



compensation
report 2019



Governance

The Board of Directors has the overall responsibility for defining the compensation principles used in the Group. It approves the compensation of the members of the Board, its Chairman and the CEO. The Remuneration Policy was prepared by the SAR Committee ("**SARC**") of the Board of Directors. Please see the Corporate Governance Report for a detailed description of this committee. The goal of this Remuneration Policy is to recruit, retain and motivate high quality directors. The Group is committed to providing a total remuneration package that is consistent with sound industry practice and reflects the individual country practices, job market and geographic differences. The Group has a strong orientation toward achieving overall Group and personal goals. The SARC shall annually evaluate the performance of each executive director and each member of the executive management against these goals.

The Group believes that the amount and structure of the remuneration paid to executive directors and executive management shall be such that any independent and external company is willing to pay to a qualified and expert manager to run the business. The remuneration package shall include a fixed and a variable component. The level and structure of remuneration package is determined in the light of, among other things, an executive director's professional experience in so far as it is relevant to the performance of his or her duties, executive experience, experience in corporate governance of large companies, experience in ecommerce and tourism industries, specific know-how with respect to the business and corporate policy of the Group, specific competences in areas of management, finance, reporting and ecommerce and tourism industries. The remuneration policy may also be determined in relation to the Group's results, share price performance, and other relevant developments.

The remuneration of the non-executive directors is based on SARC discretion, consists of fixed fees and is paid out in cash.

The remuneration of the executive directors is based on SARC discretion, consists of fixed and variable fees and is paid out in cash.

The Remuneration Policy is published on the Group's website. https://imgroup.lastminute.com/~/_media/Files/B/Bravofly-Rumbo-Group/documents/governance-documents/2016/lmn_remuneration_policy.pdf

Principles of compensation for the Board of Directors and Executive Management

The remuneration of the members of the Board of Directors and the Executive Management is set to attract and retain highly qualified individuals. The level of remuneration reflects (i) the time and effort required from the members in fulfilling their responsibilities and (ii) the level of skills and experience of each member. The pay structure is designed to ensure the Board and management's focus on the long-term success of the Group. The remuneration package for the executive directors and for the members of the executive management shall also take into account any division of duties within the Board. The remuneration package and its structure shall also take into account any remuneration an individual executive director may receive (based on employment or non-employment status) from the Group or any of its direct and indirect subsidiaries (each a "Group"). In addition, members of the Board may receive remuneration for consultancy services provided to the Group. Such remuneration shall be at arm's length conditions and must be approved by the SARC. The competent body in charge for the determination of the compensation of the members of the Board of Directors and the Executive Management is the SARC. Normally, the SARC provides to review and recommend changes to the remuneration of the members of the Board of Directors and the Executive Management once a year, during its first reunion of the year. The SARC's role is to ensure that remunerations are at an appropriate level, effectively managed, to best match the business objectives of the Group reflecting competencies and market conditions in the various countries where the Group is operating. SARC also assists the Board in the approval of remuneration policies and practices.

Members of the SARC whose remuneration is proposed by the SARC have the right to attend the meeting during which remunerations are discussed, but they don't have any voting right about the decisions.

To ensure the integrity and independence of the choices of the SARC, all the meetings of the committee are at-

tended by external guests qualified to represent the interests of the Group and stakeholders, such as the Investor Relations and a senior manager of the People Department of the Group.

The Code requires that the non-executive directors of the Board shall analyse possible outcomes of the variable income components on executive directors' remuneration. A high-level scenario analysis is included in the annual determination of the variable element of executive directors' remuneration by the non-executive directors of the Board.

In addition to the above, as already done last year, during 2019 the Group has based its criteria for defining the remuneration of the Executive Management also taking into account the survey conducted by an international external consultant (Willis Towers Watson), which has provided an external and fair benchmark related to remuneration system in high tech companies existing actually.

Willis Towers Watson is one of the leading consultants for the People Department, particularly for the compensation area and for the comparison with the existing benchmarks in the market.

The Group chose Willis Towers Watson for various reasons including:

- the flexible methodology taking into consideration the Group's organisation;
- physical presence in all countries where lastminute.com operates;
- The number of high tech companies participating in the annual survey.

During the last years, the Group used this approach in order to map the first and second lines and some key roles. The results of the surveys and the benchmark against the market are helpful for top management and HR strategy, in order to (i) have an important idea on how the external market works, (ii) create career paths for the people, (iii) use the external market to retain and to better reward deserving people, (iv) give to new people a better compensation scheme as the role needs. The Group decided to have a comparison with the High Tech market because it is the most similar with the Group's business profile and roles and used determined percentages to calibrate the amount of the survey depending on the city where the Group's companies are based.

Compensation 2019 for the members of the Board of Directors and Executive Management

Board membership fees and allowances

The 2019 Annual General Meeting held on 8 May 2019 did not approve the remuneration proposal for the board of director's members.

The Board of Directors meetings held on 7 August 2019 and on 27 December 2019 approved to propose to the next general meeting the following remuneration, including contingent and deferred compensation, to be received by the directors in their role of directors, consultants or executive of the Group during the year ended 31 December 2019.

| in '000 Eur | | | | | | | |
|---|-------------------------|--------------------|--------------|---------|-------|--------------------|------------------------------------|
| Name | Qualification | Fixed Remuneration | Bonus | Options | Other | Total Compensation | Variable on Total Compensation (%) |
| Ottonel Popesco | Non-executive Chairman | 55 | - | - | - | 55 | 0% |
| Fabio Cannavale | Executive Director, CEO | 100 | 500 | - | - | 600 | 83% |
| Marco Corradino | Executive Director, COO | 100 | 750 | - | - | 850 | 88% |
| Roberto Italia | Non-executive director | 45 | - | - | - | 45 | 0% |
| Laurent Foata | Non-executive director | 25 | - | - | - | 25 | 0% |
| Anna Gatti | Non-executive director | 25 | - | - | - | 25 | 0% |
| Marcello Distaso | Non-executive director | 20 | - | - | - | 20 | 0% |
| Total remuneration to Board of Directors | | 370 | 1,250 | - | - | 1,620 | - |

As shown in the table above, there have been no options granted to the Board of Directors in 2019.

