



# CERVED INFORMATION SOLUTIONS

Executive Summary  
Remuneration Policy



# Cerved Information Solutions S.p.A.



## COMPANY DATA

### HAEDQUARTER

Cerved Information Solutions S.p.A.  
Via dell'Unione Europea, 6A, 6B  
San Donato Milanese (MI)

### LEGAL DATA

Subscribed and paid-in share capital of 50,450,000 euros  
Milan Company Register No. 08587760961  
Milan R.E.A. No. 2035639  
Tax I.D. and VAT No. 08587760961  
Corporate website: [company.cerved.com](http://company.cerved.com)

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**Remuneration Policy**

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## ESSENTIAL AIMS AND PRINCIPLES OF THE POLICY

This Policy was developed to continue what the Shareholders had approved the previous year, with the aim of increasing clarity and transparency of the provisions characterising the remuneration of the Chief Executive Officer and the Key Executives and to pursue continued compliance with existing legislation and to continuously meet best market practices to:

*Attract, retain  
and motivate people  
with the individual  
and professional qualities  
necessary to pursue business  
development objectives*



*Align management's  
and the Company's interests  
with those of Shareholders*

*Promote and support  
sustainable growth  
for Shareholders*



## New developments introduced

### Increased disclosure ex ante of the KPIs

With a view to greater transparency and following the guidelines of the Proxy Advisors in terms of remuneration and the provisions in the previous policy for the Chief Executive Officer, a more detailed description of the main types of KPIs assigned to Key Managers has been prepared. For these latter, in fact, three different categories of KPIs have been identified on the basis of whether or not the Key Managers have responsibilities towards the BoD and responsibilities, or otherwise, for a business unit/legal entity.

### Increased disclosure on the Pay Mix

In order to give greater prominence to the balance between the fixed component and the short-term variable component of the remuneration, always following the Guidelines of the Proxy Advisors and the recommendations of the Corporate Governance Committee of the Borsa Italiana, a focus on pay mix has been included with a view to total cash for the Chief Executive Officer and Key Managers. For the short-term variable component, the values of the Target Bonus (100% achievement) and Max Bonus (150% of achievement) were considered for Key Managers.

### Details on severance indemnity for termination from office

With reference to the recommendations of the Corporate Governance Committee of Borsa Italiana and to the Corporate Governance Code, it was decided to include a section providing more details on the severance indemnity provision. While this provision does not exist today, if not for the Chief Executive Officer, the need has been established, in the face of its potential inclusion, to determine the disbursement mechanisms, the aggregate amount and the relevant cap, emphasizing that such will not be paid where the results are objectively inadequate.

### 2018 Welfare Plan

With the objective of increasingly involving and motivating the workforce, while benefiting from tax and social security benefits at the same time, the new Welfare Plan will be launched in early 2018 that offers Senior Managers and Key Managers a panel of goods and services, for a predetermined value, that can be modelled based on different needs using the tax and social security exemption provided for by legislation.



## GOVERNANCE

### Remuneration and Nomination Committee

It has consultation tasks and it provides opinions and proposals to the Board of Directors in accordance with the recommendations of the Corporate Governance Code and with the best practices of corporate governance.

### Board of Directors

It establishes the remuneration of Executive Directors and Directors who hold specific offices as proposed by the Remuneration Committee and on the advice of the Board of Statutory Auditors.

It defines the Company's remuneration policy and approves the Remuneration Report that it submits to the Shareholders' Meeting. It approves any cash and equity plans and ensures the application of the Policy.

### Board of Statutory Auditors

It provides the opinions required by current regulations with particular reference to the remuneration of the directors vested with special offices pursuant to Article 2389 of the Italian Civil Code, also verifying their compliance with the general policy adopted by the Company.

### Shareholders' Meeting

It establishes the remuneration of the members of the Board of Directors and of the Board of Statutory Auditors. It resolves on any financial-instrument-based remuneration intended for Directors, General Managers, employees, independent contractors or other Key Managers, under Article 114 bis of the TUF (i.e. Consolidated Law on Finance). It provides its opinion on the first section of the Remuneration Report.



