



ANNUAL REPORT ON
THE REMUNERATION POLICY
AND COMPENSATION PAID

2019

DēLonghi Group

Annual report on the Remuneration Policy and Compensation paid

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

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Definitions

Below are the main definitions used in this report, in addition to those indicated in the main text.

Other Executives Executives of De' Longhi S.p.A. other than the Company managers qualified by the Board of Directors as Key Managers with Strategic Responsibilities.

Other Key Managers with Strategic Responsibilities Managers of the Group (including the General Manager, where appointed) 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. At the date of this Report, the Board of Directors – most recently at the meeting held on 12 March 2020 – identified 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 as Other Key Managers with Strategic Responsibilities. All other directors (whether executive or non-executive) are excluded from the definition.

Chief Executive Officer The Chief Executive Officer of De' Longhi S.p.A. and of the Group.

Shareholders' Meeting The Meeting of Shareholders of De' Longhi S.p.A.

Shares The shares of De' Longhi S.p.A. listed on the standard Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A.

Exceptional circumstances In accordance with the provisions of Art. 123-ter, para. 3-bis of the TUF, the "situations in which the derogation from the remuneration policy is necessary for the purpose of pursuit of long-term interests and the Company's sustainability as a whole and in order to ensure its ability to stay in the market."

Independent Committee or IC The "Independent Committee" of De' Longhi S.p.A.

Control and Risks Committee or CRC The "Control and Risks, Corporate Governance and Sustainability Committee" of De' Longhi S.p.A.

Remuneration and Appointments Committee or RAC The "Remuneration and Appointments Committee" of De' Longhi S.p.A.

CCNL The National Collective Agreement for executives of companies producing goods and services.

Corporate Governance Code The Corporate Governance Code for listed companies prepared by the Corporate Governance Committee, promoted by Borsa Italiana S.p.A. (July 2018 edition) and available on the website: <http://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/corporategovernance.htm>

CONSOB Italian Securities and Exchange Commission with registered office in Rome, Via G. B. Martini 3.

Board of Statutory Auditors The "Board of Statutory Auditors" of De' Longhi S.p.A.

Board of Directors The "Board of Directors" of De' Longhi S.p.A.

De' Longhi S.p.A. or De' Longhi or Company De' Longhi S.p.A., with registered office in Via Lodovico Seitz 47, Treviso, Italy.

General Manager The general manager of De' Longhi S.p.A., where appointed by the Board of Directors.

De' Longhi Group or Group All the companies included in the consolidation scope of De' Longhi S.p.A.

Mercato Telematico Azionario The Italian electronic stock market organised and managed by Borsa Italiana S.p.A.

MBO The annual variable component of the compensation for the position of Executive Director or for an employment contract as an executive, given based on the achievement of pre-defined business objectives, illustrated in subsection 3.3 of Section I of this Report.

Options The options assigned to the beneficiaries of the Stock Options Plans.

Stock Options Plan The “*Stock Options Plan 2016-2022*” and the “*Stock Options Plan 2020-2027*”.

Stock Options Plan 2016-2022 The “*Stock Options Plan 2016-2022*” reserved for the Company’s Chief Executive Officer and the De’ Longhi Group’s top management, approved by the Shareholders’ Meeting held on 14 April 2016.

Stock Options Plan 2020-2027 The “*Stock Options Plan 2020-2027*” reserved for the Company’s Chief Executive Officer and for a limited number of top managers of the De’ Longhi Group which will be submitted for the approval of the Shareholders’ Meeting on 22 April 2020.

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, approved by the Board of Directors at the meeting held on 31 July 2018.

Remuneration Policy or Policy The annual policy on the remuneration of members of the Board of Directors and of the Board of Statutory Auditors as well as Other Key Managers with Strategic Responsibilities and Other Executives, approved for the 2020 financial year by the Board of Directors on 12 March 2020, upon the proposal of the RAC, having heard the opinion of the Board of Statutory Auditors, which will be submitted to the approval of the Shareholders’ Meeting on 22 April 2020.

Diversity policies The “*Diversity policies for members of the corporate bodies of De’ Longhi S.p.A.*” approved by the Board of Directors on 26 February 2019.

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.

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.

Gross Annual Remuneration or GAR The gross fixed annual component of the remuneration for Directors who have a current employment relationship with the Company or with one of the other companies in the Group as well as for the Other Key Managers with Strategic Responsibilities.

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 the Remuneration Policy and compensation paid" (hereinafter the "**Report**") has been approved by the Company's Board of Directors upon the proposal of the Remuneration and Appointments Committee and having heard the opinion of the Control and Risks Committee, on 12 March 2020, in compliance with the current legal and regulatory obligations laid down, in particular, by Art. 123-ter of the TUF, as amended by Legislative Decree No. 49/2019 which implemented EU Directive 2017/828 (so-called SHRD II), and by Art. 84-*quater* of the Issuers' Regulation.

The Report explains:

- in **Section I**, the Policy adopted for the financial year 2020 with regard to the compensation of the Company's Directors, Statutory Auditors, the General Manager (if appointed), Other Key Managers with Strategic Responsibilities as well as Other Executives and the procedures employed to adopt and implement the same Policy;
- in **Section II** (divided into two parts): in Part One, a representation of the remuneration paid by the Company with reference to each of the items making up the remuneration for 2019 of the Company's Directors, Statutory Auditors and Other Key Managers with Strategic Responsibilities; in Part Two (i) the details of the compensation accrued or paid to these persons in 2019, for whatever reason and in whatever form, by the Company and its subsidiaries and associated companies, using the tables attached to the this Report, which form an integral part of the same; and (ii) information on the shareholdings held in the Company and its subsidiaries by those same persons as well as by their spouses (from whom they are not legally separated) or their minor children, either directly or through subsidiaries, trust companies or third parties.

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 registered office and on its website www.delonghigroup.com – in the section "Governance" – "Corporate bodies" – "Shareholders' Meeting 2020", and on the authorised storage mechanism 1INFO accessible on the website www.1info.it – by the 21st day before the date the shareholders' meeting is convened to approve the financial statements for the year 2019 (in particular, 31 March 2020);
- 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

2020 Remuneration Policy



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.

- (I) The Remuneration Policy contributes to the corporate strategy, pursuit of long-term interests and the sustainability of the Company and of the Group in that it enables the following:
- (II) align the interests of top 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;
- (III) focus management's attention on the pursuit of short-, medium- and long-term objectives, concentrating efforts on the Group's industrial performance;
- (IV) attract, motivate and retain 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, thus encouraging loyalty and incentivising their permanence within the Group;
- (V) acknowledge merit in order to adequately place a value on the individual and collective 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), Other Key Managers with Strategic Responsibilities and Other Executives 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 the board's internal committees;
- adequately balanced compensation structure for directors with executive powers, the General Manager (if appointed), and 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 a fixed component which is appropriate for the powers and/or responsibilities assigned, and of a variable component defined within maximum limits and aimed at remunerating performance expected over the short and 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 pay 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 regard to remuneration and applies to Directors, Statutory Auditors, the General Manager (if appointed), Other Key Managers with Strategic Responsibilities as well as Other Executives.

The Company's Board of Directors – most recently at the meeting held on 12 March 2020 – identified 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 as Other Key Managers with Strategic Responsibilities.

