



ANNUAL REPORT ON
THE REMUNERATION POLICY
AND COMPENSATION PAID

2020

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: € 225,837,846.00 fully paid up – Tax code and Registration number with the Company
Register of Treviso 11570840154

Summary

| | |
|---|-----------|
| Definitions | 5 |
| Introduction | 7 |
| SECTION I – 2021 REMUNERATION POLICY | 8 |
| 1. Policy aims and principles | 9 |
| 1.1 Aims | 9 |
| 1.2 General Principles | 10 |
| 1.3 Scope of application and duration | 11 |
| 1.4 Changes compared to the previous financial year | 12 |
| 2. Governance of the remuneration process | 13 |
| 2.1 The bodies and persons involved | 13 |
| 2.2 Remuneration and Appointments Committee | 16 |
| 2.3 Independent experts involved in the preparation of the Policy | 18 |
| 2.4 Process for defining and approving the Policy | 18 |
| 3. Description of the Policy | 19 |
| 3.1 Compensation of members of the Board of Directors | 19 |
| 3.1.1 Compensation of non-executive directors | 19 |
| 3.1.2 Compensation of executive directors | 19 |
| a) Chairman of the Board of Directors | 21 |
| b) Vice-Chairman | 21 |
| c) Chief Executive Officer and General Manager | 22 |
| 3.2 Compensation of Key Managers with Strategic Responsibilities | 23 |
| 3.2.1 Compensation of the Financial Reporting Officer | 24 |
| 3.3 Compensation of the Internal Audit Manager | 25 |
| 3.4 Short-term incentives: Annual variable component (MBO) | 25 |
| 3.5 Medium/long-term incentives | 27 |
| 3.5.1 LTI Cash Plan 2021-2023 | 27 |
| 3.5.2 Share-based compensation plans | 30 |
| 3.6 Non-monetary benefits | 31 |
| 3.7 Treatment in the event of resignation, dismissal without just cause or termination of employment | 32 |
| 3.7.1 Indemnity | 32 |
| 3.7.2 Effects on rights granted under share-based or cash incentive plans | 33 |
| 3.7.3 <i>Non-monetary benefits – consultancy agreements</i> | 34 |
| 3.8 Compensation of members of the Board of Statutory Auditors | 34 |
| 3.9 Permitted derogations from this Policy | 35 |

| | |
|--|-----------|
| SECTION II – COMPENSATION PAID DURING 2020 AND OTHER INFORMATION | 36 |
| Part One | 37 |
| 1. Compensation of members of the Board of Directors in 2020 | 37 |
| a) Compensation of non-executive directors | 38 |
| b) Compensation of Chairman of the Board of Directors | 39 |
| c) Compensation of the Vice-Chairman and Chief Executive Officer until 30 April 2020 | 39 |
| d) Compensation of the Chief Executive Officer and General Manager | 40 |
| e) Compensation of the director also holding the role of the Group's Chief Corporate Services Officer | 41 |
| 2. Compensation of members of the Board of Statutory Auditors in 2020 | 43 |
| 3. Compensation of other Key Managers with Strategic Responsibilities in 2020 | 43 |
| 4. Comparative information for the last five years | 44 |
| 5. Information on the vote expressed by the Shareholders' Meeting on Section II of the Report on the previous financial year | 47 |
| Part Two | 48 |
| 1. Compensation paid during 2020 | 49 |
| Table 1 – Annex 3A, Scheme 7- <i>bis</i> of the Issuers' Regulation | 49 |
| 2. Stock Options assigned to members of the board of directors, general managers and other key managers with strategic responsibilities | 55 |
| Table 2 – Annex 3A, Scheme 7- <i>bis</i> of the Issuers' Regulation | 55 |
| 3. Monetary incentive plans in favour of members of the board of directors, general managers and other key managers with strategic responsibilities | 59 |
| Table 3B – Annex 3A, Scheme 7- <i>bis</i> of the Issuers' Regulation | 59 |
| 4. Interests held by the members of the board of directors and board of statutory auditors, general managers and key managers with strategic responsibilities at 31 December 2020 | 63 |
| Table 1 – Annex 3A, Scheme 7- <i>bis</i> of the Issuers' Regulation | 63 |



Definitions

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

Chief Executive Officer and General Manager or CEO/GM: The Chief Executive Officer and General Manager 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 interest 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 approved in January 2020 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, ANIA, Assogestioni, Assonime and Confindustria to which the Company adheres, which can be accessed via the website <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>

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., appointed by the Board of Directors (role that has been attributed to the Chief Executive Officer with effect from 1 May 2020).

Key Managers with Strategic Responsibilities Managers of the Group (other than the CEO/General Manager and the Vice-Chairman) identified by the Board of Directors who 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 11 March 2021 – 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 Key Managers with Strategic Responsibilities.

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 approved by 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, the vesting period of which ended on 31 December 2020.

