Shares are as follows:
 - Relative Total Shareholder Return
 - Cumulative Operating Cash Flow

20 The period elapsing between the date of assignment of the right and the date of final vesting of the right itself.

RELATIVE TOTAL SHAREHOLDER RETURN

DEFINITION AND CALCULATION MECHANISM

- The Relative **Total Shareholder Return** (Relative TSR) is the difference between the **actual TSR** and the **benchmark**.
- The **actual TSR**, i.e. the total return on investment for the shareholder, is an indicator that measures the creation of value for the shareholder and is calculated by adding to the change in the share price during the vesting period the effect of dividends per share paid during the same period, according to the following formula:

$$\text{TSR} = \frac{(\text{Final Price} - \text{Initial Price} + \text{Dividends})}{\text{Initial Price}}$$

- The **benchmark** is constructed on the basis of the following indices, with the same percentage weight (33%), identified by sector:
 - Global Digital Payments Infrastructure Index²¹;
 - EURO STOXX Technology²²;
 - Index of the Italian Stock Exchange FTSE MIB.
 The benchmark is calculated as the arithmetic mean of the percentage change in the above-mentioned indices during the vesting period.

LEVEL OF ACHIEVEMENT OF THE OBJECTIVE

The amount of Performance Shares assigned is calculated according to the following table, with an achievable cap of 200%.

Relative TSR		Performance Shares	
From	To	From	To
-10%	0%	0%	100%
0%	+20%	100%	200% (cap)

For performance indicator values within one of the ranges shown in the table above, the number of Performance Shares will be determined by linear interpolation between the extremes of that range.

CUMULATIVE OPERATING CASH FLOW

DEFINITION

- The amount of Performance Shares allocated is calculated according to the following table, with an achievable cap of 200%.

$$\text{OCF} = \text{EBITDA} - \text{CAPEX} - \text{Transformation Costs}^{23}$$

- The **target OCF** is the sum of the OCFs provided in the annual budgets of the vesting period.
- Relative OCF** = percentage change ($\Delta\%$) between the Cumulative OCF and the Target OCF

LEVEL OF ACHIEVEMENT OF THE OBJECTIVE

- The amount of Performance Shares allocated is calculated according to the following table, with an achievable cap of 200%.

$\Delta\%$ OCF Cumulative vs Target		Performance Shares	
From	To	From	To
-10%	0%	0%	100%
0%	+7%	100%	200% (cap)

For performance indicator values within one of the ranges shown in the table above, the number of Performance Shares will be determined by linear interpolation between the extremes of that range.

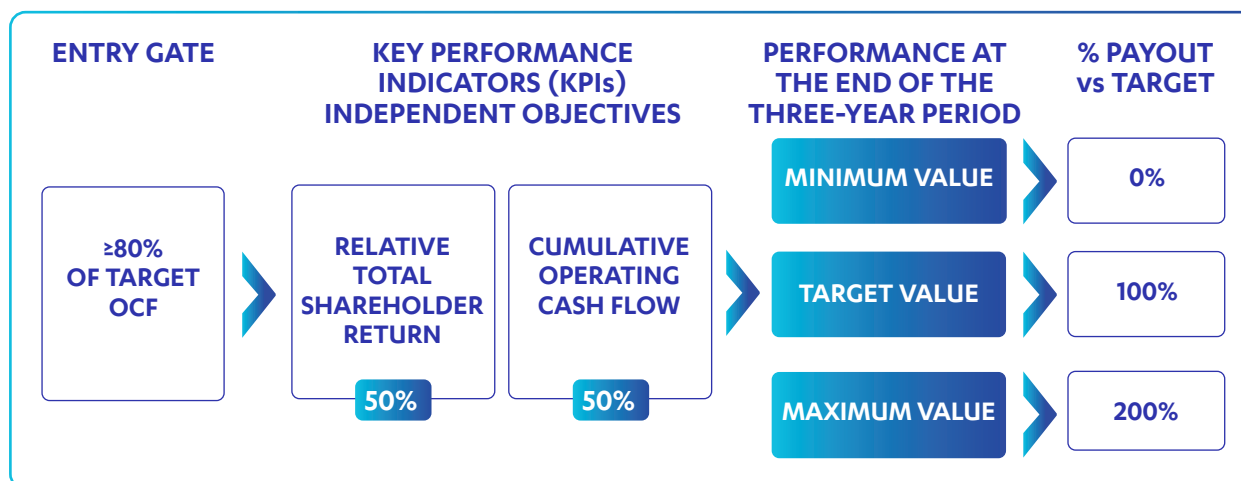
- The amount of Performance Shares vested at the end of the vesting period will be determined using the methods set out above, applied **independently**:
 - for **50%**, the amount allocated will be **defined through the Relative TSR KPI**; and
 - for **50%**, the amount allocated will be **defined through the Relative OCF KPI**.
- The amount of the Performance Shares is equal to the sum of each amount defined by the aforementioned KPIs and the **maximum payout** can be **200% of the rights assigned**.
- The amount of the number of rights, with reference to the CEO/GM is **130% of the RAL**.

²¹ It is a proprietary, regulated, market capitalization-weighted index of companies active in the electronic transaction market that facilitate the efficiency, speed and management of such transactions. The index includes companies whose main activity includes: credit card networks, electronic transaction processing and related products, services and software (payments Fintech).

²² It is a Eurozone stock index created in 1998 by STOXX Limited and includes a representation of the main industrial sectors in the area. The index includes 19 macro sectors (including Technology) defined according to the Industry Classification Benchmark (ICB): companies are classified according to their primary source of revenue..

²³ Transformation Costs: non-recurring costs related to the Group's transformation programme from 2016.

Di seguito lo schema LTI per l'AD/DG:



g. Malus and clawback clauses

There are specific malus and clawback clauses:

- Malus clauses: they allow not to allocate or to reduce the number of shares in the event of conduct during the course of the employment relationship, which has caused or may cause serious damage or significant loss to Nexi or other Group companies; and
- Clawback clauses: they allow for the total or partial return of the shares or their economic value to be claimed in the event of a breach of the provisions set out in article 114-*quinquies*.3 of the TUB; or of conduct during the course of the employment relationship, which has caused or may cause serious damage or significant loss to Nexi or other Group companies; or assignment of the shares on the basis of data that has proved to be manifestly incorrect.

h. Effects of termination of employment

The allocation of shares is subject to the continuation of the employment relationship until the date of delivery of the share allocation letter, and provided that no notice period following resignation or termination is under way at that date. If the employment is terminated before that date:

- for beneficiaries classified as good leavers the allocation of the Shares will be made on a *pro-rata temporis* basis; and;
- beneficiaries classified as bad leavers will automatically lose all rights under the plan and will not receive any share.