## COMPANIES' PERFORMANCE 2017

### Macroeconomic Framework

- ▶ The Italian economy continues to recover despite smaller growth compared to other European countries
- ▶ Italian banks' initiatives aimed at handling the situation of NPEs in 2018

### Companies' Performance 2017

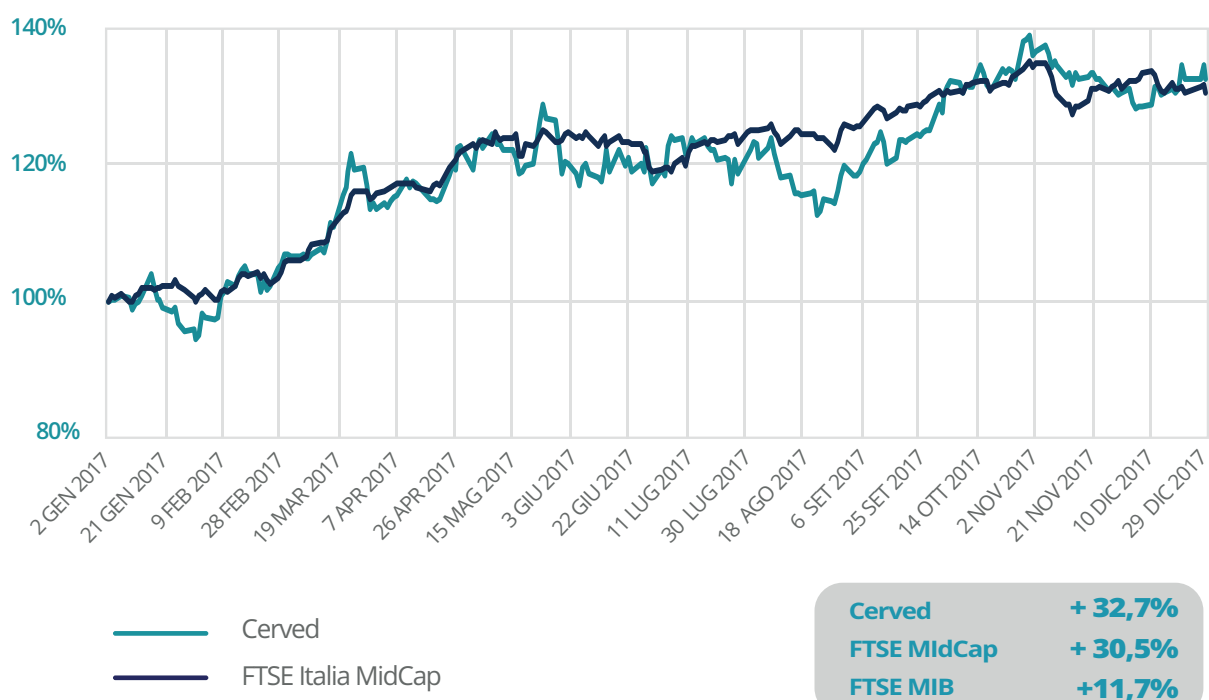
Revenues	●	-----	+6,5% compared to 2016, +5,6% organic
Adjusted EBITDA <sup>(1)</sup>	●	-----	+4,0% compared to 2016, +3,7% organic
Operating Cash Flow <sup>(2)</sup>	●	-----	€142,6m in 2017, (1,0%) compared to 2016
Adjusted Net Income	●	-----	€98,2m in 2017, +6,8% compared to 2016
Leverage	●	-----	2,5x LTM Adjusted EBITDA

(1) Adjusted EBITDA excludes provisions for EUR 0.7 related to the "Long Term Incentive Plan" in 2016 and EUR 1.8 mln in 2017.