LTI Cash Plan 2021-2023 The cash incentive plan called “*LTI Cash Plan 2021-2023*” reserved for top management and the key resources of the De’ Longhi Group, the guidelines of which were defined by the Board of Directors at the meeting held on 11 November 2021 and are the subject of the 2021 Remuneration Policy.

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 Key Managers with Strategic Responsibilities, approved for the 2021 financial year by the Board of Directors on 11 March 2021, 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 21 April 2021.

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 on transactions with related parties of the De’ Longhi S.p.A. Group*” prepared in accordance with Consob Regulation No. 17221/2010 currently in force, and approved by the Company’s Board of Directors in version in force at the time.

Issuers’ Regulation Implementation Regulation of Legislative Decree No. 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 currently in force.

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 Key Managers with Strategic Responsibilities.

Consolidated Law on Finance or TUF Legislative Decree No. 58 of 24th February 1998 (“*Consolidated Law on the regulations concerning financial intermediation*”) and subsequent amendments and additions.

Introduction

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 11 March 2021, in compliance with the current legal and regulatory obligations laid down, in particular, by Art. 123-ter of the TUF and by Art. 84-quater of the Issuers' Regulation and by the relative disclosure schemes, as amended in implementation of EU Directive 2017/828 (so-called SHRD II).

The Report explains:

- in **Section I**, the Policy adopted for the financial year 2021 with regard to the compensation of the Directors (including the Chief Executive Officer & General Manager), Statutory Auditors (without prejudice to the provisions of Art. 2402 of the Civil Code), and of Key Managers with Strategic Responsibilities, 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 2020 of the Directors (including the Chief Executive Officer and General Manager), Statutory Auditors and Key Managers with Strategic Responsibilities, with comparative information for the last five years between the annual change in total remuneration of the members of the corporate bodies in relation to the Company's results, as well as the average gross annual remuneration of employees; in **Part Two (i)** the details of the compensation accrued or paid to these persons in 2020, 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 website¹ www.delonghigroup.com – in the section "Governance" – "Corporate bodies" – "Shareholders' Meeting of 2021", 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 2020 (in particular, 30 March 2021);
- 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 the related provision contained in the OPC Procedure.

¹ The Report will be made available on the Company's website for at least ten years, without prejudice to the prohibition on ability to access the personal data contained in Section II after this period.

Section I

2021 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.

The Remuneration Policy contributes to the corporate strategy, pursuit of long-term interests of shareholders and the sustainability of the Company and of the Group in that it enables the following:

- (I) align the interests of top management with those of shareholders, pursuing the primary objective of creating value over the long term for the latter, taking into account the interests of other stakeholders relevant to the Company by establishing a strong link between pay and performance;
- (II) focus management's attention on the pursuit of short-, medium- and long-term objectives, concentrating efforts on the Group's industrial performance;
- (III) attract, motivate, develop and retain people with the necessary personal and professional qualities to achieve the company's business development objectives, based on competitive pay packages compared to the external market, defined by taking into account the working conditions of the Company's employees, thus encouraging loyalty and their permanence within the Group;
- (IV) 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.

The Remuneration Policy ensures coherence and linkage between the Company's strategy, as expressed in the 2021-2023 mid-term plan approved by the Board of Directors, the sustainability strategy represented in the Sustainability Report published by the Company and the performance targets set by the Company with reference to the short and medium/long-term variable incentive schemes adopted and applicable to Executive Directors and Key Managers with Strategic Responsibilities. In compliance with the provisions of current legislation (Art. 123-ter, para. 3-bis of the Consolidated Law on Finance and Art. 84-quater, para. 2-bis of the Issuers' Regulation), the chart below shows how the variable incentive schemes provided for in the Policy contribute to the pursuit of the Company's strategy, the pursuit of long-term interests and the sustainability of the Company, through focusing on and incentivising Executive Directors and Key Managers with Strategic Responsibilities.

De' Longhi is committed to pursuing a progressive integration of environmental, social and governance sustainability issues within its strategy, risk management and remuneration processes, promoting a systemic and transparent approach, in compliance with the principles set out in the Group's Code of Ethical Conduct, which is also able to ensure compliance with the principles of plurality, equal opportunities, fairness and no discrimination of any kind.