Benefits

The package of benefits granted to the CEO and General Manager consists of a contribution to the supplementary pension fund, in accordance with the provisions of the collective agreement at company level for all employees, insurance coverage for death, professional/extra-professional accidents that improves on the provisions of the national collective agreement and applicable to all managers, and insurance coverage for the reimbursement of medical expenses for top management. A company car for mixed use is also provided for.

Treatment provided in the event of removal from office or termination of employment

With reference to the role of CEO and General Manager, the following treatment is provided in the case of removal from office and termination of executive employment.

In the event of termination of the executive employment relationship on the initiative of the Company for a reason other than just cause, the CEO and General Manager shall be entitled to receive, in addition to the ordinary severance payments, an all-inclusive lump-sum indemnity equal to twenty-four months' salary calculated by adding the RAL, the annual average of bonuses relating to the last three years prior to termination of the relationship, even if still subject in whole or in part to deferral and/or retention mechanisms, or to the shorter period of the relationship, including MBO and LTI bonuses for any *pro-rata* portion accrued up to the time of termination.

The CEO and General Manager shall also be entitled to this indemnity in the event of resignation for just cause from the executive and/or directorship employment relationship.

The indemnity described above is in lieu of any penalty, indemnity in lieu of notice or supplementary indemnity and is paid only upon termination of any relationship or appointment with the Company or other Group companies and the execution of a settlement agreement under which the CEO and General Manager waives all claims or demands connected with, or arising from the relationships and their termination.

Other instrument

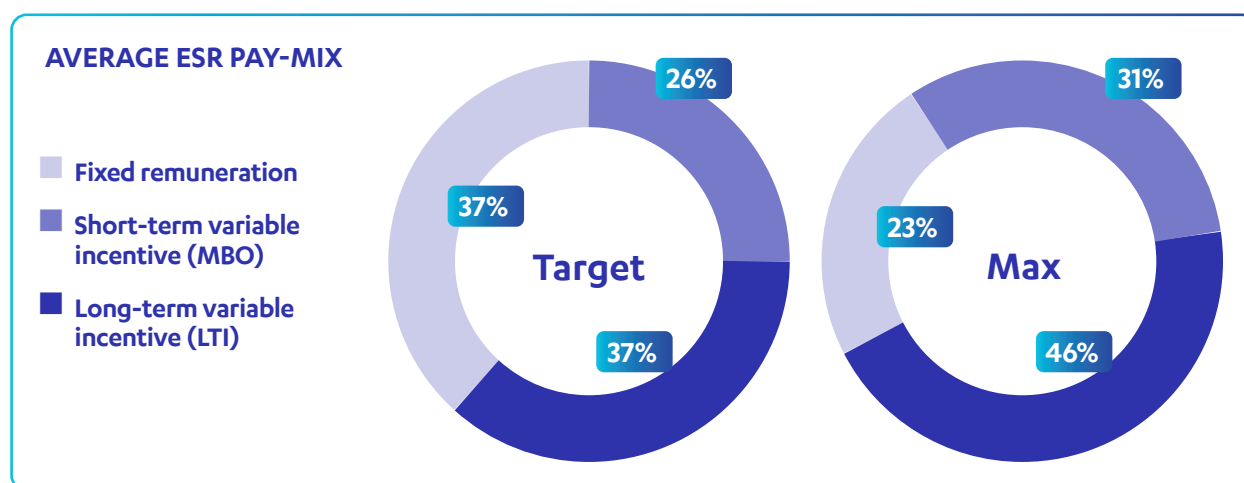
A **D&O policy** is guaranteed for the CEO and General Manager

3.3 Executives with Strategic Responsibilities

Executives with Strategic Responsibilities are identified by the Board of Directors among those who have the power and responsibility, directly or indirectly, for the planning, management and control of the Company's activities.

Remuneration for ESRs includes a fixed component, a variable component (short- and long-term incentives), benefits and other instruments (severance payments and non-competition agreements).

The short- and long-term variable components – similarly to the role of CEO and General Manager - are a significant part of the pay-mix in order to recognize and enhance the results achieved in a sustainable way over time, aligning management's behaviour with the company strategy, creating value for stakeholders.



Fixed remuneration

According to the remuneration policy, the fixed remuneration is aligned to the median of the reference market; for top performers it is aligned to the highest values of the external market, valuing the role and responsibilities assigned, also taking into account the experience, the skills and the contribution required. It is aimed at recognising the performance even if the variable components are not paid.

