

**ANNUAL REMUNERATION REPORT  
OF DE' LONGHI S.P.A.**

MARCH 2018

**DE' LONGHI S.P.A.** – Registered office: Via Lodovico Seitz 47, Treviso (Italy)  
Share capital: € 224,250,000.00 fully paid up – Tax code and Registration number with  
the Company Register of Treviso 11570840154

**SUMMARY**

Definitions .....	4
Preamble .....	7
<b>SECTION I – REMUNERATION POLICY 2018 .....</b>	<b>8</b>
<b>1. <i>Policy aims and principles</i> .....</b>	<b>9</b>
1.1 Aims .....	9
1.2 General Principles .....	9
1.3 Scope of application.....	10
1.4 Changes compared to the previous financial year .....	10
<b>2. <i>Governance of the remuneration process</i> .....</b>	<b>11</b>
2.1 The bodies and persons involved.....	11
2.2 Remuneration and Appointments Committee.....	13
2.3 Independent experts involved in the preparation of the Policy .....	16
2.4 Process for defining and approving the Policy .....	16
<b>3. <i>Description of the Policy</i> .....</b>	<b>17</b>
3.1 Compensation of members of the Board of Directors .....	17
3.1.1 Compensation of non-executive directors.....	18
3.1.2 Compensation of executive directors .....	18
a) <i>Chairman of the Board of Directors</i> .....	19
b) <i>Vice Chairman, Chief Executive Officer and Key Manager with             Strategic Responsibilities</i> .....	19
c) <i>Director and Key Manager with Strategic Responsibilities in relation             to the role of the Group’s Chief Corporate Services Officer</i> .....	21
3.2 Compensation of Key Managers with Strategic Responsibilities and Other Executives .....	22
3.2.1 Compensation of the Financial Reporting Manager .....	23
3.2.2 Compensation of the Internal Audit Manager.....	23
3.3 Short-term incentives: Annual variable component (MBO).....	23
3.4 Medium/long-term incentives .....	25
3.4.1 LTI Cash PLANS .....	25
3.4.2 Share-based compensation plans.....	27
3.5 Non-monetary benefits.....	29
3.6 Indemnity in the event of resignation, dismissal without just cause or termination of employment following a public takeover bid .....	29
3.7 Compensation of members of the Board of Statutory Auditors .....	30

<b>SECTION II – COMPENSATION PAID DURING 2017 AND OTHER INFORMATION</b> .....	31
<b>1. Compensation paid during 2017</b> .....	32
A) Table 1 – Annex 3A, Scheme 7-bis of the Issuers' Regulation .....	33
<b>2. Stock Options assigned to members of the Board of Directors,</b> General Managers and Other Key Managers with Strategic Responsibilities .....	39
A) Table 2 - Stock Options assigned to members of the Board of Directors, General Managers and other Key Managers with Strategic Responsibilities.....	40
<b>3. Monetary incentive plans</b> .....	41
A) Table 3B: Monetary incentive plans in favour of members of the Board of Directors and General Managers and other Key Managers with strategic responsibilities.....	42
<b>4. Interests held by the members of the Board of Directors and Board of Statutory Auditors at 31 December 2017</b> .....	44
A) Table 1 – Annex 3A, Scheme 7-bis of the Issuers' Regulation .....	45

## DEFINITIONS

Below are the main definitions concerning the general remuneration policy of De' Longhi S.p.A. used in this report, in addition to those indicated in the main text.

<b>OTHER EXECUTIVES</b>	Executives of De' Longhi S.p.A. other than the Company managers qualified by the Board of Directors as Key Managers with Strategic Responsibilities.
<b>SHAREHOLDERS' MEETING</b>	The Meeting of Shareholders of De' Longhi S.p.A.
<b>SHARES</b>	Listed on the standard Mercato Telematico Azionario managed by Borsa Italiana S.p.A.
<b>INDEPENDENT COMMITTEE OR IC</b>	The " <i>Independent Committee</i> " of De' Longhi S.p.A.
<b>CONTROL AND RISKS COMMITTEE OR CRC</b>	The " <i>Control, Risks and Corporate Governance Committee</i> " of De' Longhi S.p.A.
<b>REMUNERATION AND APPOINTMENTS COMMITTEE OR RAC</b>	The " <i>Remuneration and Appointments Committee</i> " of De' Longhi S.p.A.
<b>CCNL</b>	The National Collective Agreement for executives of companies producing goods and services.
<b>CORPORATE GOVERNANCE CODE</b>	Corporate Governance Code for listed companies prepared by the Corporate Governance Committee, promoted by Borsa Italiana (July 2015 edition) and available on the website: <a href="http://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/corporategovernance.htm">http://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/corporategovernance.htm</a>
<b>CONSOB</b>	Italian Securities and Exchange Commission with registered office in Rome, Via G. B. Martini 3.
<b>BOARD OF STATUTORY AUDITORS</b>	The " <i>Board of Statutory Auditors</i> " of De' Longhi S.p.A.
<b>BOARD OF DIRECTORS</b>	The " <i>Board of Directors</i> " of De' Longhi S.p.A.
<b>DE' LONGHI S.P.A.</b>	

<b>OR DE' LONGHI OR COMPANY</b>	De' Longhi S.p.A., with registered office in Via Lodovico Seitz 47, Treviso, Italy.
<b>KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES</b>	Managers of the Group identified by the Board of Directors who – in accordance with the provisions of Annex 1 to Consob Regulation no. 17221 of 12 March 2010 containing the rules for transactions with related parties, as subsequently amended – have the power and the responsibility, whether directly or indirectly, for planning, directing and controlling the De' Longhi Group's activities. In particular, for the purposes of this Report, in addition to the CEO, the following are considered Key Managers with Strategic Responsibilities: the Chief Financial Officer, the Chief Strategy and Control Officer, the Chief Corporate Services Officer, the Chief Operations and Technology Officer, the Chief Marketing Officer and the Chief Commercial Officer.
<b>DE' LONGHI GROUP OR GROUP</b>	All the companies included in the consolidation scope of De' Longhi S.p.A.
<b>MERCATO TELEMATICO AZIONARIO</b>	The Italian electronic stock market organised and managed by Borsa Italiana S.p.A.
<b>MBO</b>	The annual variable component of the compensation for the position of Executive Director or for an employment contract as an executive, awarded based on the achievement of pre-defined business objectives, illustrated in subsection 3.4 of Section I of this Report.
<b>OPTIONS</b>	The options assigned to the beneficiaries of the Stock Options Plan
<b>STOCK OPTIONS PLAN</b>	The “ <i>Stock Options Plan 2016-2022</i> ” reserved for the Company’s CEO and the De' Longhi Group’s top management, approved by the Shareholders’ Meeting held on 14th April 2016.
<b>LTI CASH PLAN 2015-2017</b>	The cash incentive plan called “ <i>LTI Cash Plan 2015-2017</i> ” reserved for top management and the key resources of the De' Longhi Group, approved by the Board of Directors at the meeting held on 11 November 2015.

**LTI CASH PLAN 2018-2020**

The cash incentive plan called “*LTI Cash Plan 2018-2020*” reserved for top management and the key resources of the De’ Longhi Group, currently being drafted by the RAC, which will be submitted to the approval of the Board of Directors during the 2018 financial year.

**OPC PROCEDURE**

The “*Procedure for transactions with related parties of the De’ Longhi S.p.A Group*” prepared in accordance with Consob Regulation no. 17221/2010, approved by the Company's Board of Directors on 12 November 2010 and taking effect on 1 January 2011 and subsequently updated at the meeting held on 12 November 2013.

**GROSS ANNUAL REMUNERATION  
OR GAR**

The gross fixed annual component of the compensation for those who have an employment relationship with one of the companies in the Group.

**ISSUERS’ REGULATION**

Implementation Regulation of Legislative Decree n° 58 of 24 February 1998, concerning the issuers' regulation, adopted by Consob with Resolution no. 11971 of 14 May 1999 and subsequent amendments and additions.

**OPC REGULATION**

The “*Regulation concerning transactions with related parties*” adopted by Consob with Resolution no. 17221 of 12th March 2010 subsequently amended and supplemented by Consob with Resolution no. 17389 of 23rd June 2010 and its subsequent amendments and/or additions and/or interpretations.

**CONSOLIDATED LAW ON FINANCE  
OR TUF**

Legislative Decree n° 58 of 24th February 1998 (“Consolidated Law on the regulations concerning financial intermediation”) and subsequent amendments and additions.

**PREAMBLE**

This "Annual Report on Remuneration of De' Longhi S.p.A." (hereinafter the "**Report**") has been approved by the Company's Board of Directors upon the proposal of the Remuneration and Appointments Committee, on 1 March 2018, in compliance with the current legal and regulatory obligations laid down, in particular, by Art. 123-ter of the TUF and Art. 84-quater of the Issuers' Regulation.

The Report explains:

- in **Section I**, the policy adopted for the financial year 2018 with regard to the compensation of the Company's Directors, Statutory Auditors, the General Manager (if appointed) and Key Managers with Strategic Responsibilities (hereinafter also the "**Policy**" or the "**Remuneration Policy**") and the procedures employed to adopt and implement the same Policy;
- in **Section II**, (i) the compensation paid to the Company's Directors, Statutory Auditors and Key Managers with Strategic Responsibilities in 2017; (ii) information on interests held in the Company and in its subsidiaries by members of the Board of Directors and Board of Statutory Auditors.

To better understand the contents of this Report, it should be noted that the Company is a holding company that engages in shareholding management activities and centralised services for subsidiaries.

The contents of this Report:

- a) are made available to the public, at the Company's office and on its website [www.delonghigroup.com](http://www.delonghigroup.com) – in the section "*Investor Relations / Governance / Annual Shareholders' Meetings /2018*", and on the authorised storage mechanism IINFO accessible on the website [www.iinfo.it](http://www.iinfo.it) – by the 21st day before the date the shareholders' meeting is convened to approve the financial statements for the year 2017;
- b) are then submitted to the Shareholders' Meeting for the purposes described in Art. 123-ter of the TUF and Art. 84-quater of the Issuers' Regulation, and in accordance with and for the purposes set out in Art. 13, paragraph 3(b) of the OPC Regulation and Art 9.1(c) of the OPC Procedure.