| GROUP STRATEGY - MTP 21-23 | 2021 MBO | LTI Cash 2021-2023 |
|---|---|--|
| GROWTH DRIVERS | | |
| <ul style="list-style-type: none"> • US & Asia • Coffee • Food • Innovation | <p>Financial Targets</p> <ul style="list-style-type: none"> • Net Sales • EBITDA • Operating Cash Flow <p>Non Financial Targets</p> <ul style="list-style-type: none"> • Market Shares | <p>Financial Targets</p> <ul style="list-style-type: none"> • Net Sales 2023 • EBITDA 2021-2023 • Operating Cash Flow |
| KEY PROJECTS & ENABLERS | | |
| <ul style="list-style-type: none"> • Several initiatives across the organization | <p>Non Financial Targets</p> <ul style="list-style-type: none"> • Customers Focus & Satisfaction: Customer Fulfillment Excellence KPIs | <p>Non Financial Targets</p> <ul style="list-style-type: none"> • Customers Focus & Satisfaction: Customer Fulfillment Excellence KPIs |
| PEOPLE & TALENTS | | |
| <ul style="list-style-type: none"> • Several initiatives across the organization | <p>Non Financial Targets</p> <ul style="list-style-type: none"> • People Care & Development Projects (structures, diversity, h&s, others) | |
| SUSTAINABILITY PILLARS | | |
| <ul style="list-style-type: none"> • Valuing our people, the EveryDay Makers • Integrating sustainability in Product Design & Innovation • Running sustainable SC and Operations | <p>Non Financial Targets</p> <ul style="list-style-type: none"> • People Care & Development Projects (structures, diversity, h&s, others) • Customers Focus & Satisfaction: Customer Fulfillment Excellence KPIs | <p>Non Financial Targets</p> <ul style="list-style-type: none"> • Customers Focus & Satisfaction: Customer Fulfillment Excellence KPIs |

1.2 General Principles

In view of the aforementioned aims, the compensation of Directors (including the Chief Executive Officer and General Manager), Statutory Auditors and Key Managers with Strategic Responsibilities is defined in accordance with the following principles and recommendations also dictated by the Corporate Governance Code, to which De' Longhi adheres:

- compensation of non-executive Directors is proportionate to the competence, professionalism and commitment required for the duties assigned to them, also with regard to participation in board committees;
- adequately balanced compensation structure for directors with executive powers (including the CEO/ General Manager), and Key Managers with Strategic Responsibilities in order to ensure the essential coherence between strategic objectives, the Company's risk management policy and sustainability in the creation of value for shareholders over the long term; in particular, the remuneration structure consists of a fixed component which is appropriate for the powers and/or responsibilities assigned, and a variable component, representing a significant proportion of total remuneration, 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;
- predetermined, measurable objectives connected with variable compensation and linked in a significant part to a long-term horizon, defined in such a way as to ensure their consistency with the Company's strategic objectives and aimed at promoting sustainable success. These objectives also include, where relevant, non-financial parameters aimed at remunerating performance in both the short and medium/long term, in relation to the results achieved;
- 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;

- application of ex-post correction mechanisms (such as claw back and malus) to the amount accrued for the variable component;
- variable component subject to a partial deferment of the amounts accrued, limited to the medium/long term variable component, considered commensurate to the characteristics of the company's business and the nature of the objectives set;
- periodic review of pay packages based on overall company and personal performance, the potential for future development of the individual, working conditions and the competitiveness and attractiveness of salaries compared to market values;
- 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;
- definition of clear and pre-determined rules for the possible disbursement of indemnities, benefits, consultancy agreements and for the treatment of variable components of remuneration in case of termination of the directorship or employment relationship, if any;
- without prejudice to the provisions of Art. 2402 of the Civil Code, remuneration of the members of the Board of Statutory Auditors appropriate to the competence, professionalism and commitment required by the importance of the role held and the size and sector characteristics of the Company, as well as its situation.

1.3 Scope of application

The Policy sets out the principles and guidelines which the Company follows with regards to remuneration and applies to Directors (including the Chief Executive Officer and General Manager), Statutory Auditors, Key Managers with Strategic Responsibilities (including the Financial Reporting Officer) and the Internal Audit Manager of the Company.

The Company's Board of Directors – most recently at the meeting held on 11 March 2021 – 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 Key Managers with Strategic Responsibilities.

The Policy has been prepared in line with the contents of Art. 123-ter of the TUF, Art. 84-*quater* of the Issuers' Regulation and related Annex 3A (Scheme 7-*bis* and 7-*ter*), and in consideration of the recommendations on remuneration contained in the new Corporate Governance Code, to which the Company adheres. The recommendations formulated on this subject by the Corporate Governance Committee promoted by Borsa Italiana S.p.A. and contained in the letter dated 21 December 2020 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 remuneration policies by applying principles and guidelines similar to those of the Company.

The Remuneration Policy refers to the financial year 2021 and, therefore, it has an annual duration.

1.4 Changes compared to the previous financial year

Although the Remuneration Policy is essentially in line with the policies approved and applied in previous years, it does have some new elements, introduced as a result of the amendments made to Art. 84-*quater* of the Issuers' Regulation, and to the disclosure schedules set out in Annex 3A (Schedule 7-*bis*) of the same regulation in implementation of EU Directive 2017/828 (so-called SHRD II), as well as in consideration of certain clarifications introduced on the matter by the recommendations of the new Corporate Governance Code. Some of the changes made to the 2021 Policy compared to the previous year's policy were also introduced in consideration of the results of the vote cast in relation to the 2020 remuneration policy and what was highlighted in this regard by proxy advisors.