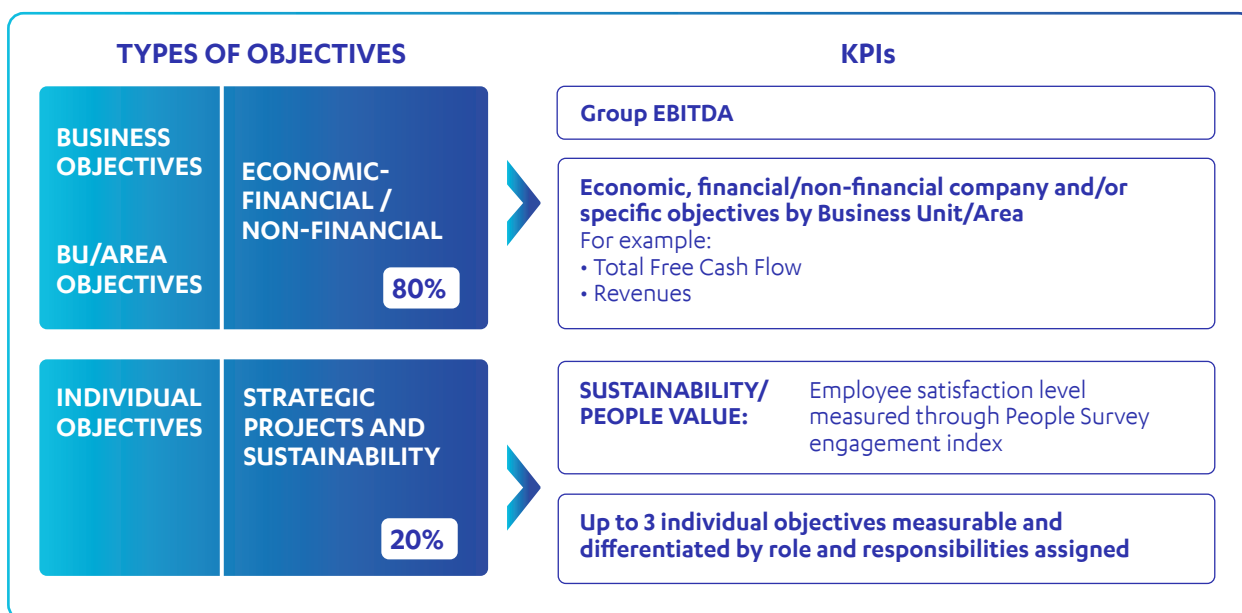
Short-term variable remuneration - MBO

Executives with Strategic Responsibilities are beneficiaries of the short-term variable incentive plan (MBO) approved by the Board of Directors on the proposal of the Remuneration and Appointments Committee, according to the approach, structure and operating mechanisms already outlined in chapter 3.2. in the paragraph "short-term variable remuneration".

In particular:

- In line with the Company's strategic drivers focused on profitable growth, innovation and technological/digital transformation, operational excellence, people and value creation, the MBO scheme sets pre-determined, measurable and complementary economic-financial and non-financial **objectives** (linked to strategic projects and sustainability) according to the following types:
 - company objectives: Group EBITDA
 - specific objectives by Business Unit and Area, and
 - individual objectives.
- Each objective is associated with a Key Performance Indicator (KPI) and a percentage weight differentiated according to the role held and responsibilities assigned.
- Group EBITDA and People Value are common objectives for all Executives with Strategic Responsibilities.

The MBO scheme for Executives with Strategic Responsibilities is as follows:



- The target incentive is the amount of the MBO bonus payable upon achievement of the set objectives; it is equal to a percentage of the Gross Base Salary (RAL) and is differentiated according to the role held and responsibilities assigned: for Executives with Strategic Responsibilities it is on average 62% of RAL.
- The maximum MBO bonus payable cannot exceed 200% of the target incentive.
- For each objective and its KPI, the expected objective and the range within which the objective is considered not achieved (minimum value) or achieved at the maximum level (maximum value) is defined.
- If the level of achievement of the objective is equal to, or lower than the minimum value, the payout (amount of the incentive paid to the target) is equal to zero; if the level of achievement of the objective is equal to the target, the payout is equal to 100% of the target incentive; if the level of achievement is equal to, or higher than the maximum value, the payout is equal to 200% of the target incentive.
- There are malus and **claw back clauses**²⁴
- Payment of the MBO bonus is subject to the beneficiary's employment period being in force at 31 December of the relevant year. Lacking this condition, no bonus is paid, even if the company and individual objectives are achieved, subject to the right of the Board of Directors to make exceptions under specific circumstances.

²⁴ As described in Chapter 3.2., paragraph "short-term variable remuneration".

Long-term variable remuneration - LTI

Executives with Strategic Responsibilities are beneficiaries of the Long-Term Variable Incentive Plan (LTI) approved by the Board of Directors on the proposal of the Remuneration and Appointments Committee, according to granting criteria determined by individual performance based on WHAT (results achieved) and HOW (individual organizational behaviours put in place).

With reference to Executives with Strategic Responsibilities, the LTI plan has the characteristics, operating mechanisms and clauses already outlined in Chapter 3.2., paragraph “long-term variable remuneration - LTI”.

- The long-term incentive plan provides for the assignment of rights to receive ordinary shares of Nexi S.p.A. free of charge over a medium-long term period (three years). The shares assigned are **Performance Shares**, i.e. ordinary shares of the Company, the ownership of which is transferred to the employee upon achievement of pre-determined company performance objectives (Relative Total Shareholder Return and Cumulative Free Cash Flow) related to a specific period of time.
- The amount of rights, with reference to Executives with Strategic Responsibilities, **is equal to 100% of the Gross Base Salary (RAL)**;
- The plan provides for:
 - a vesting period²⁵ of 3 years, with transfer/vesting of shares in rolling mode;
 - a holding period, a further period of non-trading of the shares after the expiry of the vesting period, equal to one year for 50% of the number of shares assigned;
 - *malus* and clawback clauses; and
 - termination conditions: good leavers and bad leavers.

Benefits

The package of benefits consists of contributions to the supplementary pension fund in accordance with the provisions of the collective agreement at company level for all employees, insurance coverage for death, professional/extra-professional accidents, and reimbursement of health care expenses that improve on the provisions of the national collective agreement and are applicable to all managers.

The allocation of company cars for mixed use is also provided for and regulated. Other benefits may be provided for by the individual employment agreements and may include the allocation of an accommodation or housing allowance.

On the basis of agreements prior to the listing, following the transition to the contributory pension system, an economic treatment compensating for the resulting pension loss has been assigned on an individual basis, to an extent not exceeding the lower company cost.

Treatment provided in the event of termination of the employment relationship

For Executives with Strategic Responsibilities, individual agreements may provide for a specific treatment in case of termination of employment for a reason other than just cause; this treatment provides for the payment of an amount including the indemnity in lieu of notice and any other entitlement under law and contract (with the sole exception of severance indemnity (TFR)), equal to 24 gross months' salary calculated in accordance with the provisions of art. 2121 of the Italian Civil Code. This treatment is paid only upon the signing of a settlement agreement with waiver of all claims or demands connected with, or arising from the employment relationship and its termination.

Other instruments

If there are high competitive risks related to the critical nature of the role held by the Executive, **non-competition agreements** may be entered into to provide for compensation for up to 12 months of the Executive's total annual remuneration, subject to specific conditions regarding the extent, duration and validity of the agreement.

A **D&O policy** is guaranteed for Executives with Strategic Responsibilities

²⁵ The period elapsing between the date of assignment of the right and the date of final vesting of the right itself.