The remuneration of Mr. Cannavale and Mr. Marco Corradino is also related to their role as member of the Executive Management. The remuneration of the other members of the Board reflects the time and effort required from the members in fulfilling their Board and Committee responsibilities.

The overview of the compensation of the Non-executive Directors during the last 6 years is the following:

| in '000 Eur | | | | | | |
|------------------|------|------|------|------|------|------|
| Name/Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Ottonel Popesco | 30 | 30 | 80 | 80 | 45 | 55 |
| Roberto Italia | 30 | 30 | 35 | 40 | 40 | 45 |
| Laurent Foata | N/A | N/A | N/A | 20 | 20 | 25 |
| Anna Gatti | N/A | N/A | N/A | N/A | 25 | 25 |
| Marcello Distaso | N/A | N/A | N/A | N/A | 20 | 20 |

Compensation for Members of the Executive Management

As previously stated, 2019 remuneration proposal for the Executive Directors has not been approved by the 2019 Annual General Meeting.

If the last Board proposal is going to be approved by the next Annual General Meeting, the aggregate compensation, including bonuses, social security and pension contributions and other cost of compensation for the Group, for members of the Executive Management (consisting of 3 members in 2019) for the financial year 2019 would be EUR 1,850 thousand.

In the above case, the highest individual compensation should be related to Marco Corradino (COO) and amount to EUR 850,000.

The internal pay ratio between the average annual compensation of the Executive Directors and the average annual compensation of a Group's employee was 14.27:1 (2018: 1.36:1)

In relation to performance-related remuneration, all the eventual bonuses expected for the members of the Executive Management are paid in cash. The base salary is paid in monthly or quarterly instalments in cash. Performance-related remunerations are established and paid on the basis of financial parameters for 100% of the total variable remuneration; financial parameters are divided into Group objectives (i.e. Adjusted EBITDA and Gross margin of OTA segment).

The table below reflects the total compensation of the Executive Directors with the main financial performance indicators of the Group (Revenue and EBITDA):

| in '000 Eur | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|------------|------------|------------|------------|------------|
| Group Revenues | 249,656 | 261,537 | 259,150 | 290,511 | 349,045 |
| Group EBITDA | 16,546 | 23,760 | 8,496 | 27,255 | 55,348 |
| Fabio Cannavale (total compensation) | 508 | 508 | 558 | 100 | 600 |
| Compensation Over Revenues (%) | 0.20% | 0.19% | 0.22% | 0.03% | 0.17% |
| Compensation Over EBITDA (%) | 3.07% | 2.14% | 6.57% | 0.37% | 1.08% |
| Marco Corradino (total compensation) | N/A | 20 | 20 | 20 | 850 |
| Compensation Over Revenues (%) | N/A | 0.01% | 0.01% | 0.01% | 0.24% |
| Compensation Over EBITDA (%) | N/A | 0.08% | 0.24% | 0.07% | 1.54% |

In addition to the remuneration mentioned above, members of the Executive Management were entitled to certain fringe benefits including arrangements related to health insurance and occupational disability, personal accident insurance, company car scheme and a director's and officer's liability insurance against damage resulting from their conduct when acting in the capacities as member of the Executive Management.

Loans

No loans and credits have been granted to current or former members of the Board of Directors and Executive Management, nor to persons related to them, and no loans or credits to those members and related persons were outstanding on 31 December 2019.

Additional fees and remuneration of the Board of Directors and Executive Management

There are no additional fees and remuneration granted to the Directors.

Amsterdam, 6 April 2020

The Board of Directors,
Executive Board Members

Mr. F. Cannavale
Mr. M. Corradino

Annex 1: Definitions

As used in this Corporate Governance Report in capitalized form, the following terms shall have the following meaning:

- **“Company”** and/or **“lm holding”** shall refer to lastminute.com NV, with a registered seat based in Amsterdam (The Netherlands), Prins Bernhardplein 200.
- **“Board”** and/or **“Board of Directors”** shall refer to the Company’s board of directors.
- **“CEO”** shall mean chief executive officer.
- **“Group”** and/or **“LM group”** shall refer to the Company and all of its direct and indirect subsidiaries, including the Other Segments.
- **“Group CEO”** shall mean the CEO of the Group.
- **“lastminute.com”** shall refer to the business pillar OTA, META and Media.
- **“lastminute.com CEO”** shall mean the CEO of lastminute.com.
- **“Media”** shall mean the sale of online advertising primarily on the proprietary OTA and META websites and database and, to a lesser extent, on third party partners’ available spaces.
- **“META”** (Meta-search) shall mean the business generated in the Group websites focused on directing traffic, in exchange for a commission, to the sites of OTAs, airlines, hotel providers and other direct providers.
- **“OTA”** (Online Travel Agency) shall mean the intermediation of touristic services and organization of dynamic packages. It represents the traditional business of the Group.
- **“Other Segments”** shall refer to the ventures that constitute a separate operating segment.

Contacts

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