Among the amendments introduced, compared to the remuneration policy applied for the 2020 financial year, of particular note are:

- the indication of how the 2021 Remuneration Policy contributes to the corporate strategy, pursuit of long-term interests and the sustainability of the Company;
- the introduction of non-financial performance objectives linked to the Company's sustainability strategy to which the accrual of the 2021 MBOs of Executive Directors and Key Managers with Strategic Responsibilities (see section 3.3 below) and the 2021-2023 LTI Cash Plan (see section 3.4.1 below) should be linked;
- the introduction of a quantitative limit with regard to *(i)* non-competition and/or stability agreements provided for Executive Directors and Key Managers with Strategic Responsibilities (see sections 3.1.2 and 3.2 below); *(ii)* lump-sum bonuses, established by the CEO/General Manager, subject to the approval of the RAC, for Key Managers with Strategic Responsibilities, to reward individual or collective results that are particularly significant for the Company (see section 3.2 below); *(iii)* annual bonus (in lieu of and/or in addition to the MBO) and lump-sum monetary bonus, as elements that may be subject to a departure from the Policy in the presence of Exceptional Circumstances (see section 3.8 below);
- definition of the guidelines of the LTI Cash Plan 2021-2023 to be prepared by the RAC and submitted to the Board of Directors, in case of approval of the 2021 Remuneration Policy by the Shareholders' Meeting;
- introduction of some limitations on the treatment envisaged in the event of resignation, dismissal without just cause or termination of the employment relationship (see section 3.6 below);
- specification of the effects of the termination of employment on the rights granted under share-based or cash incentive plans (see section 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 Section I of this Report;
- c) resolves in favour of or against, in accordance with Art. 123-ter, para. 6 of the TUF, on the compensation paid or accrued in the previous financial year and reported in Section II 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;
- d) receives adequate information on the implementation of the Remuneration Policy;
- e) 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 General Manager, 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, ensuring that the remuneration paid and accrued is consistent with the principles and criteria of the Policy, in light of the results achieved and other circumstances relevant to its implementation;
- 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 approve the business results and the performance plans to which the determination of directors' variable compensation is connected, if provided;
- h) approves the general criteria for the compensation of Key Managers with Strategic Responsibilities;

- i) defines, upon the proposal of the CEO/General Manager in his role as Chief Financial Officer, 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;
- l) on the occasion of the termination of office and/or termination of the relationship with an Executive Director or the General Manager, discloses through a press release, disseminated to the market as a result of internal processes leading to the allocation or recognition of any indemnity and/or other benefits, the detailed information recommended by the Corporate Governance Code and the Supervisory Authority;

• 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 compliance with 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 to the Board of Directors concerning the maximum number of positions as director or auditor held in other listed companies or large companies that may be considered compatible with the effective performance of the position of director of the Company, taking into account the commitment that comes with their role;
- l) makes recommendations to the Board of Directors 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;
- n) supports the Board of Directors in monitoring and updating the Diversity Policies;

- o) sets up and supervises, on behalf of the Board of Directors, the self-assessment process of the Board itself (board review or self-assessment);
- p) assists the Board of Directors in preparing, updating and implementing any succession plan for the Chief Executive Officer and General Manager and the other executive directors;

• **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 Key Managers with Strategic Responsibilities 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, to which all the Statutory Auditors may attend.

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 section also the “**Committee**”) was set up by the Company’s Board of Directors within the Board itself with resolution dated 1 March 2007, confirmed most recently at the Board meeting held on 11 February 2021, with the adherence to the new Corporate Governance Code.

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. The establishment of the Committee and the appointment of its members was then confirmed by the Board of Directors at the meeting held on 11 February 2021. In line with the recommendations contained in the Corporate Governance Code, it 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 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 Committee*” 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).

In the meeting of 11 February 2021, the Board of Directors then granted the Committee all the attributions and powers that the new Corporate Governance Code envisages for both the appointments committee and the remuneration committee.

The work of the Committee is coordinated by the Chairman and the meetings are minuted and the minutes are entered into the appropriate book. All the statutory auditors may attend Committee meetings.

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 2020

During 2020 the Remuneration and Appointments Committee met 9 (nine) times in total (in particular, on 8th January, 10th January and 16th January, 11 February, 2 March and 10 March, 8 May, 15 June and 2 October with an attendance of 100% of its members to all the meetings and for an average duration of 2 hours 10 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 (in particular, managers and consultants from outside the Company), who were invited by the Committee for specific items on the agenda.