## **SECTION I**

### **REMUNERATION POLICY 2018**

## 1. POLICY AIMS AND PRINCIPLES

### 1.1 AIMS

The Remuneration Policy of De' Longhi S.p.A. is defined in accordance with the governance model adopted by the Company and the recommendations of the Corporate Governance Code in order to:

- (i) align the interests of management with those of shareholders, pursuing the primary objective of creating sustainable value over the medium-long term by establishing a strong link between pay and performance;
- (ii) attract, retain and motivate people with the necessary personal and professional qualities to achieve the company's business development objectives, based on competitive company pay packages over the medium/long-term compared to the external market;
- (iii) acknowledge merit in order to adequately place a value on the individual contribution of managers.

These aims historically constitute the fundamental point of reference for the definition of the compensation policies of the Issuer and of the De' Longhi Group.

### 1.2. GENERAL PRINCIPLES

In view of the aforementioned aims, the compensation of Directors, Statutory Auditors, General Manager (if appointed) and Key Managers with Strategic Responsibilities is defined in accordance with the following principles and criteria:

- compensation of non-executive Directors is proportionate to the commitment required also with regard to participation in board committees;
- adequately balanced compensation structure for directors with executive powers, the General Manager (if appointed) and any other Key Managers with Strategic Responsibilities in order to ensure the essential coherence between short-term development objectives and sustainability in the creation of value for shareholders over the medium/long-term; more particularly, the compensation structure consists of:
  - (i) a *fixed component* which is appropriate for the powers and/or responsibilities assigned;
  - (ii) a *variable component* defined with maximum limits and aimed at remunerating performance expected over the medium/long-term;
- consistency of the total compensation (for each type of position) compared to those on the market which are applicable for similar positions and for the importance of the selected competition panel, through specific salary comparison analyses, also conducted with the support of leading consulting firms;
- objectives connected with variable compensation which are predetermined, measurable and defined in such a way as to ensure, through vesting periods and varied parameters, the compensation of performance over the short- as well as the medium/long-term and based on the results achieved;

- periodic review of pay packages based on overall company and personal performance, the potential for future development of the individual and the competitiveness and attractiveness of salaries compared to market values;
- different modulation between the annual fixed component and short-term variable compensation (MBO) with regard to the nature of the position held in the company and the responsibilities assigned in order to ensure the sustainability of the business results and the creation of value for shareholders over the medium-long term;
- benefits in line with the relevant salary market practices and consistent with local regulations in order to complete and enhance the total compensation package taking the positions and/or assigned responsibilities into account.

### ***1.3 SCOPE OF APPLICATION***

The Policy sets out the principles and guidelines which the Company follows with regards to remuneration and applies to Directors, Statutory Auditors, the General Manager (if appointed) and Key Managers with Strategic Responsibilities.

The Company's Board of Directors, at the meeting held on 1 March 2018, defined who, in addition to the CEO, are Key Managers with Strategic Responsibilities. They are the Chief Financial Officer, the Chief Strategy and Control Officer, the Chief Corporate Services Officer, the Chief Operations and Technology Officer, the Chief Marketing Officer and the Chief Commercial Officer.

The Policy has been prepared in line with the contents of the Issuers' Regulation and in consideration of the recommendations on compensation contained in the Corporate Governance Code as most recently amended in the July 2015 edition. The recommendations formulated on this subject by the Corporate Governance Committee promoted by Borsa Italiana S.p.A. and contained in the letter dated 13 December 2017 that the Chairman of the same committee sent to the Company's Chairman were taken into consideration when defining the Policy.

Companies directly and indirectly controlled by De' Longhi determine their compensation policies by applying principles and guidelines similar to those of the Company.

### ***1.4 CHANGES COMPARED TO THE PREVIOUS FINANCIAL YEAR***

As of the date this Report is approved, no substantial changes to the aims, general principles and scope of application of the remuneration policy applied by the Company in 2017 are envisaged.

\* \* \*

## 2. GOVERNANCE OF THE REMUNERATION PROCESS

### 2.1 THE BODIES AND PERSONS INVOLVED

De' Longhi's Remuneration Policy is defined in accordance with the regulatory provisions and by taking into account the provisions contained in the Articles of Association, according to which:

#### • Annual Shareholders' Meeting

- a) determines the compensation for each member of the Board of Directors and the Executive Committee, if appointed, as well as for the Statutory Auditors, at the time of their appointment and throughout the term of office;
- b) resolves in favour of or against the Remuneration Policy (defined by the Board of Directors upon the proposal of the Remuneration and Appointments Committee) in accordance with Art. 123-ter, para. 6 of the TUF. The resolution is not binding and the voting results must be disclosed to the market pursuant to Art. 125-quater, para. 2 of the TUF;
- c) receives adequate information on the implementation of the Remuneration Policy;
- d) resolves on the compensation plans based on financial instruments for directors, employees and collaborators, including Key Managers with Strategic Responsibilities, pursuant to Art. 114-bis of the TUF;

#### • Board of Directors:

- a) having examined the proposals of the Remuneration and Appointments Committee and having heard the Board of Statutory Auditors, determines the additional compensation of the Chairman, the Vice Chairman and the Chief Executive Officer, and any other directors holding particular positions; the Board of Directors also determines the compensation to be paid to Directors for their participation in board committees;
- b) defines, upon the proposal of the Remuneration and Appointments Committee, the Company's Remuneration Policy;
- c) approves the Remuneration Report, in accordance with Art. 123-ter of the TUF;
- d) prepares, with the assistance of the Remuneration and Appointment Committee, the compensation plans based on shares or other financial instruments and submits them to the Shareholders' Meeting for its approval in accordance with Art. 114-bis of the TUF and, as authorised by the Shareholders' Meeting, ensures their implementation using the Remuneration and Appointments Committee;
- e) prepares, with the help of the Remuneration and Appointments Committee, the medium/long-term cash incentive plans and is responsible for their implementation by making use of the Remuneration and Appointments Committee;
- f) establishes among its members a Remuneration and Appointments Committee in accordance with the principles of the Corporate Governance Code.

In line with the Company's corporate governance, the Board of Directors also:

- g) defines the objectives and approves the business results and the performance plans to which the determination of directors' variable compensation is connected, if provided;
- h) approves the general criteria for the compensation of Key Managers with Strategic Responsibilities;
- i) define, upon the proposal of the Director responsible for the internal control and risk management system and the favourable opinion of the Control and Risks Committee,

and having heard the Board of Statutory Auditors, the compensation structure for the Internal Audit Manager, in line with the Company's remuneration policies.

• **Remuneration and Appointments Committee:**

- a) submits for the approval of the Board of Directors, within the time limits established by law, the Remuneration Report and in particular the Remuneration Policy for directors and Key Managers with Strategic Responsibilities, for presentation at the Shareholders' Meeting convened for the approval of the financial statements;
- b) periodically assesses the adequacy, overall coherence and practical application of the remuneration policy adopted for directors and Key Managers with Strategic Responsibilities, using the information provided by the Chief Executive Officer; submits proposals on this subject to the Board of Directors;
- c) submits proposals or expresses opinions to the Board of Directors regarding the compensation of executive directors and other directors holding particular positions as well as the setting of performance objectives related to the variable component of such compensation;
- d) monitors the implementation of the resolutions adopted by the board itself and verifies, in particular, whether the performance objectives have effectively been achieved;
- e) assists the Board of Directors in the preparation and implementation of (i) compensation plans based on shares or other financial instruments and (ii) medium/long-term cash incentive plans;
- f) reports to the shareholders on the manner of performing its functions; to this end, the presence of the Chairman of the Remuneration and Appointments Committee or other member of the Committee at the Annual Shareholders' Meeting is recommended;
- g) if it deems it necessary or appropriate for performing the tasks it is assigned, makes use of external consultants who are experts in remuneration policies; the experts must be independent and, therefore, for example, must not engage in important activities for the Human Resources function of De' Longhi, the controlling shareholders of De' Longhi or the Company's directors or Key Managers with Strategic Responsibilities. The independence of external consultants is verified by the Remuneration and Appointments Committee before their appointment.

In connection with the functions attributed to it by the Board of Directors regarding appointments, the Remuneration and Appointments Committee also:

- h) submits opinions to the Board of Directors concerning the size and composition of the same and makes recommendations regarding the professionals whose presence on the Board is considered advisable;
- i) makes recommendations concerning the maximum number of positions as director or auditor held in other companies listed on regulated markets (also abroad), in financial, banking, insurance companies or large companies that may be considered compatible with the effective performance of the position of director of the issuer;
- l) makes recommendations concerning the Board's authorisation, in general and beforehand, of any exceptions to directors' non-competition restrictions laid down by Art. 2390 of the Italian Civil Code and with regard to any problematic issues;
- m) proposes candidates for the office of director to the Board of Directors in cases of co-option, if it is necessary to replace the independent directors.