3.4. Board of Statutory Auditors

The Shareholders' Meeting appointed the members of the Board of Statutory Auditors on 13 February 2019. The Board of Statutory Auditors is composed of 3 permanent members, one of whom is the Chairman, in office until approval of the financial statements for the year ending on 31 December 2021. The annual emolument approved by the Shareholders' Meeting amounts to € 80,000 for the role of Chairman, while the permanent statutory auditors receive an annual emolument of € 50,000. A D&O policy is also guaranteed. In view of the role and responsibilities of this body, members of the Board of Statutory Auditors are not entitled to receive any variable remuneration.

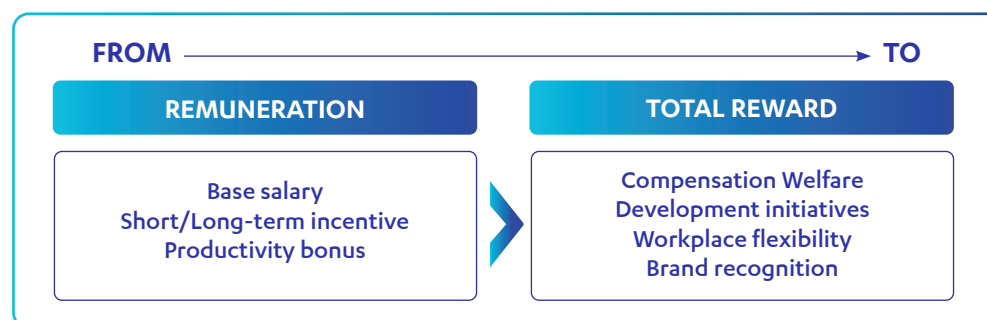
3.5. Company welfare and sustainable development

Context

The socio-demographic context in Italy has some specific characteristics²⁶ that are more and more the subject of debates involving the country, businesses and social partners and that are issues to which Nexi constantly pays due attention, especially youth employment, ageing population, health, and gender diversity.

YOUTH EMPLOYMENT	AGEING POPULATION	HEALTH	GENDER DIVERSITY
More than 80% of young people do not know what are the most demanded areas of employment and what are the necessary skills needed for those who enter the world of employment	<p>We will go from 22.8% of people aged 65+ in 2017 to 33.5% in 2045 (approx. 20 million).</p> <p>There are 8 million caregivers: 1 employee out of 3 is a caregiver with a daily commitment.</p> <p>25% of employees must take care, simultaneously, of a non-self-sufficient family member and young children and teenagers.</p>	The estimate of costs related to health problems in Italy is equal to 54 billion euros, equal to 3.30% of the cost of GDP.	Gender diversity remains a problem widely spread; in Italy still today female employment is 49.5%.

Within companies, in view of the increasing duration of working life, different generations coexist reflecting the characteristics and peculiarities of the Italian population: companies have therefore noticed a paradigm shift in the needs and requirements of their employees. The importance of a "company-employee contract" of an "emotional" nature emerges more and more, which highlights as important not only compensation but also elements related to total reward,²⁷ which represent the relevant instruments of companies to create value both for the organization and for employees.



²⁶ Sources: Istat, Organization for Economic Cooperation and Development, Valore D and Osservatorio Jointly.

²⁷ Mercer Italia of the March & McLennan Group.

Starting in 2017, Nexi has launched **Nexi Welfare & Benefit**, a program of differentiated initiatives/ services dedicated to the well-being of Nexi people and their families in order to contribute to corporate social responsibility and create lasting and sustainable value for employees, their families and the territory in which they live. This system expands and integrates contractual welfare initiatives, drawing inspiration from practices of excellence, and pursues the following objectives:

- To be attentive to the well-being of people and the particular needs of each generation within the Company;
- To have a tangible impact on employee motivation, productivity and satisfaction, creating a sense of belonging to the Company;
- To make the Company able to attract skills and experience from both the national and international labour market; and
- To bring innovation and efficiency in the management of economic and organizational resources, maximizing the value perceived by employees and reinvesting part of the company's tax benefits.

Through a portal, employees can easily and intuitively access the Nexi Welfare & Benefit platform and have visibility of the following:

WELFARE SERVICES AND AGREEMENTS	Access to a dedicated platform (operated by an external company ²⁸) for Nexi employees to view and use: <ul style="list-style-type: none"> • Services: <ul style="list-style-type: none"> - for those who are parents (e.g. baby sitter search, parenting care, ...) - for caregivers (e.g. care plan, caregiver search, assistance with formalities, ...) - for self-care and time management (e.g. nutritionists, gyms, travel, door-to-door dry cleaning service, ...) • Agreements: <ul style="list-style-type: none"> - with 350+ partners across Europe - with an average discount of 15-25%
	Push to Open: The program, offered by the company free of charge, is intended for parents and children of school age (middle / high school) and aims to provide support when choosing the path of study and/or work at the end of the children's studies.
FLEXIBLE BENEFITS	Introduction of the flexible benefit mechanism, through a trade union agreement, which allows, pursuant to recent legislation, to enjoy tax benefits, choosing to convert a portion or the entire amount of the company bonus (VAP) into the pension fund and/or non-monetary services with economic and/or non-economic advantages for employees.
BENEFITS (RESULTING FROM AGREEMENTS)	Supplementary pension with a contribution by the company in addition to the employee's.
	Health care for all members of the employee's family.
	Permits for paid medical examinations to which additional permits are added in the case of family members with a certified disability.
	Annual payments for every family member with a disability.
	Annual grants for training needs and purchase of equipment to support employees' children with certified DSA (Specific Learning Disorders).
OTHER PROVISIONS	Scholarships and awards to working students.
	Hourly flexibility at the entrance, exit and lunch break, which can be used compatibly with the company's organisational needs.
	Insurance advice for the preparation of quotes, also on site, and granting of a specific discount for housing and car policies.
	Discounts for public transport season tickets.
	MBO/LTI fee paid also in case of absence during compulsory maternity/paternity leave.

²⁸ Jointly, a company that develops innovative services and tailored corporate welfare solutions.

To complete the initiatives promoted for employees with a view to total reward, in 2019 the Company launched the **#Fai la differenza** program dedicated to the company population holding operational roles. This programme provides for an **immediate and tangible monetary reward** to recognise **particularly significant contributions** made within specific projects and the evident and concrete implementation of one of the **behaviours based on the 5 Company Values**. The award is given at Management's meetings to collectively enhance the moment of recognition.