With reference to the functions attributed to it regarding remuneration, in the Financial Year 2020 the Committee carried out the following activities: *(i)* preparation of the Stock Options Plan 2020-2027 reserved for the Company's Chief Executive Officer/General Manager and for a limited number of top managers of the Company and the Group, to be submitted for the approval of the Board of Directors; *(ii)* consideration of the recommendations within the Committee's remit made in the letter dated 19 December 2019 from the Chairman of the Corporate Governance Committee; *(iii)* assessment of the fairness, overall consistency and practical application of the remuneration policy for the year 2020; *(iv)* verification of the degree to which the performance objectives defined for the year 2019 and correlated to the MBOs of the Executive Directors have been achieved; *(v)* preparatory, consultative and proposal-making activity in support of the Board of Directors for the purposes of the proposed remuneration of the new Chief Executive Officer and General Manager of the Company; *(vi)* preparation of the Company's Report on the 2020 remuneration policy and on the compensation paid in 2019, under Art. 123-ter of the TUF, to be submitted for the approval of the Board of Directors; *(vii)* definition of the performance targets to which the Executive Directors 2020 MBO are linked; *(viii)* review and evaluation of the performance objectives of the 2018-2020 LTI Cash incentive scheme; *(ix)* proposals to the Board of Directors to assign part of the options referred to the Stock Options Plan 2020-2027.

With reference to the functions attributed to it regarding appointments, in the Financial Year 2020 the Committee carried out the following activities among others: *(i)* preparatory, consultative and proposal-making activity in support of the Board of Directors for the purposes of selecting the new Chief Executive Officer and General Manager of the Company; *(ii)* consideration of the recommendations within the Committee's remit made in the letter dated 19 December 2019 from the Chairman of the Corporate Governance Committee; *(iii)* supervision of the board's self-assessment process; *(iv)* monitoring of the application of diversity policies for members of the corporate bodies; *(v)* evaluation on whether to adopt a succession plan for executive directors.

In the first months of the current financial year the Committee met 5 (five) times: on 2 February, 9 February, 22 February, 1 March and 9 March.

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 Italian and European 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 Executive 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 are also asked to make a non-binding vote on the compensation paid or accrued during the previous year (2020) by the directors and statutory auditors of De' Longhi S.p.A. and by the Key Managers with Strategic Responsibilities, indicated in Section II of this Report.

If the Shareholders' Meeting does not approve the Remuneration Policy, the Company will pay remuneration in accordance with the latest Policy approved by the Shareholders' Meeting.

In order to 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 2 February, 9 February and 22 February, and on 1 March and 9 March 2021.

This Policy was then approved by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, in the meeting held on 11 March 2021, 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.

3.1 Compensation 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; in particular: (i) the Chairman, (ii) the Vice-Chairman and (iii) the Chief Executive Officer and General Manager (“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 Compensation 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 Compensation 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) through participation in the Stock Options Plans; and (ii) through participation in the LTI Cash Plan 2021-2023, which envisages a predetermined incentive correlated to the position held in the business organisation and the fixed Remuneration in effect at the time the plan was approved.

The fixed component attributed with reference to the employment relationship, if any, 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 awarded under such agreements may not in any event exceed 50% of the total annual fixed component attributed to the individual and shall be proportionate to the duration of the agreements.

Again, 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 section 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.

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 Executive Directors are subject to the application of ex-post correction mechanisms at contract level, which envisage the possible restitution of all or part of the amounts paid (claw back), or the non-payment of compensation accrued but not yet paid (malus), 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.

a) Chairman of the Board of Directors

The remuneration of the Chairman of the Board of Directors is composed of a gross *annual fixed component* set:

- (I) by the Shareholders' Meeting, in relation to his function as a member of the Board of Directors at the time of appointment;
- (II) by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee and having heard the opinion of the Board of Statutory Auditors, in relation to the powers assigned to under Art. 2389, third paragraph, of the Civil Code.

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

b) Vice-Chairman

The Vice-Chairman's compensation is composed of the following elements:

- a gross annual *fixed component* set:
 - (I) by the Shareholders' Meeting, in relation to his function as a member of the Board of Directors at the time of appointment;
 - (II) by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee and having heard the opinion of the Board of Statutory Auditors, in relation to the powers assigned to under Art. 2389, third paragraph, of the Civil Code;
 - (III) by the Board of Directors upon the proposal of the Remuneration and Appointments Committee and after having heard the opinion of the Board of Statutory Auditors, in relation to the current employment relationship as an executive of the Company;
- a medium/long-term *variable component* through the participation in the Stock Options Plan 2016-2022; by express waiver of the person concerned, the remuneration of the Vice-Chairman does not envisage an annual variable component (MBO) nor participation in the LTI Cash Plan 2021-2023.

c) Chief Executive Officer & General Manager

The CEO/General Manager's compensation is composed of the following elements:

- a gross annual *fixed component* set:
 - (I) by the Shareholders' Meeting, in relation to his function as a member of the Board of Directors at the time of appointment;
 - (II) by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee and having heard the opinion of the Board of Statutory Auditors, in relation to the powers assigned to him under Art. 2389, third paragraph, of the Civil Code;
 - (III) by the Board of Directors upon the proposal of the Remuneration and Appointments Committee and after having heard the opinion of the Board of Statutory Auditors, in relation to the current employment relationship as an executive of the Company (including a non-competition agreement paid annually);
- 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 in place;
- 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 through participation in the Stock Options Plan 2020-2027 and in the LTI Cash Plan 2021-2023.