• **Chief Executive Officer:**

- a) submits proposals for medium/long-term incentive plans to the Remuneration and Appointments Committee, including any plans based on financial instruments or, where appropriate, assists the Committee in the preparation of the same;
- b) upon the instructions of the Board of Directors, prepares and implements, in accordance with the approved guidelines on the remuneration policy and with the collaboration of the Group's Human Resources & Organization Department: (i) remuneration policy interventions for the individual executive, quantifying such interventions in consideration of the office held in the corporate organization, the professional skills, performance, potential for development as well as the competitive positioning of the compensation packages compared to the market value for the office held, while keeping within the amounts set aside in the budget; (ii) incentive systems to which the maturation of the annual MBO of Other Key Managers with Strategic Responsibilities and the Other Executives of the Company are linked;
- c) provides the Remuneration and Appointments Committee with any relevant information in order to enable it to assess the adequacy and effective application of the Remuneration Policy;

• the **Board of Statutory Auditors** has an advisory role in the context of which:

- a) it prepares the opinions required by law and, in particular, expresses its opinion with regard to the proposed compensation of directors vested with particular duties, in accordance with Art. 2389, paragraph 3 of the Italian Civil Code; in expressing its opinion the Board of Statutory Auditors verifies the proposals submitted by the Remuneration and Appointments Committee to the Board of Directors with the Company's Remuneration Policy;
- b) at the invitation of the Remuneration and Appointments Committee, it participates via its Chairman or other designated Statutory Auditor, in the meetings of the same Committee.

The Remuneration Policy is defined after a formalized process (described in section 2.3) involving the Remuneration and Appointments Committee, the Board of Directors and the Group's Human Resources & Organisation Department.

## 2.2 REMUNERATION AND APPOINTMENTS COMMITTEE

De' Longhi's *Remuneration and Appointments Committee* (in this section also the "**Committee**") was set up by the Company's Board of Directors within the Board itself with resolution dated 1 March 2007.

The Remuneration and Appointments Committee currently in office for the three-year period 2016-2017 was appointed by the Board of Directors at the meeting held on 14 April 2016 and, in line with the recommendations contained in the July 2015 edition of the Corporate Governance Code, is composed of the following non-executive directors, the majority of whom are independent:

- ALBERTO CLÒ – independent director who acts as Chairman;
- CRISTINA PAGNI – independent director;
- CARLO GARAVAGLIA – director.

In accordance with the principles of corporate governance, the composition of the Committee currently in office guarantees the presence of persons who, in consideration of their professional experience, possess the necessary knowledge and experience in financial matters as well as remuneration policies, since the majority of its members have served on remuneration committees of other listed companies.

At the meeting held on 14th April 2016, the Board of Directors also assigned the responsibilities to the Committee in accordance with framework resolution on corporate governance adopted by the Board of Directors on 18th December 2012 in compliance with Art. 7 of the Corporate Governance Code and the provisions of application criteria 5.C.1 of the same Corporate Governance Code (for a list of the individual functions assigned to the Committee, please see section 2.1 of this Report).

The work of the Remuneration and Appointments Committee is coordinated by the Chairman and the meetings are minuted and the minutes are entered into the appropriate book.

In compliance with the governance principles, no Director takes part in the Remuneration and Appointments Committee meetings where the proposals to be submitted to the Board of Directors regarding their compensation are prepared.

In the performance of its duties, the Committee has the authority to access the information and business functions necessary for the execution of its duties, and to avail itself of external consultants.

It should be noted that the Board of Directors has not allocated an *ad hoc* budget for the Remuneration and Appointments Committee, but from time to time, when the Committee deems it necessary or appropriate to use external consultants, the Company makes the resources necessary to perform its duties available to the same. In the case of recourse to external consultants, the Remuneration and Appointments Committee first verifies that the same are not in a position that would compromise their independence of judgement.

#### Activities carried out in 2017

During 2017 the Compensation and Appointments Committee met 4 (four) times in total: on 11 January, 9 February, 1 March and 19 December 2017 with an attendance of 100% of its members and for an average duration of 1 hour 30 minutes for each meeting. At least one member of the Board of Statutory Auditors attended all the meetings of the Remuneration and Appointments Committee. More specifically, representing the Board of Statutory Auditors, the Chairman attended 2 (two) of the 4 (four) Committee meetings, and another Auditor attended 2 (two) meetings. All the Committee meetings were attended, at the invitation of the Chairman, by the Group's Chief of Human Resources who acted as Secretary of the Committee. Some of the Remuneration and Appointments Committee meetings were attended by non-members who were invited by the Committee for specific items on the agenda.

The Committee was mainly involved in the following activities during 2017: (i) proposal for defining Silvia de' Longhi's remuneration as a Key Manager with Strategic Responsibilities (in particular, as Chief Corporate Services Officer) of the De' Longhi Group; (ii) the start of preparatory work for the definition of the Company's remuneration policy for 2017, under Art. 123-ter of the TUF; (iii) assessment of the

fairness, overall consistency and practical application of the remuneration policy for directors and Key Managers with Strategic Responsibilities adopted for the year 2016; (iv) preparation of the Company's remuneration policy for 2017, under Art. 123-ter of the TUF, to be submitted to the Board of Directors for approval and, then, to the non-binding vote of the Shareholders' Meeting; (v) verification of the degree to which the performance objectives defined for the year 2016 and correlated to the MBOs have been achieved (related to the employment relationship as the Company's Key Manager with Strategic Responsibilities and to the term of office as the Chief Executive Officer) for the Vice Chairman and Chief Executive Officer and Key Manager with Strategic Responsibilities - Fabio de' Longhi; (vi) definition of the performance objectives to which the MBOs for 2017 will be linked (related to the employment relationship as a Key Manager with Strategic Responsibilities and to the term in office as the Chief Executive Officer) for the Company's Vice-Chairman and Chief Executive Officer and Key Manager with Strategic Responsibilities; definition of the related claw-back provisions; (vii) start of work to prepare the new LTI Cash Plan 2018-2020 reserved for the Group's top management; (viii) start of preparatory work for the definition of the Remuneration Policy for 2018.

In the first months of the financial year the Committee met three times (on 31 January, 22 February and 1 March 2018).

With reference to the functions attributed to it regarding remuneration, the Committee has carried out the following activities: (i) conclusion of work to prepare the Company's remuneration policy for 2018, under Art. 123-ter of the TUF, to be submitted for the approval of the Board of Directors and, then, to the non-binding vote of the Shareholders' Meeting; (ii) evaluation of the recommendations regarding remuneration policies formulated by the Chairman of the Corporate Governance Committee promoted by Borsa Italiana S.p.A. in the letter dated 13 December 2017; (iii) assessment of the fairness, overall consistency and practical application of the remuneration policy to directors and Key Managers with Strategic Responsibilities adopted for the year 2017; (iv) verification of the degree to which the performance objectives defined for the year 2017 and correlated to the MBOs have been achieved (related to the employment relationship as the Company's Key Manager with Strategic Responsibilities and to the term of office as the Chief Executive Officer) for the Vice Chairman and Chief Executive Officer and Key Manager with Strategic Responsibilities and preparation of the proposed payment of bonuses to the Board of Directors; (v) final balance of the LTI Cash Plan 2015-2017 based on the results of the 2017 financial year; (vi) definition of the performance objectives to which the MBOs for 2018 will be linked (related to the employment relationship as Key Manager with Strategic Responsibilities and to the term of office as the Chief Executive Officer) for the Vice Chairman and Chief Executive Officer and Key Manager with Strategic Responsibilities; definition of the related claw back provisions; (vii) attribution of an MBO for the Executive Director Silvia de' Longhi with reference to her employment relationship as a Key Manager with Strategic Responsibilities, definition of the related performance objectives for the year 2018 and related claw back provision; (viii) Stock Option Plan 2016 – 2022. Proposal for the administrative management of the plan by an external company and investigation on managing special situations if the beneficiary terminates the employment relationship; (ix) continuation of work to prepare the new LTI Cash Plan reserved for the Group's top management.

With reference to the functions attributed to it regarding appointments, the Committee carried out the following activities: (i) evaluation of the recommendations on appointments formulated by the Chairman of the Corporate Governance Committee promoted by Borsa Italiana S.p.A. in the letter dated 13 December 2017; (ii) examination of the CV of a potential candidate in view of a possible enlargement of the Board of Directors; (iii) evaluation of the possible adoption of the diversity policy regarding the composition of the Board of Directors and Board of Statutory Auditors under Art. 123-*bis*, para. 2(d-*bis*) of the TUF.

### ***2.3 INDEPENDENT EXPERTS INVOLVED IN THE PREPARATION OF THE POLICY***

The remuneration structure envisaged by the Policy was defined by the Company also based on market remuneration benchmarks (for companies considered comparable) produced by the consulting firm Mercer Italy S.p.A., which provides methodological support and market benchmarks on Execution Compensation. De' Longhi also monitors market trends and best practices.

### ***2.4 PROCESS FOR DEFINING AND APPROVING THE POLICY***

The Remuneration Policy is submitted to the approval of the Board of Directors each year upon the proposal of the Remuneration and Appointments Committee. To draft the Policy the Remuneration and Appointments Committee is assisted by the Group's Human Resources & Organisation Department in order to collect market data in terms of practices, policies and benchmarking to be used to better prepare the policy, and, as already specified in section 2.3, also involves, where necessary, independent experts.

De' Longhi's Board of Directors, having examined and approved the Policy, submits it – in compliance with the provisions of Art. 123-*ter* of the TUF – to the non-binding vote of the Shareholders' Meeting, and makes it available at least 21 days before the Meeting is convened.

In order to the prepare this Policy, the Compensation and Appointments Committee has defined - as part of its duties - the structure and contents of the same in the meetings held on 19 December 2017, 31 January 2018, 22 February 2018 and 1 March 2018.

This Policy was then approved by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, in the meeting held on 1 March 2018, at the same time as the approval of this Remuneration Report.

\* \* \*

## **3. DESCRIPTION OF THE POLICY**

The main features of the Remuneration Policy are highlighted below, in terms of the elements of the pay package and their determination, for the various offices identified by the provisions and regulations in force as well as for Other Executives.

### 3.1 REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

Among the members of the Board of Directors it is possible to distinguish between:

- Executive Directors vested with special duties who can also be assigned specific functions (“*Executive Directors*”);
- Directors not vested with special duties (“*Non-Executive Directors*”).

The assignment of powers to directors for emergencies only is not sufficient, in itself, for them to be identified as Executive Directors.