The Policy has been prepared in line with the contents of Art. 123-ter of the TUF – as amended by Legislative Decree No. 49/2019 which implemented EU Directive 2017/828 (the so-called SHRD II) – and the Issuers' Regulation and related Annex 3 (Scheme 7-bis), and in consideration of the recommendations on compensation contained in the Corporate Governance Code as most recently amended in the July 2018 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 19 December 2019 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

The Remuneration Policy, although it is substantially in continuity with those approved and applied in previous years, has some significant new elements, partly introduced as a result of the amendments made to Art. 123-*ter* of the TUF by Legislative Decree No. 49/2019 which implemented EU Directive 2017/828 (the so-called SHRD II), and partly following the decision of the Board of Directors to propose the appointment of a new director at the next Shareholders' Meeting who will then be called by the Board to take on the role of Chief Executive Officer and General Manager of the Company, alongside the current Vice Chairman and Chief Executive Officer who would broadly retain, as Vice Chairman, the same powers as he currently holds.

In particular, with respect to the remuneration policy applied for the 2019 financial year, the Policy drawn up for 2020 envisages:

- additional remuneration items with respect to those in the policies approved and applied in previous years, with regard to Executive Directors (highlighted in subsection 3.1.2 below), as well as Other Key Managers with Strategic Responsibilities and Other Executives (highlighted in subsection 3.2 below);
- a different method of managing the 2020 MBOs to be granted to the new Chief Executive Officer and General Manager, in the event he is appointed by the Shareholders' Meeting during 2020 (highlighted in subsection 3.3 below);
- a new Stock Options Plan 2020-2027 reserved for the Chief Executive Officer and for a limited number of Top Managers of the Group which will be submitted for the approval of the Shareholders' Meeting on 22 April 2020;
- the introduction of the possibility to derogate from the Policy in the event of Exceptional Circumstances (described in detail in subsection 3.8 below);
- provision for the new Chief Executive Officer and General Manager (in the event he is appointed by the Shareholders' Meeting during 2020) of an indemnity in the event the Company decides, for objective reasons, to terminate his employment as an executive of the Company (described in detail in subsection 3.6 below).

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:

• **The 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, by binding vote pursuant to Article 123-ter, paragraphs 3-bis and 3-ter of the TUF, on the Remuneration Policy set out in the first section of this Report;
- c) resolves in favour of or against the Remuneration Policy in accordance with Art. 123-ter, para. 6 of the TUF, on the compensation paid or accrued in the 2019 financial year and reported in the second section of this Report. 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.

• **The 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 Appointments Committee, the remuneration 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, and having heard the Board of Statutory Auditors for those parts falling within its area of responsibility;
- e) prepares, with the assistance of the Remuneration and Appointments Committee, the medium/long-term cash incentive plans and ensures their implementation using the Remuneration and Appointments Committee and having heard the Board of Statutory Auditors for those parts falling within its area of responsibility;
- f) sets up a Remuneration and Appointments Committee among its members in accordance with the principles laid down by the Corporate Governance Code.

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

- 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 Other Key Managers with Strategic Responsibilities;
- i) defines, upon the proposal of the Director responsible for the internal control and risk management system, with 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.

• The 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, statutory auditors 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, statutory auditors 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, also taking into account the Diversity Policies;
- 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 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;
- o) supports the Board of Directors in monitoring and updating the Diversity Policies;
- p) sets up and supervises, on behalf of the Board of Directors, the self-assessment process of the Board itself (board review or self-assessment).

• **The 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 pay packages compared to the market value for the office held, while keeping within the amounts set aside in the budget; (ii) incentive schemes 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 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;
- c) with regard to the Diversity Policies (i) it supports the Board of Directors in monitoring the implementation of policies regarding the composition of the control body; and (ii) expresses opinions on updating them.

The Remuneration Policy is defined after a formalized process (described in subsection 2.3 below) 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 subsection 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 2019-2021 was appointed by the Board of Directors at the meeting held on 30 April 2019, following the renewal of the entire board of directors resolved by the Shareholders' Meeting that same day and, in line with the recommendations contained in the July 2018 edition of the Corporate Governance Code, is composed of the following non-executive directors, the majority of whom are independent:

- CRISTINA PAGNI – independent director who acts as Chairman;
- STEFANIA PETRUCCIOLI – independent director;
- CARLO GARAVAGLIA – non-executive director.

In the early part of the 2019 Financial Year, until the above Shareholders' Meeting on 30 April 2019, the Committee was composed of the following non-executive directors, the majority of whom were independent:

- ALBERTO CLÒ – independent director who acts as Chairman;
- CRISTINA PAGNI – independent director;
- CARLO GARAVAGLIA – non-executive 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 30 April 2019, the Board of Directors: (i) resolved to amend the previous name of the “*Compensation and Appointments*” to the current “*Remuneration and Appointments Committee*”; and (ii) assigned the responsibilities to the Committee in accordance with framework resolution on corporate governance adopted by the Board of Directors on 18th December 2012, as later amended, in compliance with Art. 6 of the Corporate Governance Code and the provisions of application criteria 5.C.1 of the same Corporate Governance Code as regards appointments (for a list of the individual functions assigned to the Committee, please see subsection 2.1 above of this Report).

The work of the 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 of De' Longhi S.p.A. takes part in the 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 2019

During 2019 the Remuneration and Appointments Committee met 7 (seven) times in total (in particular, on 4th and 21st February, 8th March, 3rd May, 4th November, 10th and 20th December) with an attendance of 100% of its members to 6 meetings out of 7 (one member of the Committee did not attend one meeting) and for an average duration of 2 hours 25 minutes for each meeting. All the Remuneration and Appointments Committee meetings were attended by at least one of the members of the Board of Statutory Auditors, and, 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.

With reference to the functions attributed to it regarding remuneration, during the financial year 2019, the Committee carried out the following activities: (i) examination of the 2019 recommendations, given by the Chairman of the Corporate Governance Committee of Borsa Italiana in the letter dated 21 December 2018, falling within the Committee's area of responsibility; (ii) drafting of the Company's proposed remuneration policy for 2019, to be submitted for the approval of the Board of Directors and, then, to the approval of the Board of Directors; (iii) preparation and supervision of the 2019 board review or self-assessment by the Board of Directors and subsequent analysis of the results of the Board's self-assessment questionnaire; (iv) proposed Diversity Policies to submit to the approval of the Board of Directors; (v) assessment of the adequacy, overall consistency and practical application of the remuneration policy for directors and statutory auditors of De' Longhi S.p.A. and for Other Key Managers with Strategic Responsibilities adopted for the year 2018; (vi) verification of the degree to which the performance objectives defined for the year 2018 and correlated to the MBOs have been achieved (related both to the employment relationship as executive of the Company and to the term of office as the Chief Executive Officer) for the Vice Chairman and Chief Executive Officer and preparation of the proposed payment of bonuses to the Board of Directors; (vii) verification of the degree of actual achievement of the performance objectives defined for 2018 correlated with the MBO of Executive Director Silvia de' Longhi with reference to her employment relationship as the Group's Chief Corporate Services Officer; (viii) definition of the performance objectives to be linked to the 2019 MBOs (related to the employment relationship as executive of the Company and to the term of office as the Chief Executive Officer) for the Vice Chairman and Chief Executive Officer; (ix) definition of the performance objectives to be linked to the 2019 MBO of the Executive Director Silvia de' Longhi with reference to her employment relationship as the Group's Chief Corporate Services Officer; (x) proposed review of the remuneration of the Chairman and of the Vice Chairman and Chief Executive Officer in relation to the powers assigned; (xi) definition of the contents of the Board's self-assessment questionnaire for the 2019 financial year; (xii) regulatory update as regards the remuneration report, following the changes introduced to Art. 123-ter of the TUF by the Legislative Decree No. 49/2019 in implementation of the so-called SHRD II; (xiii) activities related to the Chief Executive Officer's communications regarding the possible insertion of a top manager and related preliminary investigation by the Committee for the aspects falling within its area of responsibility.