(2) Calculated on the basis of the Adjusted EBITDA

### Share Performance

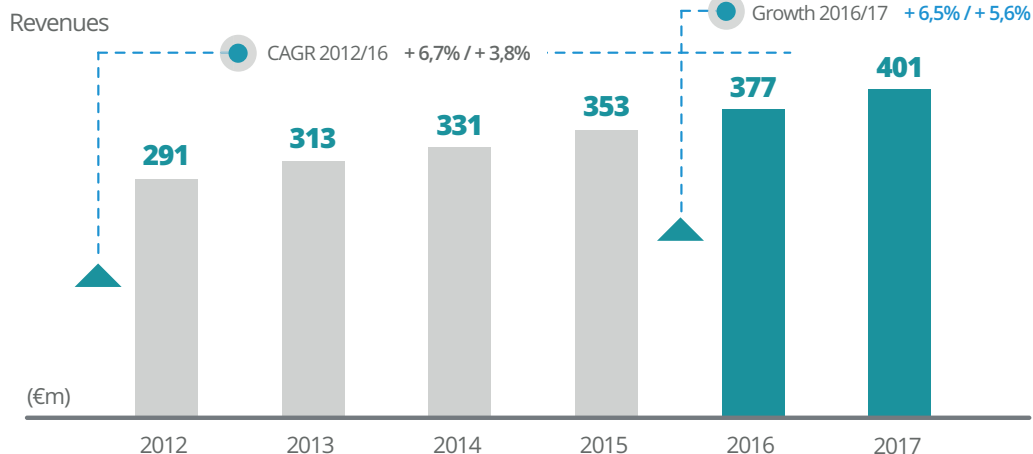
Back on the basis January 2, 2017



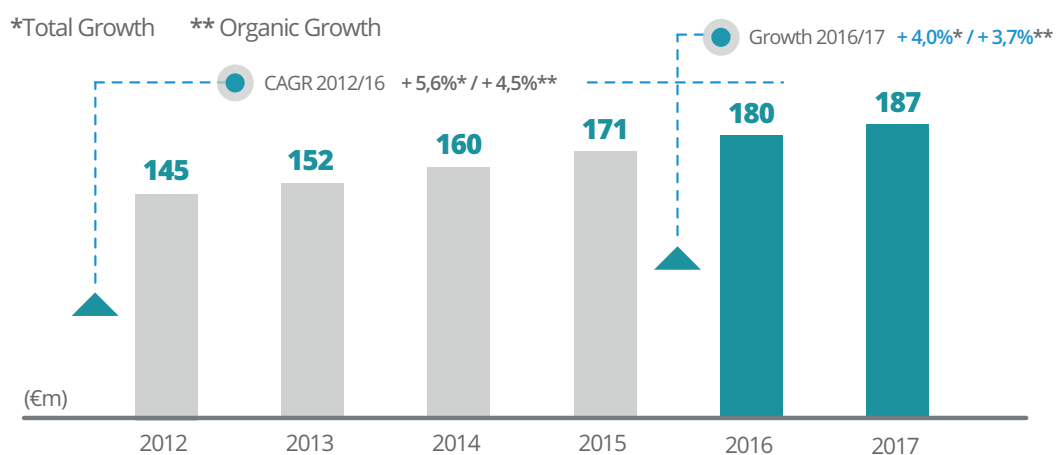


## COMPANIES' PERFORMANCE 2017

### Constant Growth

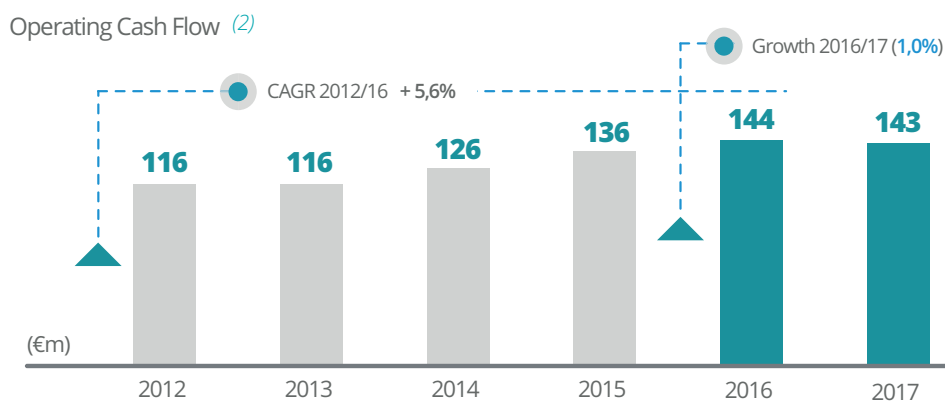


### Growth of Adjusted EBITDA <sup>(1)</sup>



(1) 2012 EBITDA is net of the entry "Shareholders' fees"; the Adjusted EBITDA excludes provisions for EUR 0.7 mln related to the "Long Term Incentive Plan" in 2016 and EUR 1.8 mln in 2017

### Elevated Cash Flows



(2) Calculated on the basis of Adjusted EBITDA; the 2012-2013 data was adjusted to stabilise the irregularity resulting from the introduction of a new ERP system in September 2013.



## SUMMARY OF THE REMUNERATION POLICY'S ELEMENTS

### Fixed Component

The fixed component is determined taking into account the internal equity values together with professional qualifications, duties and entrusted responsibilities, the level of availability on the market and the business risk in the event of termination of employment as well as specific market benchmarks.

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### Variable Component

Variable remuneration, is made up of a short-term component (STI) and a long-term component (LTIP) while also providing an adequate balance between the cash component (STI) and the equity component (LTIP). The Company policy does not permit granting discretionary bonuses or extraordinary forms of variable remuneration.