In view of the special and consolidated relationship and bond with the Company and the De' Longhi Group of the Chairman and Vice-Chairman, 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.

With regard to the Chief Executive Officer and General Manager, the relationship between the fixed component and variable component 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/long term, reducing the risks of unbalanced guidance in the short term.

The target pay mix 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, takes into account the Stock Options Plan 2020-2027 and the estimate related to the LTI Cash Plan 2021-2023, is shown below.

Pay mix executive directors

| Role | Fixed | Var s/t | Var ml/t | Total |
|---|-------|---------|----------|-------|
| Chairman | 100% | 0% | 0% | 100% |
| Vice-Chairman | 100% | 0% | 0% | 100% |
| Chief Executive Officer & General Manager | 33% | 22% | 45% | 100% |

3.2 Compensation of Key Managers with Strategic Responsibilities

Remuneration of the Key Managers with Strategic Responsibilities 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. These amounts will not in any case exceed 50% of the GAR attributed and will be proportionate to the constraints envisaged.

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 Key Managers with Strategic Responsibilities are subject to the application of ex-post correction mechanisms at contract level, which envisage the possible restitution of all or part of the amounts paid (claw back), or the non-payment of compensation accrued but not yet paid (malus), 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 Key Managers with Strategic Responsibilities, 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. This fixed component is also defined taking into account the working conditions in which they operate, including, but not limited to, the geographical location of the role and the frequency and destination of business trips.

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 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/long term, reducing the risks of unbalanced guidance in the short term.

The target pay mix for 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, takes into account the Stock Options Plan 2020-2027 and the estimate related to the LTI Cash Plan 2021-2023, is shown below.

With regard to the Chief Corporate Services Officer, given her office as a member of the Board of Directors of the Company, the attached table shows her pay mix separately from the other Key Managers with Strategic Responsibilities.

Pay mix key managers with strategic responsibilities

| Role | Fixed | Var s/t | Var ml/t | Total |
|---|-------|---------|----------|-------|
| Silvia de' Longhi Chief Corporate Service Officer | 61% | 14% | 25% | 100% |
| No. 5 Key Managers | 36% | 11% | 53% | 100% |

* The percentage relating to fixed remuneration also includes remuneration received for the office of member of the Board of Directors of the Company and member of the Board of Directors of a subsidiary of the Group.

For the Key Managers with Strategic Responsibilities, the following may be further provided: *(i)* non-monetary benefits (see section 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, to reward individual or collective results that are particularly significant for the Company (for example but not limited to the finalisation of M&A operations or significant and/or extraordinary operations or projects that took place over the financial year).

3.2.1 Compensation 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 compensation corresponds to that regarding the compensation for Key Managers with Strategic Responsibilities.

3.3 Compensation of the Internal Audit Manager

The compensation of the Internal Audit Manager is defined, in line with the role and 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 are in line with the remuneration policy provided for Key Managers with Strategic Responsibilities.

3.4 Short-term incentives: Annual variable component (MBO)

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

These performance indicators are linked to an incentive scale which expresses the bonus matured in relation to the respective degree of achievement, which will be evaluated by reference to financial statement data as approved by the corporate bodies. It envisages, for each of these indicators, an on/off scale, while for the other indicators 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 performance indicators of the MBO are those given below.

(I) With regard to the **Chief Executive Officer & General Manager:**

- Group's net revenues (25% weight);
- Group's EBITDA² (30% weight);
- Group's Operating Cash Flow³ (15% weight);
- Market Shares (10% weight);
- "People Care and Development" projects (10% weight);
- "Customer Fulfilment Excellence" project (10% weight).

(II) With regard to **Key Managers with Strategic Responsibilities:**

- Group's net revenues (25% weight);
- Group's EBITDA² (30% weight);
- Group's Operating Cash Flow³ (15% weight);
- "Customer Fulfilment Excellence" project (10% weight);
- Other activities and/or function/cross-function projects (20% weight).

² For the purposes of the 2021 MBO of the Chief Executive Officer and General Manager and Key Managers with Strategic Responsibilities, "Group's EBITDA" means the consolidated EBITDA before non-recurring income and expenses.

³ For the purposes of the 2021 MBO of the Chief Executive Officer and General Manager and Key Managers with Strategic Responsibilities, "Group's operating cash flow" means operating cash flow before investments.

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

- (I) for the **Chief Executive Officer and General Manager**, 70% of the total fixed compensation recognised in relation to the powers assigned and the current employment relationship as executive of the Company, up to a maximum of 100% of the total of such fixed compensation, based on the achievement of results that give access to the approved levels of overachievement;
- (II) for **Key Managers with Strategic Responsibilities**, 30% of the GAR, up to a maximum of 60%, based on the achievement of results that give access to the approved levels of overachievement.