With reference to the functions attributed to it regarding appointments, the Committee carried out the following activities during the financial year 2019: *(i)* examination of the 2019 recommendations, given by the Chairman of the Corporate Governance Committee of Borsa Italiana in the letter dated 21 December 2018, falling within the Committee's area of responsibility; *(ii)* valuation of the possible adoption of a diversity policy in relation to the composition of the corporate bodies and preparation of the related proposal for the Board of Directors; *(iii)* activities related to the Chief Executive Officer's communications regarding the possible insertion of a top manager and related preliminary investigation by the Committee for the aspects falling within its area of responsibility.

In the first months of the current financial year the Committee met 6 (six) times: on 8th, 10th and 16th January, 11th February and 2nd and 10th March 2020.

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 Italia 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, having heard the Board of Statutory Auditors. 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 subsection 2.3 above, also involves, where necessary, independent experts.

The Board of Directors, having examined and approved the Policy, submits it – in compliance with the provisions of Art. 123-ter, paragraph 3-bis of the TUF – to the binding vote of the Shareholders' Meeting, providing it in Section I of this Report which is published and made available to the public at least 21 days before the date the Shareholders' Meeting is convened to approve it.

Pursuant to Art. 123-ter, paragraph 6 of the TUF as amended by Legislative Decree No. 49/2019 which implemented EU Directive 2017/828 (so-called SHRD II), starting from the Shareholders' Meeting to approve the 2019 financial statements, the Shareholders will also be asked to make a non-binding vote on the compensation paid or accrued during the previous year (2019) by the directors and statutory auditors of De' Longhi S.p.A. and by the Other Key Managers with Strategic Responsibilities, indicated in Section II of this Report.

In order to the prepare this Policy, the Remuneration and Appointments Committee has defined - as part of its duties - the structure and contents of the same in the meetings held on 11th February 2020 and on 2nd and 10th March 2020.

This Policy was then approved by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, in the meeting held on 12 March 2020, at the same time as the approval of this 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.

Pursuant to Art. 2389 of the 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.

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.

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 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 pay 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 remuneration for Executive Directors is composed, in addition to that described in subsection 3.1.1 above, of:

(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.

In particular, the fixed component for Executive Directors is composed of:

- a compensation determined by the Shareholders' Meeting, at the time of appointment, in relation to the office of member of the Board of Directors;
- a compensation determined 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 under Art. 2389, third paragraph, of the Civil Code;
- any additional compensation determined 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, where there is an employment relationship as executive of the Company;

(ii) a *variable component* linked to the achievement of financial and non-financial performance objectives, predetermined and measurable objectives (i.e. 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.

In particular, the variable component for Executive Directors is represented by:

- 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 the powers assigned by the Board of Directors and in relation to the employment relationship, if any;
- a medium/long-term *variable component* 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: (i) in relation to the powers assigned by the Board of Directors, through participation in the Stock Options Plans; and (ii) relating to the employment relationship as executive of the Company, if any, through participation in the LTI Cash Plan 2018-2020, which envisages a predetermined incentive correlated to the position held in the business organisation and the Gross Annual Remuneration in effect at the time the Plan was approved.

The fixed component attributed with reference to the employment relationship with the Company, in consideration of the importance of the role held within the Group, may include sums recognised as non-competition agreements and/or stability agreements, the amount of which will be predetermined in relation to the duration and extent of the restrictions on the related agreements.

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 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 or the result of manipulation or unlawful behaviour.

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

In view of the special and consolidated relationship and bond with the Company and the De' Longhi Group of the Chairman, Vice Chairman and current Chief Executive Officer and the director who also holds the position of Chief Corporate Services Officer, there is no risk of unbalanced guidance on their part over the short term that could jeopardise the focus on the growth and sustainability of the Company's medium/long-term results.

In the case of the new Chief Executive Officer (if appointed by the Shareholders' Meeting), the relationship between the fixed and variable components in the total package is structured in such a way that it focuses attention on the growth and sustainability of the results over the medium term, reducing the risks of unbalanced guidance in the short term.

The target paymix for each Executive Director, i.e. the percentage weight of the different components with respect to the target annual total remuneration, which, with regard to the medium/long-term variable component, does not take into account the Stock Options Plan 2020-2027, is shown below.

Executive directors

Role	Fixed	Var. S/T	Var. ML/T	Total
President	100%	0%	0%	100%
Vice President	60%	12%	28%	100%
E.D. - Chief Corporate Services Officer	38%	12%	50%	100%
New C.E.O. Managing Director (in case of appointment by the shareholders' meeting during 2020)	39%	28%	33%	100%

In the case where the Executive Directors have an existing employment relationship with the Company or with the Group: (i) they can enjoy non-monetary benefits (see subsection 3.5); (ii) they can be allocated, upon hiring, a lump-sum sign on bonus, i.e. amounts paid out as reimbursement of "initial accommodation" expenses up to a maximum of 20% of the fixed annual remuneration awarded.

3.2 Remuneration of the Other Key Managers with Strategic Responsibilities and the Other Executives

Remuneration of the Other 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 financial and non-financial business performance objectives are achieved, defined in quantitative terms with regard to the position held in the company (for further details, see subsection 3.4) to be paid without deferment of any amounts accrued;
- any *medium/long-term variable component*, through participation in the incentive plans approved by the Board of Directors or, depending on the nature of the plans, also by the Shareholders' Meeting.

In consideration of the importance of the role held, the fixed component attributed may include sums recognised as non-competition agreements and/or stability agreements, the amount of which will be predetermined in relation to the duration and extent of the restrictions on the related agreements.

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, the variable components of the remuneration of Other Key Managers with Strategic Responsibilities 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 or the result of manipulation or unlawful behaviour.

As in the case of 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 Other 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 performance objectives, both financial and non-financial, defining the payment of a variable bonus. There are fixed upper limits on the variable component of the remuneration linked to incentive schemes.

The relationship between the fixed and variable components in the total package for Other Key Managers with Strategic Responsibilities is structured in such a way that it focuses management’s attention on the growth and sustainability of the results over the medium term, reducing the risks of unbalanced guidance in the short term.

The target paymix for the Other Key Managers with Strategic Responsibilities, i.e. the percentage weight of the different components with respect to the target annual total remuneration, which, with regard to the medium/long-term variable component, does not take into account the Stock Options Plan 2020-2027, is shown below.

Managers with strategic responsibilities

Role	Fixed	Var. S/T	Var. ML/T	Total
N. 5 Managers	42%	13%	45%	100%

For the Other Key Managers with Strategic Responsibilities and Other Executives, the following may be further provided: (i) non-monetary benefits (see subsection 3.5 below); (ii) at the time of hiring, a lump-sum sign on bonus, i.e. amounts awarded as reimbursement of “initial accommodation” expenses up to a maximum of 20% of the fixed annual remuneration awarded; (iii) additional one-off bonuses, established by the Chief Executive Officer, subject to the favourable opinion of the RAC, up to the maximum value of the target annual MBO.