### STI - CASH

Promotes the achievement of annual targets and budgets

- ▶ A **cap** is fixed a priori at a maximum of 70% of the fixed remuneration for the CEO and 52% for Key Managers and Executive Directors
- ▶ The disbursement is conditional on achieving a minimum consolidated Group EBITDA result (**gates ex-ante**)
- ▶ Individual performance is measured through corporate and individual predetermined economic-financial targets.

### Clawback Clause

The Policy contains claw-back clauses whereby the Company may request full or partial repayment of variable components of the remuneration fraudulently or negligently paid to others, or if it is found that the level of achievement of performance targets was determined based on blatantly incorrect or false calculations .



## SUMMARY OF THE REMUNERATION POLICY'S ELEMENTS

### LTIP EQUITY – PERFORMANCE SHARE PLAN 2019-2021

It supports the alignment with shareholders' interests and ensuring sustainable growth over the long term.

- ▶ Spread out over 3 allotment cycles (2016, 2017, 2018) with a **three-year vesting period** each
- ▶ The targets are **TSR\*** (30% weight) and **PBTA\*\*** (70% weight)
- ▶ A **threshold** value is envisaged for each target, below which no Share will be granted, and a performance **cap**
- ▶ **Minimum holding** and business continuity requirements are established in accordance with best market practices and the recommendations under the Corporate Governance Code.

#### Severance

Except for special cases, the following policy sets a maximum limit on severance pay, amounting to 24 months of remuneration calculated on the last fixed salary and the average of the variable remuneration received over a limited time span (generally a three-year period). Payment in lieu of notice and TFR as well as unused holiday leaves are excluded from this "cap".

*\*Compared with that of the companies included, for each Cycle of the Plan and for the duration of its Performance Period, in the FTSE Italia Mid Cap Index.*

*\*\* Growth, expressed as a percentage of Profit Before Taxes Adjusted per Share in the cycle.*

**MAIN REMUNERATION PROVISIONS  
FOR THE CHIEF EXECUTIVE OFFICER  
AND FOR KEY MANAGERS**





## REMUNERATION OF THE CHIEF EXECUTIVE OFFICER

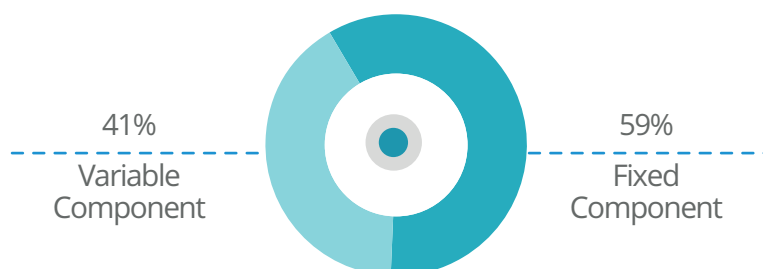
Focus on the variable component and other remuneration provi-

### STI - CASH

- Gate: Ebitda Group
- Max Opportunity: 70% of the fixed component
- Disclosure ex-ante of the KPI: \*



### Total cash pay mix



### LTIP EQUITY – PERFORMANCE SHARE PLAN 2019-2021

- KPIs :\* TSR\*\* (30% weight) and PBTA \*\*\* (70% weight)
- Threshold achieved and cap
- Minimum holding: to hold 20% of the maximum number of rights granted, in shares from 1<sup>st</sup> June of the last year for each cycle, up to vesting date

\* The Targets are not provided as they contain price sensitive information

\*\* Compared with that of the companies included, for each Cycle of the Plan and for the duration of its Performance Period, in the FTSE Italia Mid Cap Index

\*\*\* Growth, expressed as a percentage of Profit Before Taxes Adjusted per Share in the cycle.



## COMMITMENTS AND AGREEMENTS

### Non-competition Clause

To protect the Company against contingent competitive risks, a non-competition and non-poaching clause is envisaged where the term of office is not renewed.

The Chief Executive Officer undertakes, inter alia, not to engage directly or indirectly in any activity in the Group's business sector on Italian territory for the three years after the end of his term of office, either in his own name or in partnerships\* in companies competing with the Group in exchange for payment of a specific gross amount amounting to EUR 1,000,000 (one million and no/100) to be paid in 4 instalments of equivalent amount payable after the Expiration Date.

Infringement of this clause imposes the obligation to pay damages, in the amount calculated as at the date of the infringement, with a penalty for a maximum amount equal to double the consideration itself (without prejudice to compensation for the greater damage).