In the Board of Directors in office on the date of this Report it is possible to identify as:

- Executive Directors: the directors Giuseppe de' Longhi (Chairman), Fabio de' Longhi (Vice Chairman and the Company's Chief Executive Officer and Key Manager with Strategic Responsibilities) and Silvia de' Longhi (Director and Key Manager with Strategic Responsibilities in relation to her role as the Group's Chief Corporate Services Officer);
- Non-Executive Directors: the directors Alberto Clò, Luisa Maria Virginia Collina, Renato Corrada, Carlo Garavaglia, Cristina Pagni, Stefania Petruccioli, Giorgio Sandri and Silvio Sartori.

Pursuant to Art. 2389 of the Italian Civil Code, the compensation of all the members of the Board of Directors is determined at the time of their appointment: the Shareholders' Meeting sets the gross annual compensation for each director for their term of office.

The Shareholders' Meeting held on 14 April 2016 set the annual gross compensation of each member of the Board of Directors appointed for the three-year period 2016-2018 at € 45,000.00 and authorised the Board of Directors to define any further compensation for directors vested with special duties in accordance with the memorandum of association, pursuant to Art. 2389, third paragraph of the Italian Civil Code.

The members of the Board of Directors are reimbursed for documented expenses incurred in carrying out their duties.

#### 3.1.1 REMUNERATION OF NON-EXECUTIVE DIRECTORS

In addition to that described in subsection 3.1 above, the Remuneration Policy for the Company's Non-Executive Directors provides, in compliance with the principles of corporate governance, the allocation of a fixed compensation and/or predetermined fees for attending committees established within the Board of Directors which is set by the Board.

The Board of Directors meeting held on 14th April 2016 set the fees for the three-year period 2016-2018 for participating in the meetings of committees set up within the Board. The following fees were set: (i) € 1,500 for the Chairmen and (ii) € 1,000 for the other members, for each meeting they attend of the committee they belong to.

In line with the best practices, no variable component of the compensation is envisaged for Non-Executive Directors.

### 3.1.2 REMUNERATION OF EXECUTIVE DIRECTORS

The Remuneration Policy for De' Longhi's Executive Directors envisages, in addition to that described in subsection 3.1.1 above, acknowledgement of additional compensation determined according to the office held and the respective responsibilities.

This compensation is set, in accordance with Art. 2389, third paragraph of the Italian Civil Code, by the Board of Directors upon the proposal of the Remuneration and Appointments Committee after having heard the opinion of the Board of Statutory Auditors.

In order to define this compensation, the Remuneration and Appointments Committee assesses the trend of the results achieved and the positioning of the Executive Directors' total compensation package in relation to market values for similar position taken from a representative sample of leading companies (also listed companies) operating in the sector the Company belongs to (or related and/or similar sectors), or in other business contexts.

The compensation of Executive Directors provides for:

- (i) a *fixed component* which guarantees adequate and definite basic compensation for the work of executive directors as recompense for the position held in terms of breadth of responsibilities and impact on the business, reflecting the experience, skills and competencies required for each position, as well as the level of excellence demonstrated and the overall quality of the contribution to the business results. The work of the executive directors cannot be compensated with only variable instruments which could lead to zero pay-out in the event of adverse market conditions not ascribable to the directors themselves;
- (ii) a *variable component* linked to the achievement of economic/financial results, any other specific predetermined and measurable objectives (namely those linked to the increase of De' Longhi's share value on the Italian Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A.) and such as to ensure interest in pursuing value creation for the shareholders in the short and medium-long term. There is a partial deferment of the amounts accrued.

In line with the provisions of the Corporate Governance Code for listed companies which the Company has adopted, "claw-back" clauses will be applied at contract level to the variable component of the Compensation for Executive Directors, which envisage the possible restitution of all or part of the amounts paid, or the non-payment of compensation accrued but not yet paid, if they have been determined based on data that in the following three years prove to be manifestly incorrect.

The relationship between the fixed and variable components in the total package is structured in such a way that it focuses management's attention on growth and sustainability of the results over the medium term, reducing the risks of unbalanced trends in the short term.

In the case where the Executive Directors have an existing employment relationship with the Company or with the Group, they enjoy non-monetary benefits similar to those envisaged for the Company's Other Executives.

**a) Chairman of the Board of Directors**

In application of the guidelines outlined above, the compensation of the Chairman of the Board of Directors in office on the date of this Report is broken down into:

- a gross annual *fixed component* set:

(i) by the Shareholders' Meeting, in relation to his function as a member of the Board of Directors at the time of appointment;

(ii) by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee and having heard the opinion of the Board of Statutory Auditors, in relation to the powers assigned to him under Art. 2389, third paragraph, of the Italian Civil Code.

The Chairman's current compensation does not include a *variable component*, owing to the express waiver of the party concerned.

**b) Vice Chairman, Chief Executive Officer and Key Manager with Strategic Responsibilities**

In application of the guidelines illustrated above and in consideration of the employment relationship with the Company, the compensation of the Chief Executive Officer in office at the date of this report (recently identified by the Company's Board of Directors on 1 March 2018 as a Key Manager with Strategic Responsibilities, in relation to the existing employment relationship with the Company as manager) is broken down into:

• a gross annual *fixed component* set:

(i) by the Shareholders' Meeting, in relation to his function as a member of the Board of Directors at the time of appointment;

(ii) by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee and having heard the opinion of the Board of Statutory Auditors, in relation to the powers assigned to him under Art. 2389, third paragraph, of the Italian Civil Code;

(iii) by the Board of Directors upon the proposal of the Remuneration and Appointments Committee and after having heard the opinion of the Board of Statutory Auditors, in relation to the current employment relationship as a manager with strategic responsibilities with the Company;

• a gross annual *variable component* (MBO) set by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee and having heard the opinion of the Board of Statutory Auditors, in relation to:

(i) the office of Chief Executive Officer attained when the predefined company objectives have been reached (in 2018 up to a maximum of 60% of the fixed component assigned by the Board of Directors for the powers granted pursuant to Art. 2389, third paragraph, of the Italian Civil Code);

- (ii) the employment relationship as a Key Manager with Strategic Responsibilities of the Company, attained when predefined company objectives are reached (in 2018 equal to 31.25% up to a maximum of 62.5% of the GAR if performance exceeds the budget EBITDA and Net Revenues);
- a medium-long term variable component
  - (i) set by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee and having heard the opinion of the Board of Statutory Auditors, relating to the employment relationship as a Key Manager with Strategic Responsibilities, using the participation in the new LTI Cash Plan 2018-2020 currently being defined by the RAC which, having heard the Board of Statutory Auditors, will submit it to the approval of the Board of Directors during the 2018 financial year. This Plan awards a predetermined incentive correlated to the position held in the business organization and the Gross Annual Compensation in effect at the time the Plan was approved;
  - (ii) set by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee and having heard the opinion of the Board of Statutory Auditors, relating to the term of office of the Company's CEO, using the participation in the Stock Options Plan approved by the Shareholders' Meeting held on 14 April 2016; this Plan awards a predetermined number of options correlated to the position held in the business organisation.

The amounts accrued for the variable component of the remuneration are subject to a partial deferment which is limited to the medium-long term variable component deriving from the new LTI Cash Plan 2018-2020 and the Stock Option Plan.

c) **Director and Manager with Strategic Responsibilities in relation to the role of the Group's Chief Corporate Services Officer.**

In application of the guidelines illustrated above and in consideration of the employment relationship with the Group, the compensation of the Director and Chief Corporate Services Officer in office at the date of this report (recently identified by the Board of Directors of the Company on 1 March 2018 as a Key Manager with Strategic Responsibilities) is broken down into:

- a gross annual fixed component set:
  - (i) by the Shareholders' Meeting, in relation to his function as a member of the Board of Directors at the time of appointment;
  - (ii) by the Board of Directors upon the proposal of the Remuneration and Appointments Committee and after having heard the opinion of the Board of Statutory Auditors, in relation to the employment relationship as a manager with strategic responsibilities;
- a gross annual variable component (MBO) set by the Board of Directors upon the proposal of the Remuneration and Appointments Committee and after having heard

the opinion of the Board of Statutory Auditors, in relation to the employment relationship as a Key Manager with Strategic Responsibilities, awarded upon achievement of set company objectives (30% of GAR in the 2018 financial year);

- a medium/long-term *variable component* set by the Board of Directors upon the proposal of the Remuneration and Appointments Committee and after having heard the opinion of the Board of Statutory Auditors, referred to the employment relationship as a Key Manager with Strategic Responsibilities, through participation in:
  - (i) the new LTI Cash Plan 2018-2020 is currently being defined by the RAC which, having heard the Board of Statutory Auditors, will submit it to the approval of the Board of Directors during the 2018 financial year. This Plan awards a predetermined incentive correlated to the position held in the business organization and the Gross Annual Compensation in effect at the time the Plan was approved;
  - (ii) the Stock Options Plan approved by the Shareholders' Meeting held on 14 April 2016; this Plan awards a predetermined number of options correlated to the position held in the business organisation.

The amounts accrued for the variable component of the remuneration are subject to a partial deferment which is limited to the medium-long term variable component deriving from the LTI Cash Plan 2018-2020 and the Stock Option Plan.

### **3.2 REMUNERATION OF KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES AND OTHER EXECUTIVES**

Remuneration of the Key Managers with Strategic Responsibilities and of the Other Executives of the Company consists of the following elements:

- a *gross annual fixed component* ("GAR") which is defined according to the chosen positioning compared to the reference market, the levels of responsibilities and complexities managed, as well as the individual's professional skills, experience and development potential.