3.2.1 Remuneration of the Manager responsible for drafting the company accounts (Financial Reporting Officer)

The remuneration of the Financial Reporting Officer is determined, in compliance with subsection 3.2 above, in line with the tasks assigned to them.

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

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)

The MBO represents the annual variable component of the remuneration paid once short-term predefined business performance objectives are reached. Its function is to direct management's action to pursuing the financial and non-financial objectives defined for the year.

These objectives are linked to an incentive scale which expresses the bonus matured in relation to the respective degree of achievement. It envisages, for each of these objectives, an on/off scale, while for the other objectives of minimum values, under which the Company does not pay the incentive (so-called entry point), and maximum values above which the Company will always pay the amount (including overachievement), namely the maximum percentage decided.

In particular, the MBO objectives are the following:

(I) as regards the **Vice Chairman**, in relation to the powers assigned:

- Group's net revenues 2020 (50% weight);
- Group's EBITDA 2020 (50% weight);

in relation to his employment relationship as executive of the Company:

- Group's net revenues 2020 (25% weight);
- Group's EBITDA 2020 (25% weight);
- operating cash flow 2020 (20% weight);
- particular activities and projects 2020 (30% weight);

(II) with regard to the new **Chief Executive Officer** and **General Manager** (in the event of appointment by the Shareholders' Meeting during 2020), the pro-rata amount of his 2020 MBOs in relation to the powers assigned and the employment relationship as executive of the Company will be guaranteed in whole or in part, at the unquestionable discretion of the Chairman and the Vice Chairman, based on the evidence of the first months of his employment with the company;

(III) with regard to **Other Key Managers with Strategic Responsibilities**:

- Group's net revenues, EBITDA, operating cash flow and projects 2020 (80% weight);
- activities and/or function/cross-function projects 2020 of the different business functions (20% weight);

(IV) with regard to **Other Executives**:

- Group's net revenues, EBITDA, operating cash flow and projects 2020 (weighted between 40% and 60% of the total);
- activities and/or function/cross-function projects 2020 of the different business functions (remainder).

The weight of the MBO (expressed as a percentage) linked to the fixed component is:

- (I) for the **Vice Chairman**,
 - in relation to the powers assigned in relation to the office of Executive Director of the Company, up 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 under Art. 2389, third paragraph, of the Civil Code;
 - in relation to his employment relationship as executive of the Company, equal to 31.25% of the GAR (up to a maximum of 62.50% if performance exceeds the Group's EBITDA and net revenues values for 2020);
- (II) for the new **Chief Executive Officer and General Manager** (in the event he is appointed by the Shareholders' Meeting during 2020), up to a maximum of 100% of the total fixed compensation recognised in relation to the powers assigned in relation to the office of Executive Director of the Company and his current employment as executive of the Company;
- (III) for **Other Key Managers with Strategic Responsibilities**, between 30% and 50% of the GAR (up to a maximum of 100% if performance exceeds the objectives defined for 2020);
- (IV) for **Other Executives** of the Company, it is between about 15% and 30% of the GAR (up to a maximum of 60% if performance exceeds the objectives defined for 2020).

3.4 Medium/long-term incentives

The medium/long-term incentives represent the medium/long-term variable component of remuneration. By directing action and efforts on the Group's industrial performance, these incentives have the function of aligning the remuneration of top management and key people with the interests of shareholders, increasing the motivation and loyalty of the beneficiaries of these incentive schemes.

The Group envisages two types of medium/long-term incentive schemes:

- schemes based on financial instruments reserved for the Chief Executive Officer and for a limited number of top managers of the Group;
- monetary incentive schemes, reserved for top management and to key managers of the Group.

The first type is linked to the performance of the De' Longhi share price on the Mercato Telematico Azionario; no further predetermined and measurable performance targets are envisaged for the beneficiaries of these incentive schemes in order to be entitled to the related benefits.

The second type provides for the payment of cash sums upon the achievement of predetermined performance objectives, that are measurable and linked to the objectives defined in the three-year business plans approved by the Board of Directors of the Company and aimed at creating value for shareholders in the medium/long term.

3.4.1 Monetary remuneration plans (LTI Cash)

The Company has a monetary remuneration plan called the “*LTI Cash 2018-2020*” approved by the Board of Directors on 31 July 2018, upon the proposal of the Remuneration and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors.

The above plan:

- (I) is intended for a limited number of participants selected by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, having heard the Board of Statutory Auditors in relation to the Executive Directors, and upon the proposal of the Chief Executive Officer, having heard the opinion of the Remuneration and Appointments Committee and the Board of Statutory Auditors, in relation to the Other Key Managers with Strategic Responsibilities and any Other Executives;
- (II) envisages the payment of cash sums upon the achievement of the performance objectives in the 2018-2020 Business Plan approved by the Board of Directors of the Company on 22 February 2018 (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) does not envisage sums guaranteed for merely maintaining the employment relationship with the Company or with a company in the Group;
- (IV) envisages that any sums accrued are paid to beneficiaries in two instalments: 50% in May 2021 and the remaining 50% in December 2021, with a deferment deemed consistent with the nature of the business carried out and with the related risk profiles;
- (V) it also envisages an incentive scale which expresses the bonus accrued in relation to the degree each 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;
- (VI) envisages a claw-back clause which entails 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 or the result of manipulation or unlawful behaviour.

During the 2020 financial year, the Remuneration and Appointments Committee will work on the preparation of a new monetary incentive plan, which will be the subject of the 2021 remuneration policy, linked to the 2021-2023 business plan which will be submitted for approval by the Board of Directors during the 2020 financial year.

3.4.2 Share-based compensation plans

Stock Options Plan 2016-2022

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.

The exercise of the Options is linked to the performance of the De' Longhi share price on the Mercato Telematico Azionario.

The Shares issued to each beneficiary under the exercise of the Options will be freely available and therefore freely transferrable by the same. The Stock Options Plan does not envisage for the Chief Executive Officer or the other key managers with strategic responsibilities, beneficiaries of the Plan itself, 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 Options 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 on the Chief Executive Officer, 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 2016-2022, please refer to the “*Directors’ report on the fifth item on the agenda for the ordinary part of the shareholders’ meeting 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, in the section “*Governance*” – “*Corporate Bodies*” – “*Shareholders’ Meeting 2016*”.

Stock Options Plan 2020-2027

The Board of Directors of the Company, at the meeting held on 12 March 2020, approved, upon the proposal of the Remuneration and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors, the proposal for a new incentive plan for the Chief Executive Officer who will be in office on the date of assignment of the options and for a limited number of the Group’s top managers. This plan is based on the assignment of options, each of which gives the beneficiary the right (i) to purchase one De’ Longhi share held in the Company’s portfolio on the Date of Subscription, or, if the treasury shares held in the Company’s portfolio are not sufficient, (ii) to subscribe to a newly issued De’ Longhi share resulting from the capital increase decided upon to service the plan, called the “*Stock Options Plan 2020-2027*”, which will be submitted for approval to the Shareholders’ Meeting called for 22 April 2020 in single call.