During the year, a **program for recent graduates** was also launched, which includes a paid internship program characterized by training modules (Nexi Academy) focused on method learning (project management and presentation skills), customer journey, the development of one's talents and the opportunity to present one's ideas to the company's management.

The implementation of **smart working**, as a new flexible way of organizing work through the adoption of collaborative tools in places other than the office is being launched in 2020 with the aim of offering all employees a better balance between work life and personal life.

Section II - Implementation of the 2019 Remuneration Policy

4. Foreword

Section II of this document provides detailed **information on the remuneration paid** in relation to the year 2019, in accordance with the criteria set out in Annex 3A, Schedule 7bis of the Consob Issuers' Regulation, to the members of the Board of Directors, the CEO and General Manager, the Executives with Strategic Responsibilities and the members of the Board of Statutory Auditors in accordance with the remuneration policy adopted for 2019.

This Section is followed by the **Remuneration Tables** that show by name the remuneration paid/allocated in 2019.

In compliance with the provisions of Article 123-ter, paragraph 3-bis of the TUF, this Section II is submitted to the consultative vote of the Shareholders' Meeting called to approve the financial statements as at 31 December 2019.

4.1 Board of Directors

Chairman of the Board of Directors

With reference to the role of non-executive Chairman of the Board of Directors, the following remuneration is paid:

- a total gross annual emolument of €300,000 (including the base gross annual emolument for all non-executive Directors of €50,000), and
- an additional emolument as member of the Strategic Committee, amounting to €10,000.

The remuneration shown in Table 1 is calculated taking into account the *pro rata temporis* from the appointment on 13 February 2019. In addition to the above, Table 1 describes what has been granted, consistently with the relevant time periods, with reference to the role of Chairman of the Board of Directors of Nexi Payments S.p.A. and the positions held in the Internal Board Committees of which the same is a member. The emoluments received for positions held previously have also been specified, taking into account the amount paid between 01 January 2019 and 13 February 2019.

Vice Chairman of the Board of Directors

With reference to the role of non-executive Vice Chairman of the Board of Directors, the following remuneration is paid:

- a total gross annual emolument of €150,000 (including the base gross annual emolument for all non-executive Directors of €50,000), and
- an additional emolument as member of the Strategic Committee, amounting to €10,000.

In addition to the above, the fees shown in Table 1 also include a further amount in arrears paid in 2019 but pertaining to 2018. The emoluments received for the position held previously have also been specified, taking into account the amount paid between 01 January 2019 and 13 February 2019.

Non-executive Directors

With reference to each non-executive member of the Board of Directors, the following remuneration is paid for the 2019-2021 term of office:

- a basic emolument of €50,000 gross per year, and
- an additional emolument, if they participate in the Internal Board Committees, amounting to € 25,000 for the Chairman of the Committee and € 10,000 for the other members of the Committee.

The emoluments shown in Table 1 are calculated taking into account the *pro rata temporis* from the appointment on 13 February 2019; for those who held positions previously, the amount paid between 01 January 2019 and 13 February 2019 was also taken into account.

Table 1 does not show the names of the Directors who waived their emoluments for 2019. For two Directors it should be noted that the remuneration is paid directly by Nexi to Clessidra SGR S.p.A. as a result of retrocession by the Directors themselves.

It should also be noted that there are no agreements in place with non-executive Directors relating to an economic treatment in the event of termination of their mandate.

4.2 CEO and General Manager

In accordance with the principles of the remuneration policy, the remuneration for the role of CEO and General Manager for the relevant year (2019) included the following elements.

Fixed remuneration

The CEO and General Manager received a gross remuneration as a Manager of €1,130,769, including emoluments for the role of CEO and any other position held for Group companies, including the position of CEO of Nexi Payments S.p.A.. This amount was calculated taking into account the change in salary introduced from April 2019 (resolved by the Board of Directors on 25 February 2019).

Short-term variable remuneration - MBO

With reference to the CEO and General Manager, the short-term variable remuneration (MBO) for 2019 envisaged a target incentive of €1,560,000, equal to 130% of the RAL (a reduction compared to the amount contractually agreed previously). In accordance with the principles and operating rules set out in Section I of the Report, this remuneration was linked to company and individual objectives, each of which was associated with a Key Performance Indicator (KPI) and a percentage weight.

The 2019 MBO incentive paid, approved by the Board of Directors of Nexi S.p.A. on 6 March 2020 on the proposal of the Remuneration and Appointments Committee, was determined on the basis of the level of achievement of each objective with respect to the target defined in the annual budget.

The total amount of the 2019 MBO incentive received was €2,335,592 gross; the percentage payout compared to the value of the target incentive was 149.7%.

Below is the MBO scheme for the MD/GM in force for 2019 with the weights and percentage payout level on RAL (Gross Base Salary) of each objective:

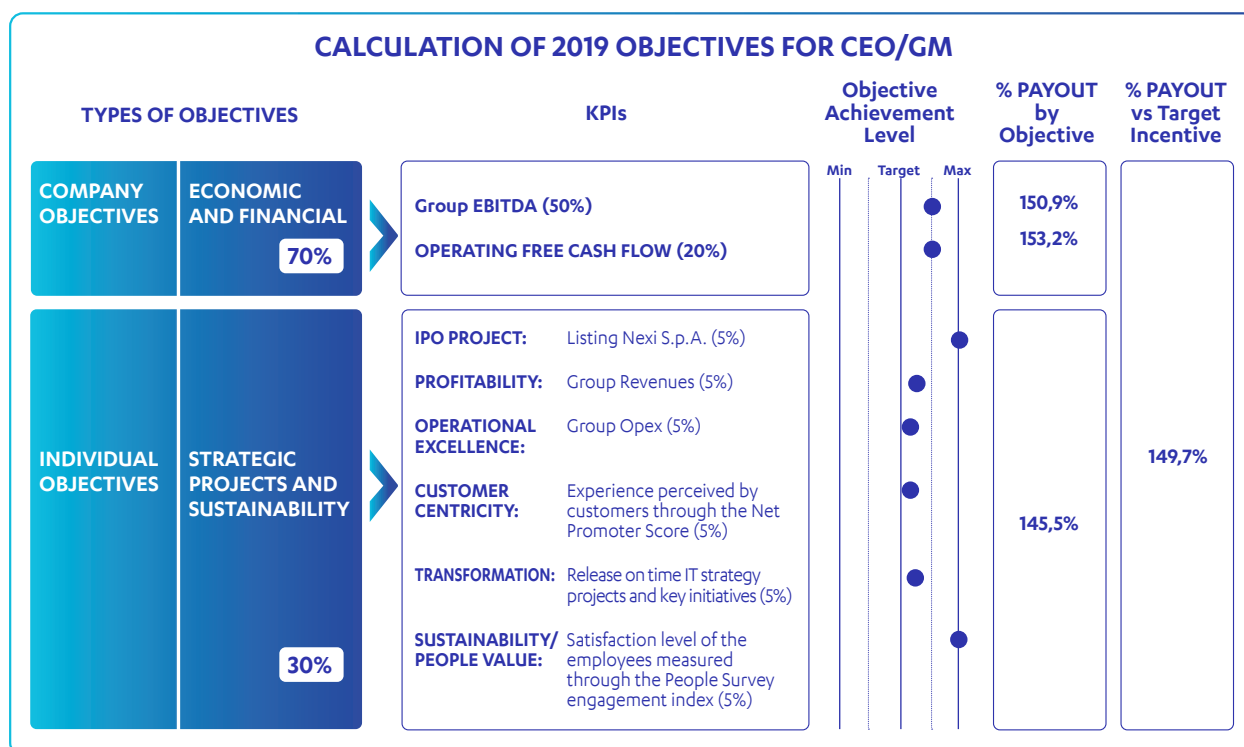


Table 1 shows the total, respectively, of the following:

- the amounts relating to the 2019 MBO incentive described above, and
- the portion deferred and paid in 2019 relating to variable short-term incentive plans from previous years (2016 and 2017)¹.

These amounts are detailed in Table 3B.

Long-term variable remuneration - LTI

In accordance with the long-term incentive plan (LTI), approved by the Board of Directors in 2019, for the first cycle 2019-2021 the CEO and General Manager, in his capacity as General Manager, received 173,333 rights (Performance Shares) to receive shares in 2022, in accordance with the rules and operating mechanisms of the LTI plan described in Section I.

These amounts are shown in Table 3A.

Benefits

The value of the package of benefits assigned to the CEO is shown in Table 1 divided into the "non-monetary benefits" and "other compensation" columns, in accordance with the criteria specified in the note. In particular, as specified in Section I of the Report, the amounts shown include the contribution to the supplementary pension fund, in accordance with the provisions of the collective agreement at company level for all employees, and insurance coverage for death, professional/extra-professional accidents that improves on the provisions of the national collective agreement, and is applicable to all executives, and insurance coverage for the reimbursement of medical expenses dedicated to top management. They also include the allocation of a company car for mixed use. Finally, up to June 2019, a housing allowance was provided for.

4.3 Executives with Strategic Responsibilities

Executives with Strategic Responsibilities received, at an aggregate level, compound remuneration as described below.

Fixed remuneration

For the year 2019, the total gross remuneration received by Executives with Strategic Responsibilities amounted to €1,510,000.

Short-term variable remuneration - MBO

For Executives with Strategic Responsibilities, in accordance with the remuneration policy, the short-term variable remuneration (MBO) for 2019 was linked to company objectives (Group EBITDA), specific objectives by Business Unit and Area, and individual objectives assigned to each according to his or her area of responsibility.

The 2019 MBO incentives paid, approved by the Board of Directors of Nexi S.p.A. on 6 March 2020 on the proposal of the Remuneration and Appointments Committee, were determined based on the level of achievement of each objective with respect to the target defined in the annual budget, in accordance with the rules and operating mechanisms illustrated in Section I of this document. Overall, the amount of 2019 MBO incentives paid to Executives with Strategic Responsibilities was €1,542,803 gross; the average percentage payout compared to the value of the target incentive was 138.4%, with a minimum of 103.4% and a maximum of 158.4%.

Table 1 shows the total, respectively, of:

- the amounts relating to the 2019 MBO incentive described above, and,
- the portion deferred and paid in 2019 relating to variable short-term incentive plans of previous years (2017)².

These amounts are shown in aggregate form and by year in detail in Table 3B.

¹ Before Nexi became an IMEL, ICBPI, as a banking entity, was subject to the banking laws and regulations which provide that a portion of the variable incentive of Material Risk Takers be deferred over a period of several years, as provided by the Bank of Italy Provisions in force (Circular no. 285 of 17 December 2013, 25th update of 23 October 2018).

² Before Nexi became an IMEL, ICBPI, as a banking entity, was subject to the banking laws and regulations which provide that a portion of the variable incentive of Material Risk Takers be deferred over several years, as set forth in the Bank of Italy Provisions in force (Circular no. 285 of 17 December 2013, 25th update of 23 October 2018).

Long-term variable remuneration - LTI

In accordance with the long-term incentive plan (LTI) approved by the Board of Directors in 2019, for the first cycle 2019-2021 the Executives with Strategic Responsibilities received a total of 167,777 rights (Performance Shares) to receive Nexi S.p.A. shares in 2022, in accordance with the rules and operating mechanisms of the LTI plan described in Section I. These values are shown, in aggregate form, in Table 3A.

Benefits

The value of the package of benefits assigned to Executives with Strategic Responsibilities (for a description of which reference should be made to Section I of the Report), is shown in Table 1 divided into the “non-monetary benefits” and “other compensation” columns, in accordance with the criteria specified in the note.

4.4 Board of Statutory Auditors

With reference to the Board of Statutory Auditors, the following emoluments approved by the Shareholders’ Meeting are paid:

- a gross annual emolument of €80,000 for the role of Chairman, and
- a gross annual emolument of €50,000 for permanent Statutory Auditors.

Details of the emoluments for 2019 are shown in Table 1, in accordance with the *pro rata temporis* criterion, where applicable; in addition to the above, the emoluments for roles held in subsidiaries are shown, in accordance with the relevant time periods.