This compensation component is adjusted over time, in accordance with the market developments, by assessing the abilities and professional skills acquired and mainly the results produced and potential developed;

- a *gross annual variable component* ("MBO") awarded once predefined business objectives are achieved, defined in quantitative terms with regard to the position held in the company (for further details, see section 3.4) to be paid without deferment of any amounts accrued.
- a *medium/long-term variable component*, through participation in: (i) the new LTI Cash Plan 2018-2020 currently being defined by the RAC which, having heard the

Board of Statutory Auditors, will submit it to the approval of the Board of Directors during the 2018 financial year. This Plan awards a predetermined incentive correlated to the position held in the business organization and the Gross Annual Compensation in effect at the time the Plan was approved; and (ii) the Stock Option Plan approved by the Shareholders' Meeting held on 14 April 2016, which does not envisage further objectives other than the increase of De' Longhi's share value on the stock exchange (for further details, see section 3.5 of this Report).

The amounts accrued for the variable component of the compensation are subject to a partial deferment which is limited to the medium-long term variable component.

In line with the provisions of the Corporate Governance Code for listed companies which the Company has adopted, the variable components of the remuneration of Key Managers with Strategic Responsibilities other than Company Directors attributed starting from 2017 are subject to the application of "claw-back" clauses at contract level, which envisage the possible restitution of all or part of the amounts paid, or the non-payment of compensation accrued but not yet paid, if they have been determined based on data that in the following three years prove to be manifestly incorrect.

As for the Executive Directors, the fixed component of the compensation recompenses the position held in terms of breadth of responsibilities and impact on the business also for the Key Managers with Strategic Responsibilities and for the Other Executives, reflecting the experience, skills and competencies required for each position, as well as the level of excellence demonstrated and the overall quality of the contribution to the business results.

The variable component of the compensation is designed to recognise the results achieved by management, establishing a link between pay and performance. The incentives reward the achievement of objectives, both in terms of quantity and quality, defining the payment of a variable bonus. There are fixed upper limits on the annual variable component of the compensation linked to monetary systems (annual MBO and LTI Cash Plan 2018-2020).

With regard to the importance and critical nature of the position held in the Company, De' Longhi can enter Non-Competition Agreements and/or Stability Agreements with the Key Managers with Strategic Responsibilities and Other Executives which provide for the awarding of a predetermined amount in relation to the duration and extent of the restrictions contained in the agreements.

### ***3.2.1 REMUNERATION OF THE MANAGER RESPONSIBLE FOR DRAFTING THE COMPANY ACCOUNTS (FINANCIAL REPORTING MANAGER)***

The compensation of the Financial Reporting Manager is determined, in compliance with the above guidelines, in line with the tasks assigned to him.

The rationale behind the awarding and determination of such compensation corresponds to that regarding the compensation for Key Managers with Strategic Responsibilities and Other Executives.

### **3.2.2 REMUNERATION OF THE MANAGER RESPONSIBLE FOR THE INTERNAL AUDIT FUNCTION (INTERNAL AUDIT MANAGER)**

The compensation of the Internal Audit Manager is defined, in line with the tasks assigned to him, by the Board of Directors, upon the proposal of the Director responsible for the Internal Control and Risk Management System and having heard the opinion of the Control and Risks Committee and the Board of Statutory Auditors. The rationale behind the awarding and determination of such compensation does not differ from that regarding the compensation for Other Executives.

### **3.3 SHORT-TERM INCENTIVES: ANNUAL VARIABLE COMPONENT (MBO)**

MBO represents the annual variable component of the compensation paid once short-term predefined (quantitative or qualitative) business objectives are reached.

As a rule the quantitative objectives are linked to an incentive scale which expresses the bonus matured in relation to the degree the objective has been achieved. It envisages minimum values, under which the Company does not pay the incentive, and maximum values above which the Company will always pay the amount, namely the maximum percentage decided.

The MBO objectives set for the Vice Chairman, Chief Executive Officer and Key Manager with Strategic Responsibilities are linked to economic and financial indicators or specific projects, in accordance with the general principles laid down by this Policy (described in section 1.2 above), and in particular:

- i) in relation to the CEO's term of office, these are set as:
  - organic growth in the Group's budget net revenues 2018 (50% weight);
  - Group's budget EBITDA 2018 (50% weight);
- ii) in relation to his employment relationship as a Key Manager with Strategic Responsibilities, these are set as:
  - organic growth in the Group's budget net revenues 2018 (30% weight);
  - Group's budget EBITDA 2018 (30% weight);
  - operating Cash Flow (20% weight);
  - particular activities and projects 2018 (20% weight).

The MBO objectives set for the Director and Key Manager with Strategic Responsibilities related to the role of Chief Corporate Services Officer are linked to economic and financial indicators or specific projects, in accordance with the general principles laid down by this Policy (described in section 1.2 above), and in particular, these are set as:

- organic growth in the Group's budget net revenues, EBITDA and operating cash flow 2018 (60% weight);
- particular activities / projects 2018 connected with the budget approved by the Company's Board of Directors (40% weight).

The MBO objectives for Key Managers with Strategic Responsibilities and Other Executives, defined in accordance with the principles laid down in this Remuneration Policy by the Chief Executive Officer (upon the instructions of the Board of Directors), are linked to economic and financial quantities or specific projects; more specifically:

- (i) for other Key Managers with Strategic Responsibilities, these are set as:
  - organic growth in the Group's budget net revenues, EBITDA and operating cash flow 2018 (60% weight);
  - particular activities / projects 2018 of the different business functions connected with the budget approved by the Company's Board of Directors (40% weight).
- (ii) for Other Executives, these are set as:
  - organic growth in the Group's budget net revenues, EBITDA and operating cash flow 2018 (40% weight);
  - particular activities / projects 2018 of the different business functions connected with the budget approved by the Company's Board of Directors (60% weight).

The weight of the MBO (expressed as a percentage) linked to the short-term results with respect to the fixed component:

- (i) for the Vice Chairman, Chief Executive Officer and Key Manager with Strategic Responsibilities, in relation to his office as Chief Executive Officer, it is equal to a maximum of 60% of the gross annual fixed component approved by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee and having heard the opinion of the Board of Statutory Auditors, in relation to the powers assigned to him under Art. 2389, third paragraph, of the Italian Civil Code;
- (ii) for the Vice Chairman and Company's Chief Executive Officer and Key Manager with Strategic Responsibilities, in relation to the employment relationship as a Key Manager with Strategic Responsibilities of the Company, it is equal to 31.25% of the relevant GAR (up to a maximum of 62.50% if performance exceeds the budget EBITDA and organic growth of net revenue values);
- (iii) for the Director and Key Manager with Strategic Responsibilities in relation to the role of the Group's Chief Corporate Services Officer, it is equal to 30% of the GAR;
- (iv) for other Key Managers with Strategic Responsibilities, it is between 25% and 50% of the GAR (up to a maximum of 62.50% if performance exceeds the budget EBITDA and Net Revenues values, where present);
- (v) for the Other Executives of the Company it is roughly between 15% and 30% of the GAR.

### 3.4 *MEDIUM/LONG-TERM INCENTIVES*

The medium/long-term incentives are the medium/long-term variable component of compensation.

#### 3.4.1 *LTI CASH PLANS*

##### • LTI Cash Plan 2018-2020

In December 2017, the RAC started work on preparing a new LTI Cash incentive system, for the three-year period 2018-2020, for the Executive Directors, Key Managers with Strategic Responsibilities and/or some Other Executives of De' Longhi and of the other companies in the Group.

Preparation work for this plan is still ongoing and the related final proposal will be submitted by the same Committee for approval by the Board of Directors during the 2018 financial year, after having consulted the Board of Statutory Auditors.

The new incentive plan will be linked to the achievement of specific predetermined and measurable economic/financial results correlated to the Group's business plan for the three-year period 2018-2020 which was approved by the Board of Directors on 22 February 2018.

##### • LTI Cash Plan 2015-2017

In the meeting held on 11 November 2015 the Board of Directors approved, upon the proposal of the RAC and with the favourable opinion of the Board of Statutory Auditors, the LTI Cash Plan 2015-2017 for the Vice Chairman and Chief Executive Officer and Key Manager with Strategic Responsibilities of the Company and for some Other Executives of De' Longhi and other companies in the Group, linked to the achievement of objectives of the Group's multi-year business plan for the three-year period 2015 - 2017 approved by the Board of Directors on 21 September 2015.

The above plan:

- (i) was intended for a limited number of participants selected by the Board of Directors, upon the proposal of the Chief Executive Officer, having heard the opinion of the Remuneration and Appointments Committee and the Board of Statutory Auditors;
- (ii) envisaged the payment of cash sums once the approved performance conditions have been achieved (EBITDA, cumulative EBITDA and corrective factor linked to the level of working capital) and therefore is not based on shares or other financial instruments connected to the shares;
- (iii) did not envisage sums guaranteed for merely maintaining the employment relationship with the Company or with a company in the Group;
- (iv) envisaged that any sums accrued are paid to beneficiaries in two instalments: 50% in May 2018 and the remaining 50% in December 2018, with a deferment deemed consistent with the nature of the business carried out and with the related risk profiles;
- (v) it also envisaged an incentive scale which expresses the bonus accrued in relation to the degree the objective has been achieved. It envisages minimum values, under which the Company does not pay the incentive, and maximum values above which the Company will always pay the amount, namely the maximum percentage decided.

The vesting period of this plan expired on 31 December 2017. In light of the results for the 2017 financial year, as approved by the Board of Directors on 1 March 2018, and taking into account the results achieved in the financial years 2015 and 2016, the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, considers the Group's objectives in the 2015-2017 business plan have been achieved and exceeded and the objectives at the level of individual country only partially achieved. Therefore, the Board of Directors, again upon the proposal of the Remuneration and Appointments Committee, having received the favourable opinion of the Board of Statutory Auditors, resolved to award the amounts accrued by the beneficiaries of the plan currently in effect in the Company or in a company of the Group on the dates scheduled in the Plan Rules.

In consideration of the satisfactory results achieved at Group level in the three-year period 2015-2017, the Board of Directors has authorised the Chief Executive Officer to award, with an lump-sum compensation policy within the limits of the provision given in the budget for the expired plan, those managers at country level who, according to his final judgement, have shown significant commitment and effort, though not necessarily supported by the final result because they are penalised by particularly unfavourable market and/or competitive macroeconomic conditions.