For the description of the “*Stock Options Plan 2020-2027*”, please refer to the “*Directors’ report on the third item on the agenda for the ordinary part of the shareholders’ meeting convened in ordinary and extraordinary sessions for 22 April 2020, 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, in the section “*Governance*” – “*Corporate Bodies*” – “*Shareholders’ Meeting 2020*”.

3.5 Non-monetary benefits

The compensation for Executive Directors, Other Key Managers with Strategic Responsibilities and Other Executives of the Company includes various types of non-monetary benefits. In particular, the following may be envisaged:

- the assignment of company cars (including for personal use), including different categories/values of car depending on the position held in the company. The Company usually charges each employee an annual amount inclusive of VAT for the personal use of the vehicle for the year 2019 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).

The Company also provides a so-called D&O (Directors & Officers) policy that provides all directors, the Other Key Managers with Strategic Responsibilities and Other Executives with insurance coverage for any third party liability in the performance of their duties. This policy also covers any legal costs.

In view of specific personal circumstances, the pay package of the Executive Directors, Other Key Managers with Strategic Responsibilities and Other Executives of the Company can include 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 pay package for the above persons 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 that may be conducted by the Remuneration and Appointments 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 and Vice Chairman (also with regard to the existing employment relationship as executive of the Company) no indemnities are envisaged in the event of termination of office for any reason.

For the new Chief Executive Officer and General Manager (in the event he is appointed by the Shareholders' Meeting during 2020) an indemnity is envisaged in the event the Company decides, for objective reasons, to terminate his employment as executive of the Company. This indemnity is equal to 24 months' salary, including the right to prior notice, calculated taking into account the gross annual remuneration as executive of the Company, the annual fixed emoluments due for the office and powers of Chief Executive Officer and the average amount received as MBO during the period of service rendered. This amount shall be entirely in lieu of any sum or indemnity provided for by law, by the CCNL or by any source in the event of dismissal or revocation for any reason that is unlawful, unjustified and/or contrary to the applicable provisions of law.

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.

3.7 Remuneration of members of the Board of Statutory Auditors

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.

As for the directors, the Company also envisages for statutory auditors a so-called D&O (Directors & Officers) policy that provides insurance coverage for any third party liability in the performance of their duties. This policy also covers any legal costs.

3.8 Permitted derogations from this policy

In Exceptional Circumstances – understood, in line with the provisions of Art. 123-ter, para. 3-bis of the TUF, as only those situations in which the derogation from the Remuneration Policy is necessary for the purpose of pursuit of long-term interests and the Company's sustainability as a whole and in order to ensure its ability to stay in the market – the Company may derogate from the following elements of this Policy:

- variation of the ratio between fixed remuneration and variable remuneration;
- variation of the performance objectives and/or their respective weights, relating to the annual variable components (MBO) and the medium/long-term monetary incentives (LTI Cash Plan 2018-2020);
- attribution of an annual bonus (in lieu of and/or in addition to the MBO) based on objectives set by the Board of Directors, upon the proposal of the RAC and, where appropriate, after consulting the Board of Statutory Auditors;
- attribution of a one-off monetary bonus;
- attribution of particular indemnities;
- type of benefits recognised.

These derogations may be approved by the Board of Directors, upon the proposal or after consulting the RAC with reasoned decision and following the “*Procedure on transactions with related parties of the De’ Longhi S.p.A. Group*”.

Section II

Compensation paid during 2019 and other information



First Part

Information on the compensation paid during the year 2019 to the directors and statutory auditors of De' Longhi S.p.A. and Other Key Managers with Strategic Responsibilities is given below. Explanation of some items and further information can also be found in Section I of this Report.

On this point, the remuneration policy defined for the 2019 financial year ("2019 Policy") was reviewed by the Remuneration and Appointments Committee during the periodic assessment that was conducted by the Committee at its meeting held on 10 March 2020. As a result of the assessment, the Remuneration and Appointments Committee confirmed the consistency and compliance of the remuneration paid to the Company's directors and statutory auditors, as well as to the Other Key Managers with Strategic Responsibilities during the 2019 financial year, with the 2019 Policy.

1. Compensation of the members of the Board of Directors during 2019

In 2019, the Board of Directors of the Company was composed of the directors listed below.

- Until the Shareholders' Meeting of 30 April 2019 there were 12 members of the Board of Directors, more specifically:
 - Executive Directors: GIUSEPPE DE' LONGHI (Chairman), FABIO DE' LONGHI (Vice Chairman and Chief Executive Officer, and executive of the Company) and SILVIA DE' LONGHI (Directors and the Group's Chief Corporate Services Officer); and
 - Non-Executive Directors: MASSIMILIANO BENEDETTI (independent), ALBERTO CLÒ (independent), LUISA MARIA VIRGINIA COLLINA (independent), RENATO CORRADA (independent), CARLO GARAVAGLIA, CRISTINA PAGNI (independent), STEFANIA PETRUCCIOLI (independent), GIORGIO SANDRI AND SILVIO SARTORI.
- Since the Shareholders' Meeting held on 30 April 2019 – which, among other things, resolved to renew the Board of Directors for the three-year period 2019-2021, setting the number of its members at 11 – the members of the Board of Directors (also in office as of the date of this Report) have been:
 - Executive Directors: GIUSEPPE DE' LONGHI (Chairman), FABIO DE' LONGHI (Vice Chairman and Chief Executive Officer, and executive of the Company) and SILVIA DE' LONGHI (Directors and the Group's Chief Corporate Services Officer);
 - Non-Executive Directors: MASSIMILIANO BENEDETTI (independent), FERRUCCIO BORSANI (independent), LUISA MARIA VIRGINIA COLLINA (independent), RENATO CORRADA, CARLO GARAVAGLIA, CRISTINA PAGNI (independent), STEFANIA PETRUCCIOLI (independent), GIORGIO SANDRI.

The Board of Directors, which met on 30 April 2019, following the aforementioned Shareholders' Meeting, re-established the three committees established from among its members and appointed the following as members:

- for the Control and Risks, Corporate Governance and Sustainability Committee: the directors, STEFANIA PETRUCCIOLI (acting as Chairman), CRISTINA PAGNI (independent) and RENATO CORRADA;
- for the Remuneration and Appointments Committee: the directors, CRISTINA PAGNI (acting as Chairman), STEFANIA PETRUCCIOLI (independent) and CARLO GARAVAGLIA;
- for the Independent Committee: the independent directors, CRISTINA PAGNI (acting as Chairman), MASSIMILIANO BENEDETTI, FERRUCCIO BORSANI, LUISA MARIA VIRGINIA COLLINA and STEFANIA PETRUCCIOLI.

a) Compensation of the non-executive directors

The Shareholders' Meeting held on 30 April 2019 set the annual gross remuneration of each member of the Board of Directors appointed for the three-year period 2019-2021 at € 45,000, authorising the Board of Directors to define any further remuneration for directors vested with special duties in accordance with the memorandum of association, pursuant to Art. 2389, third paragraph of the Civil Code.

At the meeting held on 30 April 2019, the Board of Directors resolved to set the compensation for participation in the three committees set up within the Board, and that this compensation be represented, for the three-year period 2019-2021, by the attribution of an attendance fee for participating in each meeting of the committees by the members belonging to them, and quantifying said compensation in the following amounts: (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.