Table 1

Remuneration paid to members of the Board of Directors and the Board of Statutory Auditors, general managers and other executives with strategic responsibilities

A	B	C	D	1	2	3	4	5	6	7	8
Name and Surname	Office	Term of office(A)	Expiry of term of office	Fixed remuneration	Emolument for participation in committees	Variable non-equity remuneration	Non-monetary benefits (C)	Other compensation (D)	TOTAL	Fair Value of equity remuneration (E)	Payments upon cessation of holding office or severance payments
						Bonuses and other incentives(B)	Profit sharing				
Board of Directors											
Michaela Castelli (1)	Non-executive Chairman	01.01.2019 31.12.2019	Until the date of approval of the financial statements as at 31/12/2021								
(I) Compensation from the reporting company				273	16				289		
(II) Compensation from subsidiaries and associated companies				162					162		
(III) Total				435	16				451		
Paolo Bertoluzzo (2)	Managing Director and General Manager	01.01.2019 31.12.2019	Until the date of approval of the financial statements as at 31/12/2021								
(I) Compensation from the reporting company											
(II) Compensation from subsidiaries and associated companies				1.131		2.854		134	53	4.172	343
(III) Total				1.131		2.854		134	53	4.172	343
Giuseppe Capponcelli (3)	Non-executive Chairman	01.01.2019 31.12.2019	Until the date of approval of the financial statements as at 31/12/2021								
(I) Compensation from the reporting company				163	10				173		
(II) Compensation from subsidiaries and associated companies											
(III) Total				163	10				173		
Elisa Corghi (4)	Non-executive Director	26.09.2019 31.12.2019	Until the date of approval of the financial statements as at 31/12/2021								
(I) Compensation from the reporting company				13	7				20		
(II) Compensation from subsidiaries and associated companies											
(III) Total				13	7				20		
Simone Cucchetti (5)	Non-executive Director	01.01.2019 31.12.2019	Until the date of approval of the financial statements as at 31/12/2021								
(I) Compensation from the reporting company				48	10				58		
(II) Compensation from subsidiaries and associated companies											
(III) Total				48	10				58		
Federico Ghizzoni (6)	Non-executive Director	01.01.2019 31.12.2019	Until the date of approval of the financial statements as at 31/12/2021								
(I) Compensation from the reporting company				48					48		
(II) Compensation from subsidiaries and associated companies											
(III) Total				48					48		
Antonio Patuelli (7)	Non-executive Director	01.01.2019 31.12.2019	Until the date of approval of the financial statements as at 31/12/2021								
(I) Compensation from the reporting company				48	10				58		
(II) Compensation from subsidiaries and associated companies				100					100		
(III) Total				148	10				158		
Marinella Soldi (8)	Non-executive Director	13.02.2019 31.12.2019	Until the date of approval of the financial statements as at 31/12/2021								
(I) Compensation from the reporting company				44	40				84		
(II) Compensation from subsidiaries and associated companies											
(III) Total				44	40				84		
Luisa Torchia (9)	Non-executive Director	13.02.2019 31.12.2019	Until the date of approval of the financial statements as at 31/12/2021								
(I) Compensation from the reporting company				44	49				93		
(II) Compensation from subsidiaries and associated companies											
(III) Total				44	49				93		

The following directors waived their remuneration due for the 2019 financial year: L. Bassi, F. Casiraghi, M. Mussi, J. Paduch, and R. Marshall. The latter also resigned on 26 September 2019.

- (A) The amounts indicated have been calculated and shown on a pro rata temporis basis
- (B) This value corresponds to what is shown in Table 3B in relation to the sum of: (i) payable portions of the bonus of the year; (ii) payable portions of the bonuses from previous years; and (iii) other bonuses.
- (C) This item includes the taxable value of the non-monetary benefits for which the company offers a good and/or a service by paying for them directly.
- (D) The amounts shown include monetary benefits paid directly by the company to the employee.
- (E) These values correspond to what is indicated in Table 3A in relation to the 'Fair Value of financial instruments pertaining to the year'. The beneficiaries of the LTI plan are not yet the legitimate owners of the relevant shares: this event is conditioned by the satisfaction of the performance conditions described in Section I.

Table 1

Remuneration paid to members of the Board of Directors and the Board of Statutory Auditors, general managers and other executives with strategic responsibilities

A	B	C	D	1	2	3		4	5	6	7	8
Name and Surname	Office	Term of office(A)	Expiry of term of office	Fixed remuneration	Emolument for participation in committees	Variable non-equity remuneration		Non-monetary benefits (C)	Other compensation (D)	TOTAL	Fair Value of equity remuneration (E)	Payments upon cessation of holding office or severance payments
						Bonuses and other incentives(B)	Profit sharing					
Board of Statutory Auditors												
Piero Alonzo	Chairman of the Board of Statutory Auditors	01.01.2019 31.12.2019	Until the date of approval of the financial statements as at 31/12/2021									
(I) Emoluments from the reporting company (10)				105						105		
(II) Emoluments from subsidiaries and associated companies (11)				158						158		
(III) Total				263						263		
Marco Giuseppe Zanobio	Permanent Statutory Auditor	01.01.2019 31.12.2019	Until the date of approval of the financial statements as at 31/12/2021									
(I) Emoluments from the reporting company (10)				60						60		
(II) Emoluments from subsidiaries and associated companies (11)				98						98		
(III) Total				158						158		
Mariella Tagliabue	Permanent Statutory Auditor	13.02.2019 31.12.2019	Until the date of approval of the financial statements as at 31/12/2021									
(I) Emoluments from the reporting company (10)				53						53		
(II) Emoluments from subsidiaries and associated companies (11)				72						72		
(III) Total				125						125		
Other Executives with Strategic Responsibilities												
Executives with Strategic Responsibilities (12)	no. 4	01.01.2019 31.12.2019		1.510		1.878		200	456	4.044	332	