### **3.4.2 SHARE-BASED COMPENSATION PLANS**

The Shareholders' Meeting held on 14 April 2016 approved, upon the proposal of the Board of Directors and the Remuneration and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors, the Stock Options Plan for the Company's Chief Executive Officer and the Group's Top Management associated with an increase in the Share value on the Mercato Telematico Azionario.

The above plan envisages:

- (i) the assignment of up to a maximum of 2,000,000 options at no charge (the "Options") that attribute the beneficiaries the right to subscribe, for each option held, one share in the Company at a unit price of €20.4588 (the arithmetical average of the official prices recorded for the Shares on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. in the 60 calendar days before the date for the approval of the plan and its rules by the Company's Shareholders' Meeting).
- (ii) that, except for specific cases governed by the Rules for the Plan, the Options assigned to each beneficiary can be exercised, in one or more tranches, as follows:
  - 50% in the period from 15 May 2019 to 31 December 2022 (and more precisely within one or more of the following intervals: 15 May - 15 July; 1 September - 15 October; 15 November - 15 January);
  - the remaining 50% in the period from 15 May 2020 to 31 December 2022 (and more precisely within one or more of the following intervals: 15 May - 15 July; 1 September - 15 October; 15 November - 15 January);
- (iii) for an overall duration of 7 years and will in any case end on 31 December 2022.

At the meetings of the Board of Directors held on 28th July 2016 and 16th February 2017, the Board resolved to attribute 300,000 options to the Chief Executive Officer and, upon the proposal of the latter, 1,700,000 options shared between the other Key Managers with Strategic Responsibilities and Other Executives of De' Longhi and other companies in the Group.

Exercise of the Options is not subject to the achievement of performance objectives by the beneficiaries. Considering that (i) the general long-term variable remuneration structure of the CEO, the executives and Key Resources of the De' Longhi Group - the potential beneficiaries of the Stock Option Plan - already envisages a long-term monetary incentive plan, conditional upon achieving the performance objectives linked to the De' Longhi Group's business plan; (ii) the nature of the Stock Option Plan encompasses the concept of the share's performance, the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, has decided not to subject the Options' vesting and their exercise to further and/or different performance conditions other than the increase of De' Longhi share prices on the stock exchange, and therefore not applying the recommendation referred to in Criteria 6.C.2 (b) of the Corporate Governance Code to the Stock Option Plan.

Shares issued to the beneficiary under the exercise of the Options will be freely available and therefore freely transferrable by the same. The Stock Option Plan does not envisage for the CEO or the key managers with strategic responsibilities who may be the beneficiaries of the Plan any restrictions to retain, until the end of the mandate or for an appropriate set time respectively, a portion of the Shares purchased by exercising the Options (lock-up restriction recommended by criteria 6.C.2 (c) of the Corporate Governance Code).

On this point the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, has decided not to apply the recommendation under criteria 6.C.2 (c) of the Corporate Governance Code to the Stock Option Plan, given the long-standing relationship between the Company and the Top Management, beneficiary of said plan, and the Board having already arranged a vesting schedule for the exercise of the Options over intervals of time.

With regard to the application of the lock-up restriction to the CEO, the Board of Directors has determined that, even in this case, there is no need to envisage this restriction, considering that Fabio de' Longhi has undoubtedly a well-established and long-standing relationship with the Company and the De' Longhi Group, such that he needs no motivation to remain in his position owing to the obligation to retain (in part) a portion of any Company Shares purchased by exercising the Options. It has also been noted that the CEO already directly holds his own share in De' Longhi S.p.A's share capital (and has done for some time) which is known to the market.

For the description of the "Stock Options Plan" please refer to the "*Directors' report on the fifth item on the agenda for the ordinary part of the Meeting of Shareholders of De' Longhi S.p.A. convened in ordinary and extraordinary sessions for 14 April 2016, in a single call*" and to the Information Document prepared pursuant to Art. 114-bis of the TUF and Art. 84-ter of the Issuers' Regulation, attached thereto, available on the Company's website [www.delonghigroup.com](http://www.delonghigroup.com), "*Governance*" – "*Annual Shareholders' Meeting*" – "2016".

Considering that the first vesting period for the Stock Options Plan expires in April 2019, during the financial year the RAC will assess opportunities to propose a new incentive system for the Executive Directors, Key Managers with Strategic Responsibilities and/or some Other Executives of De' Longhi and of the other companies in the Group, to submit for the approval of the Board of Directors or the Shareholders' Meeting depending on the type of plan adopted.

### **3.5 NON-MONETARY BENEFITS**

The compensation for the Chairman and Vice Chairman and Chief Executive Officer and Key Manager with Strategic Responsibilities, the Director and Key Manager with Strategic Responsibilities in relation to the role as Chief Corporate Officer, other Key Managers with Strategic Responsibilities and Other Executives of the Company includes various types of non-monetary benefits.

For managers of the Company the policy with regard to non-monetary benefits not arising from legal obligations or the national collective agreement (CCNL), envisages:

- the assignment of company cars for employees' use (including personal use), including different categories/values of car depending on the position held in the company. The Company charges each employee an annual amount inclusive of VAT for the personal use of the vehicle for the year 2018 of € 1,766.64, and ensures that tax and social security contributions are applied to any residual amount of the benefit;
- FASI insurance coverage for reimbursement of additional medical expenses for the executive and his/her family unit;
- travel insurance;
- insurance for permanent disability due to disease (IPM).

In view of specific personal circumstances, the compensation package for some of the other Key Managers with Strategic Responsibilities and Other Executives includes the provision of accommodation at the expense of the Company (which, as a benefit, is duly subject to taxation and social security contributions), and the reimbursement of children's school fees abroad if part of the conditions agreed upon employment.

Lastly, the compensation package for Key Managers with Strategic Responsibilities may envisage the payment of amounts or the use of services provided by the company pursuant to Art. 51 of Decree of the President of the Republic no. 917/86, as subsequently amended, in relation to the results of investigations conducted by the Committee and by the Board of Directors during the financial year.

### **3.6 INDEMNITY IN THE EVENT OF RESIGNATION, DISMISSAL WITHOUT JUST CAUSE OR TERMINATION OF EMPLOYMENT FOLLOWING A PUBLIC TAKEOVER BID**

For Non-Executive Directors and for the Chairman, Vice Chairman and Chief Executive Officer and for the Chief Corporate Services Officer (also with regard to the existing employment relationships as Key Managers with Strategic Responsibilities) no indemnity is envisaged in the event of termination of office for any reason.

For the other Key Managers with Strategic Responsibilities and Other Executives individual agreements may be envisaged which regulate *ex ante* the economic aspects

arising from early termination of employment by the Company or for any other cause, except as provided for in any non-competition agreements.

At the date of this Report no indemnities have been formalised in the event of termination of office for any reason for the non-Executive Directors, the Chairman, the Vice Chairman and CEO (also with regard to the existing employment relationship as a Key Manager with Strategic Responsibilities) in office or for the Other Executives.

### **3.7 REMUNERATION OF MEMBERS OF THE BOARD OF STATUTORY AUDITORS**

At the date this Report is drafted the Board of Statutory Auditors of De' Longhi S.p.A. is composed as follows:

- CESARE CONTI (Chairman)
- GIANLUCA PONZELLINI (Standing Auditor)
- PAOLA MIGNANI (Standing Auditor)

The Board of Statutory Auditors of De' Longhi S.p.A in office until 14th April 2016, appointed with the resolution of the Shareholders' Meeting on 23rd April 2013, was composed as follows:

- GIANLUCA PONZELLINI (Chairman)
- PAOLA MIGNANI (Standing Auditor)
- ALBERTO VILLANI (Standing Auditor)

The compensation of the standing members of the Board of Statutory Auditors is determined by the Shareholders' Meeting following the proposal of the Board of Directors or by the same shareholders and consists of a gross annual fixed component.

On 14 April 2016 the Shareholders' Meeting set, for the three-year period 2016-2018, the annual compensation of the Chairman of the Board of Statutory Auditors at € 61,900.00 gross per annum and the compensation of each of the two standing members at € 41,300.00 gross per annum.

The same remuneration was set for the three-year period 2013-2015 by the Shareholders' Meeting held on 23rd April 2013.

## **SECTION II**

### **COMPENSATION PAID DURING 2017 AND OTHER INFORMATION**

**1. COMPENSATION PAID DURING 2017**

Information on the compensation paid during the year ending on 31st December 2017 is given below. Explanation of the items and further information can be found in Section I of this Report.