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

b) Compensation of the Chairman of the Board of Directors

In application of the 2019 Policy, the following compensation was paid to Giuseppe de' Longhi as the gross annual *fixed component*:

- €45,000.00 gross in relation to his office as member of the Board of Directors;
- €1,255,000.00 gross in relation to the powers that have been attributed to him under Art. 2389, third paragraph, of the Civil Code.

The Chairman's compensation for 2019 also does not include a variable component, owing to the express waiver of the party concerned.

Giuseppe de' Longhi also received other compensation from subsidiaries for the positions held as director, indicated and better specified in Table 1 of the Second Part of this Report to which reference should be made.

c) Compensation of the Vice Chairman and CEO

In application of the 2019 Policy, Fabio de' Longhi was paid:

- (I) as the gross annual *fixed component*, the following compensation:
 - €45,000.00 gross in relation to his office as member of the Board of Directors;
 - €585,000.00 gross in relation to the powers that have been attributed to him under Art. 2389, third paragraph, of the Civil Code;
 - €320,000.00 gross in relation to his employment relationship as executive of the Company.
- (II) as the gross annual *variable component* (MBO), the following compensation:
 - €108,412.00 gross in relation to the powers that have been attributed to him under Art. 2389, third paragraph, of the Civil Code (against a potential €117,000 gross);
 - €96,300.00 gross in relation to the employment relationship as executive of the Company (against a potential of €100,000 gross up to a maximum of €200,000 gross including "overachievement").

As regards the medium/long-term *variable component*, it should be noted that:

- (I) the vesting period of the Cash Plan 2018-2020 (see Section I, subsection 3.4.1 of this Report) will end on 31 December 2020; consequently, during the 2019 financial year the Company did not pay any incentives with reference to this incentive scheme (for further details see Table 3B below);
- (II) at the date of this Report, none of the options assigned with reference to the Stock Options Plan 2016-2022 have been exercised (150,000 exercisable, equal to 50% of the total of 300,000 options assigned following the completion of the first vesting period; for further details see Table 2 below).

It should be noted that under the approved 2019 Policy, 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 Options Plan.

Fabio de' Longhi also received other compensation from subsidiaries for the positions held as director, indicated and better specified in Table 1 of the Second Part of this Report to which reference should be made.

Fabio de' Longhi was also recognised non-monetary benefits for an equivalent value of €21,040.00 gross.

d) Compensation of the director also holding the role of the Group's Chief Corporate Services Officer

In application of the approved 2019 Policy, Silvia de' Longhi was paid:

(III) as the gross annual *fixed component*, the following compensation:

- €45,000.00 gross in relation to her office as member of the Board of Directors;
- €240,000.00 gross in relation to her employment relationship as executive of a Group company.

(IV) as the gross annual *variable component* (MBO), the following compensation:

- €69,840.00 gross in relation to the employment relationship as executive of the Company (against a potential of €72,000 gross);

With regard to the medium/long-term variable components – recognised for participation in the LTI Cash Plan 2018-2020 and the Stock Options Plan 2016-2022 – the same considerations above apply with reference to the Vice Chairman and Chief Executive Officer.

It should be noted that under the approved 2019 Policy, 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 Options Plan.

Silvia de' Longhi also received other compensation from subsidiaries for the positions held as director, indicated and better specified in Table 1 of the Second Part of this Report to which reference should be made.

Silvia de' Longhi was also recognised non-monetary benefits for an equivalent value of €8,406.00.

2. Compensation of the members of the Board of Statutory Auditors during 2019

In 2019, the Board of Statutory Auditors of the Company was composed of the following standing auditors:

- until the Shareholders' Meeting of 30 April 2019, CESARE CONTI (acting as Chairman) PAOLA MIGNANI and PIERA TULA;
- since the Shareholders' Meeting of 30 April 2019 (which also resolved, among other things, to renew the Board of Statutory Auditors for the three-year period 2019-2021), CESARE CONTI (acting as Chairman) PAOLA MIGNANI and ALBERTO VILLANI.

The Shareholders' Meeting of 30 April 2019 set, for the three-year period 2019-2021, the annual compensation of the Chairman of the Board of Statutory Auditors at €61,900.00 gross and the compensation of each of the two standing members at €41,300.00 gross.

3. Compensation of Other Key Managers with Strategic Responsibilities in 2019

The remuneration paid to Other Key Managers with Strategic Responsibilities of the Company during the 2019 financial year, in compliance with the 2019 Policy, is shown cumulatively in the tables in the second part of this Section II, with details of the individual items that comprise said remuneration.

With regard to the medium/long-term variable components – recognised for participation in the LTI Cash Plan 2018-2020 and the Stock Options Plan 2016-2022 – the same considerations above apply with reference to the Vice Chairman and Chief Executive Officer.

Other Key Managers with Strategic Responsibilities were also recognised non-monetary benefits for a total equivalent value of €295,636.00.

Second Part

The Tables in this second part of Section II of the report show analytically the compensation paid in 2019 for any reason and in any form by the company and its subsidiaries and associates.

The information in Tables 1, 2, and 3B is provided separately with reference to the positions held in the Company and any positions held in subsidiaries and associates.

This includes all persons who, during 2019, held, even for a fraction of the period, the position of member of the Board of Directors, of the Board of Statutory Auditors, or Key Manager with Strategic Responsibilities.

1. Compensation paid during 2019

The Table below contains the compensation paid during the year ending 31 December 2019 to the members of the Board of Directors and those of the Board of Statutory Auditors, and the Other Key Managers with Strategic Responsibilities.

Table 1 – Annex 3A, Scheme 7-bis of the Issuers' Regulation
Compensation paid during 2019 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 2019)

(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					
Giuseppe de' Longhi	Chairman of the Board of Directors	01/01/2019 31/12/2019	Approval 2021 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 45,000 (a)						€ 1,300,000		
				€ 1,255,000 (b)								
(II) Compensation from subsidiaries and associates				€ 300,000 (a)						€ 300,000		
(III) Total				€ 1,600,000	€ 0	€ 0	€ 0	€ 0	€ 0	€ 1,600,000	€ 0	€ 0
Fabio de' Longhi	Vice Chairman, CEO and KMSR	01/01/2019 31/12/2019	Approval 2021 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 45,000 (a)		€ 108,412 (d)		€ 21,040 (f)		€ 1,175,752	€ 547,170	
				€ 585,000 (b)		€ 96,300 (e)						
				€ 320,000 (c)								
(II) Compensation from subsidiaries and associates				€ 150,000 (a)						€ 150,000		
(III) Total				€ 1,100,000	€ 0	€ 204,712	€ 0	€ 21,040	€ 0	€ 1,325,752	€ 547,170	€ 0

Table 1 – Annex 3A, Scheme 7-bis of the Issuers' Regulation
Compensation paid during 2019 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
2019)

(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					
Massimiliano Benedetti	Director	01/01/2019 31/12/2019	Approval 2021 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 45,000 (a)						€ 45,000		
(II) Compensation from subsidiaries and associates										€ 0		
(III) Total				€ 45,000	€ 0	€ 0	€ 0	€ 0	€ 0	€ 45,000	€ 0	€ 0
Ferruccio Borsani	Director	01/01/2019 31/12/2019	Approval 2021 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 45,000 (a)						€ 45,000		
(II) Compensation from subsidiaries and associates										€ 0		
(III) Total				€ 45,000	€ 0	€ 0	€ 0	€ 0	€ 0	€ 45,000	€ 0	€ 0
Alberto Clo'	Director	01/01/2019 31/12/2019	Approval 2018 fin. statements									
(I) Compensation in the company preparing the financial statements					€ 4,500					€ 4,500		
(II) Compensation from subsidiaries and associates										€ 0		
(III) Total				€ 0	€ 4,500	€ 0	€ 0	€ 0	€ 0	€ 4,500	€ 0	€ 0