The tables below show, for each 2021 performance indicator, the relationship between the different levels of achievement of the targets and the related measures of the variable component that will be paid out.

| 2021 Objectives | CEO/General Manager | | | | | | | |
|---------------------------------|------------------------------|---------|---------|----------|---------|-----------|---------|------------|
| | Performance Levels / Pay out | | | | | | | |
| | Obj. weight | Level 1 | pay out | Level 2 | pay out | Level 3 | pay out | Max weight |
| EBITDA | 30% | PL1 | 100% | PL1+5% | 130% | PL1+13.7% | 200% | 60% |
| Net Revenues | 25% | PL1 | 100% | PL1+3.8% | 130% | PL1+9.5% | 200% | 50% |
| Operating Cash Flow | 15% | PL1 | 100% | PL1+4.6% | 130% | PL1+13.3% | 200% | 30% |
| Customer Focus and Satisfaction | 10% | | 100% | | 100% | | 100% | 10% |
| Market Shares | 10% | | 100% | | 100% | | 100% | 10% |
| People Care and Development | 10% | | 100% | | 100% | | 100% | 10% |
| Total | 100% | | | | | | | 170% |
| Cap % MBO | | | | | | | | 143% |

| 2021 Objectives | Key managers with strategic responsibilities | | | | | | | |
|------------------------------------|--|---------|---------|----------|---------|-----------|---------|------------|
| | Performance Levels / Pay out | | | | | | | |
| | Weight | Level 1 | pay out | Level 2 | pay out | Level 3 | pay out | Max weight |
| EBITDA | 30% | LP1 | 100% | LP1+5% | 130% | LP1+13.7% | 200% | 60% |
| Net Revenues | 25% | LP1 | 100% | LP1+3.8% | 130% | LP1+9.5% | 200% | 50% |
| Operating Cash Flow | 15% | LP1 | 100% | LP1+4.6% | 130% | LP1+13.3% | 200% | 30% |
| Customer Focus and Satisfaction | 10% | LP1 | 100% | LP2 | 130% | LP3 | 200% | 20% |
| Function / Cross Function Projects | 20% | LP1 | 100% | LP2 | 130% | LP3 | 200% | 40% |
| Total | 100% | | | | | | | 200% |
| CAP | | | | | | | | 200% |

If, for a performance indicator, a result between two levels is achieved, the variable component will accrue proportionally (for example, if an EBITDA of 2.5% above the set Level 1 is achieved, the bonus will accrue at a rate of 115%).

3.5 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 aimed at raising the De'Longhi share price, 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 CEO/GM and for a limited number of top managers of the Group, which by their nature and given their overall duration are aimed at increasing the De'Longhi share price on the Mercato Telematico Azionario over the medium/long term;
- monetary incentive schemes, reserved for top management and key people of the Group, directly connected to the achievement of performance objectives defined as part of the three-year business plans approved periodically by the Board of Directors of the Company and aimed at creating value for shareholders in the medium/long term.

The first type of incentive schemes provides, within 18 months from the date of their approval by the Shareholders' Meeting, for the assignment to the beneficiaries of a quantity of financial instruments commensurate with their role in terms of extent of responsibility and impact on the business. No additional predetermined and measurable performance targets to be achieved for the accrual of benefits are set out in the plan.

The second type of incentive schemes provides for the payment of cash sums commensurate with the beneficiaries' GAR at the time the plan is approved, upon achievement of predetermined and measurable performance levels that are not linked to the performance of the De'Longhi share price.

3.5.1 LTI Cash Plan 2021-2023

On 5 October 2020, the Board of Directors approved the 2021-2023 mid-term plan (subsequently updated on 11 March 2021 in relation also to the acquisition of Capital Brands Holdings inc. which took effect on 1 January 2021).

During the first months of 2021, the Remuneration and Appointments Committee, following the approval of the new business plan, started the preparation of the new LTI Cash 2021-2023 scheme.

In the meeting of 11 March 2021, at the time of updating the business plan, the Board of Directors positively assessed the proposal formulated by the Remuneration and Appointments Committee, in agreement with the Chief Executive Officer and General Manager, to approve the guidelines of a medium-long term incentive plan - the "LTI Cash 2021-2023 Plan" - reserved for the Group's top management and key people, which will be prepared by the RAC and submitted to the Board of Directors, in case of approval of the 2021 Remuneration Policy by the Shareholders' Meeting.

Consistent with the founding principles of the Remuneration Policy, the LTI Cash Plan 2021-2023 aims to:

- enable the correlation between management remuneration and the creation of value for shareholders in the medium to long term;
- focus management's efforts on the Group's three-year industrial performance;
- ensuring the motivation and retention of the Group's top management and key people, by making the accrual of the plan's economic incentive conditional on maintaining an employment relationship with the Group.