**TABLE 1 – ANNEX 3A, SCHEME 7-BIS OF THE ISSUERS' REGULATION**  
**COMPENSATION PAID DURING 2017 TO MEMBERS OF THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS,**  
**GENERAL MANAGERS AND OTHER KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES (IN OFFICE AT 31 DECEMBER 2017)**

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
NAME AND SURNAME	OFFICE	PERIOD DURING WHICH THE POSITION WAS HELD	EXPIRY OF OFFICE	FIXED COMPENSATION	COMPENSATION FOR PARTICIPATION IN COMMITTEES	NON-EQUITY VARIABLE COMPENSATION		NON-MONETARY BENEFITS	OTHER COMPENSATION	TOTAL	FAIR VALUE OF EQUITY COMPENSATION	INDEMNITY AT END OF OFFICE OR TERMINATION OF EMPLOYMENT
						BONUSES & OTHER INCENTIVES	SHARE IN PROFITS					
<b>GIUSEPPE DE' LONGHI</b>	<b>Chairman of the Board of Directors</b>	01/01/2017 31/12/2017	Approval of 2017 Fin. Statement									
(I) Compensation in the company preparing the fin. statemt.				€ 45,000 <sup>(a)</sup> € 1,255,000 <sup>(b)</sup>	-	-	-	-	-	€ 1,300,000	-	-
(II) Compensation from subsidiaries and associates				€ 300,000 <sup>(a)</sup>	-	-	-	-	-	€ 300,000	-	-
(III) Total				<b>€ 1,600,000</b>	-	-	-	-	-	<b>€ 1,600,000</b>	-	-
<b>FABIO DE' LONGHI</b>	<b>Vice Chairman and CEO</b>	01/01/2017 31/12/2017	Approval of 2017 Fin. Stat.									
(I) Compensation in the company preparing the fin. statemt				€ 45,000 <sup>(a)</sup> € 585,000 <sup>(b)</sup> € 320,000 <sup>(c)</sup>	-	€ 117,000 <sup>(d)</sup> € 115,200 <sup>(e)</sup>	-	€ 20,680 <sup>(f)</sup>	-	€ 1,202,880	€ 547,170	-
(II) Compensation from subsidiaries and associates				€ 150,000 <sup>(a)</sup>	-	-	-	-	-	€ 150,000	-	-
(III) Total				<b>€ 1,100,000</b>	-	<b>€ 232,200</b>	-	<b>€ 20,680</b>	-	<b>€ 1,352,880</b>	<b>€ 547,170</b>	-

## DēLonghi Group

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
NAME AND SURNAME	OFFICE	PERIOD DURING WHICH THE POSITION WAS HELD	EXPIRY OF OFFICE	FIXED COMPENSATION	COMPENSATION FOR PARTICIPATION IN COMMITTEES	NON-EQUITY VARIABLE COMPENSATION		NON-MONETARY BENEFITS	OTHER COMPENSATION	TOTAL	FAIR VALUE OF EQUITY COMPENSATION	INDEMNITY AT END OF OFFICE OR TERMINATION OF EMPLOYMENT
						BONUSES & OTHER INCENTIVES	SHARE IN PROFITS					
<b>ALBERTO CLÒ</b>	<b>Director</b>	01/01/2017 31/12/2017	Approval of 2017 Financial Statement									
(I) Compensation in the company preparing the fin. statemt				€ 45,000 <sup>(a)</sup>	€ 7,500	-	-	-	-	€ 52,500	-	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				<b>€ 45,000</b>	<b>€ 7,500</b>	-	-	-	-	<b>€ 52,500</b>	-	-
<b>LUISA MARIA VIRGINIA COLLINA</b>	<b>Director</b>	01/01/2017 31/12/2017	Approval of 2017 Financial Statement									
(I) Compensation in the company preparing the fin. statemt				€ 45,000 <sup>(a)</sup>	€ 1,000	-	-	-	-	€ 46,000	-	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				<b>€ 45,000</b>	<b>€ 1,000</b>	-	-	-	-	<b>€ 46,000</b>	-	-
<b>RENATO CORRADA</b>	<b>Director</b>	01/01/2017 31/12/2017	Approval of 2017 Financial Statement									
(I) Compensation in the company preparing the fin. statemt				€ 45,000 <sup>(a)</sup>	€ 10,000	-	-	-	-	€ 55,000	-	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				<b>€ 45,000</b>	<b>€ 10,000</b>	-	-	-	-	<b>€ 55,000</b>	-	-

## DēLonghi Group

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
NAME AND SURNAME	OFFICE	PERIOD DURING WHICH THE POSITION WAS HELD	EXPIRY OF OFFICE	FIXED COMPENSATION	INDEMNITY AT END OF OFFICE OR TERMINATION OF EMPLOYMENT	NON-EQUITY VARIABLE COMPENSATION		NON-MONETARY BENEFITS	OTHER COMPENSATION	TOTAL	FAIR VALUE OF EQUITY COMPENSATION	INDEMNITY AT END OF OFFICE OR TERMINATION OF EMPLOYMENT
						BONUSES & OTHER INCENTIVES	SHARE IN PROFITS					
<b>SILVIA DE' LONGHI</b>	<b>Director</b>	01/01/2017 31/12/2017	Approval of 2017 Financial Statement									
(I) Compensation in the company preparing the fin. statemt				€ 45,000 <sup>(a)</sup>	-	-	-	-	-	€ 45,000	€ 310,063	-
(II) Compensation from subsidiaries and associates				€ 30,000 <sup>(a)</sup> € 320,000 <sup>(g)</sup>	-	-	-	€ 6,188 <sup>(f)</sup>	-	€ 356,188	-	-
(III) Total				<b>€395,000</b>	-	-	-	<b>€ 6,188</b>	-	<b>€ 401,188</b>	<b>€ 310,063</b>	-
<b>CARLO GARAVAGLIA</b>	<b>Director</b>	01/01/2017 31/12/2017	Approval of 2017 Financial Statement									
(I) Compensation in the company preparing the fin. statemt				€ 45,000 <sup>(a)</sup>	€ 4,000	-	-	-	-	€ 49,000	-	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				<b>€ 45,000</b>	<b>€ 4,000</b>	-	-	-	-	<b>€ 49,000</b>	-	-
<b>CRISTINA PAGNI</b>	<b>Director</b>	01/01/2017 31/12/2017	Approval of 2017 Financial Statement									
(I) Compensation in the company preparing the fin. statemt				€ 45,000 <sup>(a)</sup>	€ 5,000	-	-	-	-	€ 50,000	-	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				<b>€ 45,000</b>	<b>€ 5,000</b>	-	-	-	-	<b>€ 50,000</b>	-	-

## DēLonghi Group

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
NAME AND SURNAME	OFFICE	PERIOD DURING WHICH THE POSITION WAS HELD	EXPIRY OF OFFICE	FIXED COMPENSATION	COMPENSATION FOR PARTICIPATION IN COMMITTEES	NON-EQUITY VARIABLE COMPENSATION		NON-MONETARY BENEFITS	OTHER COMPENSATION	TOTAL	FAIR VALUE OF EQUITY COMPENSATION	INDEMNITY AT END OF OFFICE OR TERMINATION OF EMPLOYMENT
						BONUSES & OTHER INCENTIVES	SHARE IN PROFITS					
<b>STEFANIA PETRUCCIOLI</b>	<b>Director</b>	01/01/2017 31/12/2017	Approval of 2017 Financial Statement									
(I) Compensation in the company preparing the fin. statemt				€ 45,000 <sup>(a)</sup>	€ 7,000	-	-	-	-	€ 52,000	-	-
(II) Compensation from subsidiaries and associates					-	-	-	-	-		-	-
(III) Total				<b>€ 45,000</b>	<b>€ 7,000</b>	-	-	-	-	<b>€ 52,000</b>	-	-
<b>GIORGIO SANDRI</b>	<b>Director</b>	01/01/2017 31/12/2017	Approval of 2017 Financial Statement									
(I) Compensation in the company preparing the fin. statemt				€ 45,000 <sup>(a)</sup>	-	-	-	-	-	€ 45,000	-	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				<b>€ 45,000</b>	-	-	-	-	-	<b>€ 45,000</b>	-	-
<b>SILVIO SARTORI</b>	<b>Director</b>	01/01/2017 31/12/2017	Approval of 2017 Financial Statement									
(I) Compensation in the company preparing the fin. statemt				€ 45,000 <sup>(a)</sup>	€ 6,000	-	-	-	-	€ 51,000	-	-
(II) Compensation from subsidiaries and associates					-	-	-	-	-		-	-
(III) Total				<b>€ 45,000</b>	<b>€ 6,000</b>	-	-	-	-	<b>€ 51,000</b>	-	-

## DēLonghi Group

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
NAME AND SURNAME	OFFICE	PERIOD DURING WHICH THE POSITION WAS HELD	EXPIRY OF OFFICE	FIXED COMPENSATION	COMPENSATION FOR PARTICIPATION IN COMMITTEES	NON-EQUITY VARIABLE COMPENSATION		NON-MONETARY BENEFITS	OTHER COMPENSATION	TOTAL	FAIR VALUE OF EQUITY COMPENSATION	INDEMNITY AT END OF OFFICE OR TERMINATION OF EMPLOYMENT
						BONUSES & OTHER INCENTIVES	SHARE IN PROFITS					
<b>CESARE CONTI</b>	<b>Chairman Board of Statutory Auditors</b>	01/01/2017 31/12/2017	Approval of 2017 Financial Statement									
(I) Compensation in the company preparing the fin. statemt				€ 61,900 <sup>(a)</sup>	-	-	-	-	-	€ 61,900	-	-
(II) Compensation from subsidiaries and associates					-	-	-	-	-		-	-
(III) Total				<b>€ 61,900</b>	-	-	-	-	-	<b>€ 61,900</b>	-	-
<b>GIANLUCA PONZELLINI</b>	<b>Standing Auditor</b>	01/01/2017 31/12/2017	Approval of 2017 Financial Statement									
(I) Compensation in the company preparing the fin. statemt				€ 41,300 <sup>(a)</sup>	-	-	-	-	-	€ 41,300	-	-
(II) Compensation from subsidiaries and associates				€ 63,500	-	-	-	-	-	€ 63,500	-	-
(III) Total				<b>€ 104,800</b>	-	-	-	-	-	<b>€ 104,800</b>	-	-
<b>PAOLA MIGNANI</b>	<b>Standing Auditor</b>	01/01/2017 31/12/2017	Approval of 2017 Financial Statement									
(I) Compensation in the company preparing the fin. statemt				€ 41,300 <sup>(a)</sup>	-	-	-	-	-	€ 41,300	-	-
(II) Compensation from subsidiaries and associates				€ 43,000	-	-	-	-	-	€ 43,000	-	-
(III) Total				<b>€ 84,300</b>	-	-	-	-	-	<b>€ 84,300</b>	-	-