Table 1 – Annex 3A, Scheme 7-bis of the Issuers' Regulation
Compensation paid during 2019 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
2019)

(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					
Luisa Maria Virginia Collina	Director	01/01/2019 31/12/2019	Approval 2021 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 45,000 (a)						€ 45,000		
(II) Compensation from subsidiaries and associates										€ 0		
(III) Total				€ 45,000	€ 0	€ 0	€ 0	€ 0	€ 0	€ 45,000	€ 0	€ 0
Renato Corrada	Director	01/01/2019 31/12/2019	Approval 2021 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 45,000 (a)	€ 6,000					€ 51,000		
(II) Compensation from subsidiaries and associates										€ 0		
(III) Total				€ 45,000	€ 6,000	€ 0	€ 0	€ 0	€ 0	€ 51,000	€ 0	€ 0
Silvia de' Longhi	Director and Key Manager w/ Strategic Responsibilities	01/01/2019 31/12/2019	Approval 2021 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 45,000 (a)						€ 45,000	€ 310,063	
(II) Compensation from subsidiaries and associates				€ 30,000 (a)				€ 8,406 (f)		€ 348,246		
				€ 240,000 (c)		€ 69,840 (e)						
(III) Total				€ 315,000	€ 0	€ 69,840	€ 0	€ 8,406	€ 0	€ 393,246	€ 310,063	€ 0

Table 1 – Annex 3A, Scheme 7-bis of the Issuers' Regulation
Compensation paid during 2019 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
2019)

(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					
Carlo Garavaglia	Director	01/01/2019 31/12/2019	Approval 2021 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 45,000 (a)	€ 6,000					€ 51,000		
(II) Compensation from subsidiaries and associates										€ 0		
(III) Total				€ 45,000	€ 6,000	€ 0	€ 0	€ 0	€ 0	€ 51,000	€ 0	€ 0
Cristina Pagni	Director	01/01/2019 31/12/2019	Approval 2021 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 45,000 (a)	€ 12,000					€ 57,000		
(II) Compensation from subsidiaries and associates										€ 0		
(III) Total				€ 45,000	€ 12,000	€ 0	€ 0	€ 0	€ 0	€ 57,000	€ 0	€ 0
Stefania Petruccioli	Director	01/01/2019 31/12/2019	Approval 2021 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 45,000 (a)	€ 10,500					€ 55,500		
(II) Compensation from subsidiaries and associates										€ 0		
(III) Total				€ 45,000	€ 10,500	€ 0	€ 0	€ 0	€ 0	€ 55,500	€ 0	€ 0

Table 1 – Annex 3A, Scheme 7-bis of the Issuers' Regulation
Compensation paid during 2019 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
2019)

(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					
Giorgio Sandri	Director	01/01/2019 31/12/2019	Approval 2021 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 45,000 (a)						€ 45,000		
(II) Compensation from subsidiaries and associates										€ 0		
(III) Total				€ 45,000	€ 0	€ 0	€ 0	€ 0	€ 0	€ 45,000	€ 0	€ 0
Silvio Sartori	Director	01/01/2019 31/12/2019	Approval 2018 fin. statements									
(I) Compensation in the company preparing the financial statements					€ 2,000					€ 2,000		
(II) Compensation from subsidiaries and associates										€ 0		
(III) Total				€ 0	€ 2,000	€ 0	€ 0	€ 0	€ 0	€ 2,000	€ 0	€ 0
Cesare Conti	Chairman Board of Statutory Auditors	01/01/2019 31/12/2019	Approval 2021 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 61,900 (a)						€ 61,900		
(II) Compensation from subsidiaries and associates										€ 0		
(III) Total				€ 61,900	€ 0	€ 0	€ 0	€ 0	€ 0	€ 61,900	€ 0	€ 0

Table 1 – Annex 3A, Scheme 7-bis of the Issuers' Regulation
Compensation paid during 2019 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
2019)

(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					
Paola Mignani	Standing Auditor	01/01/2019 31/12/2019	Approval 2021 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 41,300 (a)						€ 41,300		
(II) Compensation from subsidiaries and associates				€ 33,666						€ 33,666		
(III) Total				€ 74,966	€ 0	€ 0	€ 0	€ 0	€ 0	€ 74,966	€ 0	€ 0
Piera Tula	Standing Auditor	01/01/2019 31/12/2019	Approval 2018 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 13,767 (a)						€ 13,767		
(II) Compensation from subsidiaries and associates										€ 0		
(III) Total				€ 13,767	€ 0	€ 0	€ 0	€ 0	€ 0	€ 13,767	€ 0	€ 0
Alberto Villani	Standing Auditor	01/01/2019 31/12/2019	Approval 2021 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 27,533 (a)						€ 27,533		
(II) Compensation from subsidiaries and associates				€ 50,167						€ 50,167		
(III) Total				€ 77,700	€ 0	€ 0	€ 0	€ 0	€ 0	€ 77,700	€ 0	€ 0

Table 1 – Annex 3A, Scheme 7-bis of the Issuers' Regulation
Compensation paid during 2019 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
2019)

(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					
No. 5	Key Managers with Strategic Responsibilities	01/01/2019 31/12/2019										
(I) Compensation in the company preparing the financial statements				€ 1,364,658 (c)		€ 366,035 (e)		€ 75,248 (f)		€ 1,805,941	€ 1,112,579	
(II) Compensation from subsidiaries and associates				€ 102,605 (g)		€ 29,870 (d)		€ 220,388 (h)		€ 392,031		
				€ 39,168 (c)								
(III) Total				€ 1,506,431	€ 0	€ 395,905	€ 0	€ 295,636	€ 0	€ 2,197,972	€ 1,112,579	€ 0

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 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) 2019 MBO related to the CEO's term of office, even if not yet paid;
- (e) 2019 MBO related to the employment relationship, even if not yet paid;
- (f) non-monetary benefits related to the employment relationship;
- (g) emoluments related to the office of Chief Executive Officer of a subsidiary of the Company. These emoluments are paid in four quarterly instalments in January, April, July and October of each year;
- (h) non-monetary benefits related to the office of Chief Executive Officer of the subsidiary.

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 members of the Board of Directors and Key Managers with Strategic Responsibilities.