- (1) Remuneration as Chairman of the Board of Directors of Nexi S.p.A., Chairman of the Board of Directors of Nexi Payments S.p.A. and for participation in the Strategic Committee.
This includes remuneration paid in 2019 for positions held within the Group prior to 13 February 2019, as member and secretary of the Board of Directors of Nexi S.p.A., Chairman of the Control and Risk Committee, Chairman of the RPT Committee and member of the Remuneration and Appointments Committee; he also received an attendance fee (equal to €0.5k) for the previous term of office."
- (2) As far as the Managing Director and General Manager is concerned, the fixed remuneration relating to the managerial employment relationship established with Nexi Payments S.p.A. is established on the basis of all the positions and duties held in Nexi S.p.A. and in the Group. This value was calculated taking into account the salary change introduced from April 2019 (approved by the Board of Directors on 25 February 2019). The amount of Bonuses and other incentives includes the portion relating to the 2019 MBO plan (totalling €2,336k) and the deferred portions relating to the 2016, 2017 MBO plans (totalling €518k), as detailed in Table 38. The amount relating to non-monetary benefits includes the value of the company car, insurance policies and supplementary pension contributions as described in Section I. The column "other compensation" shows the amount of the housing allowance paid until June 2019."
- (3) Remuneration as Vice Chairman of the Board of Directors and for participation in the Strategic Committee of Nexi S.p.A. The amounts include remuneration in arrears for 2018.
- (4) Remuneration as a member of the Board of Directors of Nexi S.p.A. and Chairman of the Control and Risk Committee.
- (5) Emoluments paid by Nexi S.p.A. directly to Clessidra SGR S.p.A. following retrocession by the Director.
- (6) Emoluments paid by Nexi S.p.A. directly to Clessidra SGR S.p.A. following retrocession made by the Director.
- (7) Remuneration as a member of the Board of Directors of Nexi S.p.A., Vice Chairman of the Board of Directors of Nexi Payments and member of the RPT Committee.
- (8) Remuneration as a member of the Board of Directors, Chairman of the Remuneration and Appointments Committee and for participation in the Control and Risk and RPT Committees.
- (9) Remuneration as a member of the Board of Directors, Chairman of the RPT Committee and for participation in the Remuneration and Appointments Committee. He also received remuneration as Chairman of the Risk Committee, as resolved by the Board of Directors on 25 February 2019, until 26 September 2019.
- (10) The emoluments indicated also include the emoluments paid for participation in the Supervisory Body pursuant to Law 231/2001, composed of the members of the Board of Statutory Auditors of Nexi S.p.A. In particular, the Chairman is paid €25k and the Board members €10k.
- (11) Remuneration received for the position held on the Board of Statutory Auditors of Nexi Payments S.p.A. and/or Help Line S.p.A. and/or Mercury Payment Services S.p.A. The emoluments indicated also include the emoluments paid for participation in the Supervisory Board pursuant to Law 231/2001, composed of the members of the Board of Statutory Auditors of Nexi Payments S.p.A. In particular, the Chairman is paid 15k€ and the Board members 10k€.
- (12) The amount of 1,510k€ refers to Gross Annual Salaries.
The amount of Bonuses and other incentives includes: the portion relating to the 2019 MBO plan (totalling €1,543k€) and the deferred portions relating to the 2017 MBO plan (totalling €335k€), as detailed in Table 38.
The amount of non-monetary benefits includes the value of the company car, accommodation, meal vouchers, insurance policies and contribution to the supplementary pension fund as described in Section I.
The column "other compensation" shows the amounts related to the accommodation fringe benefit reimbursement, rent reimbursement charged to the payslip, school fee reimbursement, reimbursement of social security contributions as described in Section I."

Table 3A

Incentive plans based on financial instruments, other than stock options, for members of the Board of Directors, general managers and other executives with strategic responsibilities

A	B	1	Financial instruments assigned in previous years not vested during the year		Financial instruments assigned during the year					Financial instruments vested in the course of the year that have not been granted	Financial instruments vested during the year that can be granted		Financial instruments pertaining to the year
			2	3	4	5	6	7	8	9	10	11	12
Name and Surname	Office	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair Value at assignment date (in thousands of euros)	Vesting period (*)	Date of assignment	Market price at assignment	Number and type of financial instruments	Number and type of financial instruments	Value at maturity date	Fair Value (in thousands of euros)
Paolo Bertoluzzo	Managing Director and General Manager												
(II) Emoluments from subsidiaries and associated companies		2019 Long-Term Equity-based Incentive Plan - BoD of 12 March 2019			173,333 shares that can be potentially assigned	1.861	2019-2021	19-Jul-19	€ 9,57				343
(III) Total						1.861							343
Executives with Strategic Responsibilities													
(II) Emoluments from subsidiaries and associated companies		2019 Long-Term Equity-based Incentive Plan - BoD of 12 March 2019			167,777 shares that can be potentially assigned	1.801	2019-2021	19-Jul-19	€ 9,57				332
(III) Totale						1.801							332

Note

(*) For the purposes of the Rules governing the Long-Term Equity-based Incentive Plan, in relation to the first Cycle, the vesting period commences from the day of the Listing until 31 December 2021

Table 3B

Monetary incentive plans for members of the Board of Directors, general managers and other executives with strategic responsibilities

A	B	1	2A	2B	2C	3A	3B	3C	4
Name and Surname	Office	Plan	Bonus of the year (amounts in thousands of euros)			Bonuses from previous years (amounts in thousands of euros)			Other bonuses
			Payable/Paid	Deferred	Deferral period	No longer payable	Payable/Paid	Still deferred	
Paolo Bertoluzzo	Managing Director and General Manager								
(I) Emoluments from the reporting company									
(II) Emoluments from subsidiaries and associated companies		MBO 2019	2.336						
		MBO 2018*						414	
		MBO 2017*					473	362	
		MBO 2016*					45	45	
(III) Total			2.336				518	821	
Executives with Strategic Responsibilities									
(I) Emoluments from the reporting company									
(II) Emoluments from subsidiaries and associated companies		MBO 2019	1.543						
		MBO 2018*						322	
		MBO 2017*					335	256	
(III) Total			1.543	-			335	578	

Note

(*) Before Nexi became an IMEL, ICBPI, as a banking entity, was subject to the banking laws and regulations which provide that part of the variable incentive of Material Risk Takers be deferred over a period of several years, as provided for in the Bank of Italy Provisions in force (Circular no. 285 of 17 December 2013, 25th update of 23 October 2018).

Schedule 7.ter Tab 1

Schedule relating to information on the shareholdings of members of the Board of Directors and the Board of Statutory Auditors, general managers and other executives with strategic responsibilities

Name and Surname	Office	Investee Company	Number of shares held at the end of the previous year	Number of shares purchased	Number of shares sold	Number of shares held at the end of the year (2019)
Paolo Bertoluzzo	Managing Director and General Manager	Nexi S.p.A.		2.833.554		2.833.554
Executives with Strategic Responsibilities		Nexi S.p.A.		2.665.009		2.665.009

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