## DēLonghi Group

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
NAME AND SURNAME	OFFICE	PERIOD DURING WHICH THE POSITION WAS HELD	EXPIRY OF OFFICE	FIXED COMPENSATION	INDEMNITY AT END OF OFFICE OR TERMINATION OF EMPLOYMENT	NON-EQUITY VARIABLE COMPENSATION		NON-MONETARY BENEFITS	OTHER COMPENSATION	TOTAL	FAIR VALUE OF EQUITY COMPENSATION	INDEMNITY AT END OF OFFICE OR TERMINATION OF EMPLOYMENT
						BONUSES & OTHER INCENTIVES	SHARE IN PROFITS					
<b>NO. 5</b>	<b>KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES</b>	01/01/2017 31/12/2017	Approval of 2017 Financial Statement									
(I) Compensation in the company preparing the financial statements				€ 985,308 <sup>(c)</sup>	-	€ 451,900 <sup>(e)</sup>	-	€ 56,790	-	€1,493,998	€ 1,550,315	-
(II) Compensation from subsidiaries and associates				€ 290,446 <sup>(h)</sup>		€ 118,097 <sup>(e)</sup>	-	€ 2,355	-	€ 410,898	-	-
(III) Total				<b>€ 1,275,754</b>	-	<b>€ 569,997</b>		<b>€ 59,145</b>	-	<b>€1,904,896</b>	<b>€1,550,315</b>	-

### NOTES:

- a) Emoluments approved by the Shareholders' Meeting, even if they have not been paid. It is specified that it is company practice for the company to pay the emolument to members of the Board of Directors in December each year for the entire financial year, while the members of the Board of Statutory Auditors are paid on a *pro rata temporis* basis.
- b) Compensation received for the performance of special duties, pursuant to Art. 2389, paragraph 3, of the Italian Civil Code (e.g. by the Chairman and Vice Chairman). It is specified that it is company practice for the company to pay the emolument in December each year for the entire financial year.
- c) Fixed compensation from employment gross of income tax and social security contributions payable by the employee, excluding obligatory collective social security costs payable by the Company and provision for severance indemnities.
- d) The 2017 MBO related to the CEO's term of office, even if not yet paid.
- e) The 2017 MBO related to the employment relationship, even if not yet paid.
- f) Non-monetary benefits related to the employment relationship.
- g) Fixed compensation from employment gross of income tax and social security contributions payable by the employee, excluding obligatory collective social security costs payable by the Company, of which € 80,000 gross for the outstanding amounts related to the 2016 financial year.
- h) Fixed compensation from employment gross of income tax and social security contributions payable by the employee, excluding obligatory collective social security costs payable by the Company.

**2. STOCK OPTIONS ASSIGNED TO MEMBERS OF THE BOARD OF DIRECTORS, GENERAL MANAGERS AND OTHER KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES**

The Table below shows the stock options assigned to the members of the Board of Directors, General Managers and Other Key Managers with Strategic Responsibilities.

Tabella 2																			
Stock options assegnate ai componenti dell'organo di amministrazione, ai direttori generali e agli altri dirigenti con responsabilità strategica																			
A	B	(1)	Opzioni detenute all'inizio dell'esercizio			Opzioni assegnate nel corso dell'esercizio						Opzioni esercitate nel corso dell'esercizio			Opzioni scadute nell'esercizio	Opzioni detenute alla fine dell'esercizio	Opzioni di competenza dell'esercizio		
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)				(14)	(15)-(2)+(5)-(11)-(14)
Nome e Cognome	Carice	Piano	Numero opzioni	Prezzo di esercizio	Periodo possibile esercizio (dal - al)	Numero opzioni	Prezzo di esercizio	Periodo possibile esercizio (dal - al)	Fair Value alle date di assegnazione	Data di assegnazione	Prezzo di mercato delle azioni rattenute all'assegnazione delle	Numero di opzioni	Prezzo di esercizio	Prezzo di mercato delle azioni rattenute alle date di esercizio	Numero opzioni	Numero opzioni	Fair Value (*)		
Fabio de' Longhi	Vice Presidente, Amministratore Delegato e Dirigente con Responsabilità Strategiche																		
			(I) Componenti nella società che redige il bilancio	Piano Stock Options 2016-2022 Delibera CdA 28,07,2016	150.000	euro 20,4588	da maggio 2019 a dicembre 2022											150.000	321.071
					150.000	euro 20,4588	da maggio 2020 a dicembre 2022												150.000
(II) Totale			300.000													300.000	547.170		
Silvia de' Longhi	Amministratore e Dirigente con Responsabilità Strategiche																		
			(I) Componenti nella società che redige il bilancio	Piano Stock Options 2016-2022 Delibera CdA 28,07,2016	85.000	euro 20,4588	da maggio 2019 a dicembre 2022											85.000,00	181.940
					85.000	euro 20,4588	da maggio 2020 a dicembre 2022											85.000,00	128.123
(II) Totale			170.000													170.000	310.063		
Numero 5	Dirigenti con Responsabilità Strategiche																		
(I) Componenti nella società che redige il bilancio	Piano Stock Options 2016-2022 Delibera CdA 28,07,2016		425.000	euro 20,4588	da maggio 2019 a dicembre 2022												425.000	309.701	
			425.000	euro 20,4588	da maggio 2020 a dicembre 2022												425.000	640.614	
		(II) Totale	850.000														850.000	1.550.315	

**3. MONETARY INCENTIVE PLANS FOR THE BOARD OF DIRECTORS, GENERAL MANAGER AND OTHER KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES**

The Table below contains the monetary incentive plans awarded during the year ending 31st December 2017 to the Board of Directors, General Manager and other Key Managers with Strategic Responsibilities.

**TABLE 3B: MONETARY INCENTIVE PLANS  
FOR MEMBERS OF THE BOARD OF DIRECTORS,  
GENERAL MANAGERS AND OTHER KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES**

(A) Name and surname	(B) Office	(1) Plan	(2)			(3)			(4) Other Bonuses
			Bonus for the year			Bonus for previous years			
			(A) Payable/Paid	(B) Deferred	(C) Deferment Period	(A) No longer payable	(B) Payable/Paid	(C) Still Deferred	
<b>Fabio de'Longhi</b>	<b>Vice Chairman, CEO and Key Manager with Strategic Responsibilities</b>								
(I) Compensation in the company preparing the financial statements		2017 MBO Plan relating to the CEO's term of office (BoD's award resolution on 2 March 2017 and BoD's maturation resolution on 1 March 2018)	€ 117,000						
		2017 MBO Plan relating to employment relationship as KMSR (BoD's award resolution on 2 March 2017 and BoD's maturation resolution on 1 March 2018)	€ 115,200						
		LTI Cash Plan 2015-2017 (a) (BoD's award resolution on 11 November 2015 and BoD's maturation resolution on 1 March 2018)	€ 119,467	€ 119,466	2018		€ 238,933	€ 238,934	
(II) Compensation from subsidiaries and associates									
(III) Total			<b>€ 351,667</b>	<b>€ 119,466</b>			<b>€ 238,933</b>	<b>€ 238,934</b>	

**NOTES:**

(a) Variable component deferred and subject to the achievement of expressly predetermined performance objectives

**TABLE 3B: MONETARY INCENTIVE PLANS  
FOR MEMBERS OF THE BOARD OF DIRECTORS,  
GENERAL MANAGERS AND OTHER KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES**

(A)	(B)	(1)	(2)			(3)			(4)
Name and surname	Office	Plan	Bonus for the year			Bonus for previous years			Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferment Period	No longer payable	Payable/Paid	Still Deferred (2018)	
<b>No. 5 Key Managers</b>	<b>Key Managers with Strategic Responsibilities</b>								
(I) Compensation in the company preparing the financial statements		2017 MBO Plan relating to employment relationship as KMSR	€ 451,900						
		LTI Cash Plan 2015-2017 (a) (BoD's award resolution on 11 November 2015 and BoD's maturation resolution on 1 March 2018)	€ 345,800	€ 345,800	2018		€ 691,600	€ 691,600	
(II) Compensation from subsidiaries and associates		2017 MBO Plan relating to employment relationship as KMSR	€ 118,097						
		LTI Cash Plan 2015-2017 (a) (BoD's award resolution on 11 November 2015 and BoD's maturation resolution on 1 March 2018)	€ 76,219	€ 76,219	2018		€ 152,437	€ 152,438	
(III) Total			<b>€ 992,016</b>	<b>€ 422,019</b>			<b>€ 844,037</b>	<b>€ 844,038</b>	

**NOTES:**

(a) Variable component deferred and subject to the achievement of expressly predetermined performance objectives

---

**4. INTERESTS HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS AT 31 DECEMBER 2017**

The Table below shows the interests held during the period from 31st December 2016 to 31st December 2017 in De' Longhi S.p.A. and in the companies it controls as at 31st December 2017, by the Company's directors and statutory auditors as well as by their spouses, unless legally separated, and minor children, whether directly or by means of subsidiaries, trust companies or via a third party, resulting from the Shareholders' Register, from the communications received and from other information acquired.

**TABLE 1 – ANNEX 3A, SCHEME 7-TER OF THE ISSUERS' REGULATION**

**INTERESTS HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS, BOARD OF STATUTORY AUDITORS AND  
THE GENERAL MANAGERS**

NAME AND SURNAME	OFFICE	INVESTEE COMPANY	NUMBER OF SHARES HELD AT THE END OF THE PREVIOUS FINANCIAL YEAR	NUMBER OF SHARES ACQUIRED	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT THE END OF THE CURRENT FINANCIAL YEAR
<b>Giuseppe de' Longhi</b>	Chairman of the Board of Directors	De' Longhi S.p.A.	1,790,000	-	-	1,790,000
<b>Fabio de' Longhi</b>	Vice Chairman, CEO	De' Longhi S.p.A.	321,855	-	-	321,855
<b>Giorgio Sandri</b>	Director	De' Longhi S.p.A.	20,750 <sup>(a)</sup>	-	-	20,750 <sup>(a)</sup>
<b>Silvio Sartori</b>	Director	De' Longhi S.p.A.	14,500 <sup>(b)</sup>	-	-	14,500 <sup>(b)</sup>

<sup>(a)</sup> Of which 5,750 owned by spouse.

<sup>(b)</sup> Owned by spouse.