### Indemnities for early termination of office

Consistent with best market practices, if the position or office is revoked by the competent Bodies of the Company before the Expiration Date, an all-inclusive indemnity equal (at the approval date of the following Policy) to the sum of the fixed remuneration and the average of the variable remuneration received for only the last relevant year will be paid, upon waiver of any additional requests or claims vis-à-vis the Company. This indemnity does not apply to terminations with cause .

*\* Exception for purely financial shareholdings not exceeding 2% of the share capital of the competitor*







## REMUNERATION OF KEY MANAGERS

Focus on the variable component and other remuneration provisions





### STI - CASH

- ▶ Gate: Ebitda Group
- ▶ Max Opportunity: 52% of the fixed component
- ▶ Disclosure ex-ante dei KPI: \*






#### Key Managers and BoD members supervising a business unit/legal entity

COMPANY INDICATOR	WEIGHT
Group EBITDA (EUR Min) 	50%
INDIVIDUAL INDICATOR	WEIGHT
Business Unit EBITDA 	15% to 25%
Business Unit Revenues 	15% to 40%
Governance / Risk / Leadership 	10%

#### Key Managers and BoD members not supervising a business unit/legal entity

COMPANY INDICATOR	WEIGHT
Group EBITDA (EUR Min) 	50%
INDIVIDUAL INDICATOR	WEIGHT
Processes efficiently overseen 	20%
Support to Business Areas 	20%
Governance / Risk / Leadership 	10%

#### Remaining Key Managers

COMPANY INDICATOR	WEIGHT
Group EBITDA (EUR Min) 	50%
INDIVIDUAL INDICATOR	WEIGHT
Business Unit Revenues 	10% to 20%
Determining new processes / processes efficiently overseen 	10% to 20%
Launching new products / Business Development 	10% to 20%
Governance / Risk / Leadership 	10%

\* The Targets are not provided as they contain price sensitive information

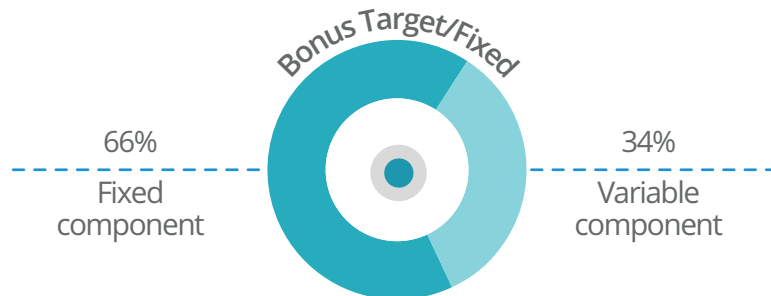


## REMUNERATION OF KEY MANAGERS

Focus on the variable component and other remuneration provisions

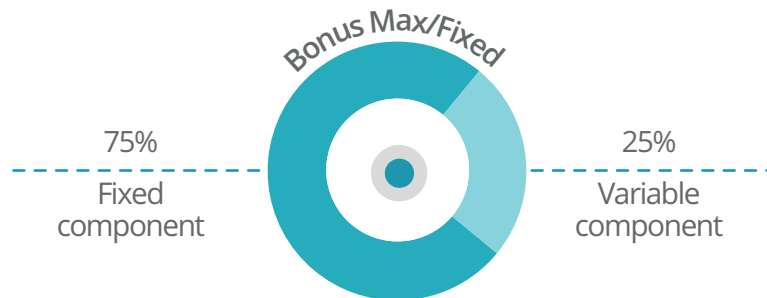
### STI - CASH

#### Total cash pay mix



### STI - CASH

#### Total cash pay mix



## LTIP EQUITY – PERFORMANCE SHARE PLAN 2019-2021

- ▶ KPIs :\* TSR\*\* (30% weight) and PBTA \*\*\* (70% weight)
- ▶ Threshold achieved and cap
- ▶ Minimum holding requirement:
  - To hold 10% of the maximum number of rights granted, in shares from 1<sup>st</sup> June of the last year for each cycle, up to vesting date
- ▶ Allocated the first and second Cycles. The last of the three-year Cycle is expectet to be completely allocated in 2018

\* The Targets are not provided as they contain price sensitive information

\*\* Compared with that of the companies included, for each Cycle of the Plan and for the duration of its Performance Period, in the FTSE Italia Mid Cap Index

\*\*\* Growth, expressed as a percentage of Profit Before Taxes Adjusted per Share in the cycle.









Cerved Information Solutions S.p.A.  
Via dell'Unione Europea n. 6/A-6/B  
20097 - San Donato Milanese (MI)

Phone: +39 02 77541 - Fax: +39 02 76020458

**[company.cerved.com](http://company.cerved.com)**