Table 2 – Annex 3A, Scheme 7-bis of the Issuers' Regulation

Stock options assigned to members of the board of directors, general managers and other key managers with strategic responsibilities

A	B	(1)	Options held at the beginning of the financial year			Options awarded during the financial year						Options exercised during the financial year			Options exercised during the financial year	Options held at the end of the financial year	Options pertaining to the financial year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)=(2)+(5)-(11)-(14)	(16)
Name and surname	Office	Plan	Number options	Exercise price	Possible exercise period (from - to)	Number options	Exercise price	Possible exercise period (from - to)	Fair value at award date	Date of award	Market price of underlying shares at the award of options	Number of options	Exercise price	Market price of underlying shares at the exercise date	Number options	Number options	Fair Value (*)
Fabio de' Longhi	Vice Chairman, Chief Executive Officer and Key Manager with Strategic Responsibilities	Stock Options Plan 2016-2022 (Board Resolution 28 July 2016)	150,000	€ 20,4588	from May 2019 to December 2022											150,000	118,752
			150,000	€ 20,4588	from May 2020 to December 2022												150,000
(II) Total			300,000													300,000	344,851

Table 2 – Annex 3A, Scheme 7-bis of the Issuers' Regulation

Stock options assigned to members of the board of directors, general managers and other key managers with strategic responsibilities

A	B	(1)	Options held at the beginning of the financial year			Options awarded during the financial year						Options exercised during the financial year			Options exercised during the financial year	Options held at the end of the financial year	Options pertaining to the financial year	
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)=(2)+(5)-(11)-(14)	(16)	
Name and surname	Office	Plan	Number options	Exercise price	Possible exercise period (from - to)	Number options	Exercise price	Possible exercise period (from - to)	Fair value at award date	Date of award	Market price of underlying shares at the award of options	Number of options	Exercise price	Market price of underlying shares at the exercise date	Number options	Number options	Fair Value (*)	
Silvia de' Longhi	Director and Key Manager with Strategic Responsibilities	Stock Options Plan 2016-2022 (Board Resolution 28 July 2016)	85,000	€ 20,4588	from May 2019 to December 2022											85,000,00	67,293	
			85,000	€ 20,4588	from May 2020 to December 2022												85,000,00	128,123
			(II) Total	170,000													170,000	195,416
Number 5	Key Managers with Strategic Responsibilities	Stock Options Plan 2016-2022 (Board Resolution 28 July 2016)	305,000	€ 20,4588	from May 2019 to December 2022													
			305,000	€ 20,4588	from May 2020 to December 2022													
			(II) Total	610,000														

3. Monetary incentive plans for members of 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 31 December 2019 to members of the board of directors and key managers with strategic responsibilities.

Table 3B – Annex 3A, Scheme 7-bis of the Issuers' Regulation
Monetary incentive plans in favour of members of the Board of Directors, General Managers and other Key Managers with Strategic Responsibilities

(A) Name and surname	(B) Office	(1) Plan	(2) Bonus for the year			(3) Bonus for previous years			(4) Other Bonuses
			(A) Payable / Paid	(B) Deferred	(C) Deferment Period	(A) No longer payable	(B) Payable / Paid	(C) Still Deferred (2021)	
Fabio de' Longhi	Vice Chairman, CEO and KMSR								
(I) Compensation in the company preparing the financial statements		2019 MBO Plan relating to the CEO's term of office (BoD's award resolution on 14 March 2019 and BoD's maturation resolution on 12 March 2020)	€ 108,412						
		2019 MBO Plan relating to employment relationship as KMSR (BoD's award resolution on 14 March 2019 and BoD's maturation resolution on 12 March 2020)	€ 96,300						
		LTI Cash Plan 2018-2020 (a) (BoD's award resolution on 31 July 2018)		€ 119,467	2021			€ 119,467	
(II) Compensation from subsidiaries and associates									
(III) Total			€ 204,712	€ 119,467		€ 0	€ 0	€ 119,467	€ 0

Note:

- (a) variable component deferred and subject to the achievement of expressly predetermined performance objectives
- (b) the value in column (2)(B) is equal to the provision in the financial statements of the bonus accrued for the 2019 financial year in relation to the LTI Cash Plan 2018-2020 against achievement of the set objectives
- (c) the value in column (3)(C) is equal to the provision in the financial statements of the bonus accrued for the 2018 financial year in relation to the LTI Cash Plan 2018-2020 against achievement of the set objectives

Table 3B – Annex 3A, Scheme 7-bis of the Issuers' Regulation
Monetary incentive plans in favour of 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) Payable / Paid	(B) Deferred	(C) Deferment Period	(A) No longer payable	(B) Payable / Paid	(C) Still Deferred (2021)	
Silvia de' Longhi	Director and Key Manager with Strategic Responsibilities								
(I) Compensation in the company preparing the financial statements									
(II) Compensation from subsidiaries and associates		2019 MBO Plan relating to employment relationship as KMSR (BoD's award resolution on 14 March 2019 and BoD's maturation resolution on 12 March 2020)	€ 69,840						
		LTI Cash Plan 2018-2020 (a) (BoD's award resolution on 31 July 2018)		€ 89,600	2021			€ 89,600	
(III) Total			€ 69,840	€ 89,600		€ 0	€ 0	€ 89,600	€ 0

Note:

- (a) variable component deferred and subject to the achievement of expressly predetermined performance objectives
- (b) the value in column (2)(B) is equal to the provision in the financial statements of the bonus accrued for the 2019 financial year in relation to the LTI Cash Plan 2018-2020 against achievement of the set objectives
- (c) the value in column (3)(C) is equal to the provision in the financial statements of the bonus accrued for the 2018 financial year in relation to the LTI Cash Plan 2018-2020 against achievement of the set objectives

Table 3B – Annex 3A, Scheme 7-bis of the Issuers' Regulation
Monetary incentive plans in favour of 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) Payable / Paid	(B) Deferred	(C) Deferment Period	(A) No longer payable	(B) Payable / Paid	(C) Still Deferred (2021)	
No. 5 Key Managers	Key Managers with Strategic Responsibilities								
(I) Compensation in the company preparing the financial statements		2019 MBO Plan relating to employment relationship as KMSR	€ 366,035						
		LTI Cash Plan 2018-2020 (a) (BoD's award resolution on 31 July 2018)		€ 592,994	2021			€ 592,994	
(II) Compensation from subsidiaries and associates		2019 MBO Plan relating to the CEO's term of office	€ 29,870						
(III) Total			€ 395,905	€ 592,994		€ 0	€ 0	€ 592,994	€ 0

Note:

- (a) variable component deferred and subject to the achievement of expressly predetermined performance objectives
- (b) the value in column (2)(B) is equal to the provision in the financial statements of the bonus accrued for the 2019 financial year in relation to the LTI Cash Plan 2018-2020 against achievement of the set objectives
- (c) the value in column (3)(C) is equal to the provision in the financial statements of the bonus accrued for the 2018 financial year in relation to the LTI Cash Plan 2018-2020 against achievement of the set objectives

4. Interests held by the members of the board of directors and the board of statutory auditors, general managers and other key managers with strategic responsibilities at 31 December 2019

The Table below shows the interests held during the period from 31 December 2018 to 31 December 2019 in De' Longhi S.p.A. and in the companies it controls as at 31 December 2018, by the Company's directors, statutory auditors and key managers with strategic responsibilities 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 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
Giuseppe de' Longhi	Presidente del Consiglio di Amministrazione	De' Longhi S.p.A.	1,790,000			1,790,000
Fabio de' Longhi	Vice Presidente Amministratore Delegato e Dirigente con Responsabilità Strategiche	De' Longhi S.p.A.	321,855 (a)			321,855 (a)
Giorgio Sandri	Consigliere	De' Longhi S.p.A.	20,750 (b)			20,750 (b)
Silvio Sartori (c)	Consigliere	De' Longhi S.p.A.	14,000 (d)			N/A

Note:

- (a) Of which 100,000 owned by spouse.
- (b) Of which 5,750 owned by spouse.
- (c) Director in office until 30 April 2019.
- (d) Owned by spouse.



DeLonghi

KENWOOD

BRAUN

Ariete