According to the approved guidelines, the 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 CEO/GM, having heard the opinion of the Remuneration and Appointments Committee and the Board of Statutory Auditors, in relation to the Key Managers with Strategic Responsibilities and any other managers of the Company or of other companies in the Group;
- (ii) envisages the payment of cash sums upon the achievement of the performance objectives in the 2021-2023 Business Plan approved by the Board of Directors of the Company and therefore is not based on shares or other financial instruments connected to the shares;
- (iii) envisages a potential bonus for each beneficiary (with reference to the three-year vesting period of the plan), approved by the Board of Directors and defined in terms of a multiplier of the participant's gross annual fixed remuneration at the time of approval of the plan (for Executive Directors and Key Managers with Strategic Responsibilities an average multiplier corresponding indicatively to 1.8 times the gross annual fixed remuneration is envisaged);
- (iv) is linked to the achievement of performance objectives related to financial and non-financial indicators:
 - a) Cumulative EBITDA 2021-2023 (60% weight)
 - b) Net Revenues 2023 (30% weight)
 - c) "Customer Focus and Satisfaction" / KPIs CFEX projec (10% weight)
- (v) provides for a correction factor linked to the cumulative Operating Cash Flow⁴ for the three-year period, in relation to which the following are envisaged:
 - a) a minimum performance level below which the bonus accrued is reduced by 10 percentage points;
 - b) a neutral performance band;
 - c) a maximum performance level above which the bonus accrued is increased by 10 percentage points.
- (vi) The targets set may be adjusted to take into account extraordinary events and conditions not envisaged in the assumptions of the original approved business plan, upon resolution of the Board of Directors on the proposal of the Remuneration and Appointments Committee and after hearing the opinion of the Board of Statutory Auditors.

⁴ For the purposes of the LTI Cash Plan 2021-2023, operating cash flow means operating cash flow before investments.

- (vii) For the purposes of verifying the degree of achievement of the performance targets, reference will be made to the financial statement data as approved by the competent corporate bodies, without prejudice to the right of the RAC and the Board of Directors to use so-called normalised data to take account of extraordinary events and conditions not envisaged in the assumptions of the approved original business plan;
- (viii) does not envisage sums guaranteed for merely maintaining the employment relationship with the Company or with a company in the Group;
- (ix) envisages that any sums accrued are paid to beneficiaries in two instalments: 50% in May 2024 and the remaining 50% in December 2024, with a deferment deemed consistent with the nature of the business carried out and with the related risk profiles;
- (x) also envisages an incentive scale which expresses the bonus accrued in relation to the degree each performance indicator has been achieved. It envisages minimum values, under which the Company does not pay the incentive, and maximum values (160% of the potential bonus), above which the Company will always pay the amount, namely the maximum percentage approved;
- (xi) envisages that the amounts accrued are subject to the application of ex-post correction mechanisms at contract level which envisage the possible restitution of all or part of the amounts paid (claw back), or the non-payment of compensation accrued but not yet paid (malus), 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 table enclosed shows, for each performance indicator (KPI), the relationship between the different levels of achievement of the targets and the related measures of the variable component that will be paid out.

| Performance Indicators | weight% | Performance Levels (PL) / Payout | | | | max % |
|--------------------------|---------|---|---------|------------|---------|-------|
| | | level 1 | pay out | level 2 | pay out | |
| Cumulative EBITDA | 60% | PL1 | 100% | PL1+12.5% | 150% | 90% |
| Net Revenues 2023 | 30% | PL1 | 100% | PL1+ 10.0% | 150% | 45% |
| CFEX KPIs | 10% | PL1 | 100% | PL2 | 150% | 15% |
| Total | 100% | | | | | 150% |
| Operating Cash Flow | | -10 % points / neutral band / + 10 % points | | | | 10% |
| Cap % LTI Cash 2021-2023 | | | | | | 160% |

For results between two performance levels, the variable component accrues proportionally.

3.5.2 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 in office at the date the plan is approved (the Company's current Vice-Chairman) and the Group's top management associated with an increase in the Share value on the Mercato Telematico Azionario.

The above plan envisages 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).

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" and to the "Information Document on the Stock Options Plan 2016-2022", available on the Company's website www.delonghigroup.com, in the section "Governance" – "Corporate Bodies" – "Shareholders' Meeting Archive" – "2016" – "Ordinary and extraordinary Shareholders' Meeting of 14.04.2016".

Stock Options Plan 2020-2027

The Shareholders' Meeting held on 22 April 2020 approved, upon the proposal of the Board of Directors and the Remuneration and Appointments Committee of the Company and with the favourable opinion of the Board of Statutory Auditors, the Stock Options Plan, for the Chief Executive Officer in office at the date the options are assigned and a limited number of the Group's top managers, associated with an increase in the Share value on the Mercato Telematico Azionario.

This plan envisages the assignment of a maximum 3,000,000 options free of charge, each of which gives the individual 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.

The purchase or subscription price of each share is €16.982 (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 180 calendar days before the date for the approval of the plan itself and its Rules by the Company's Shareholders' Meeting).

For the description of the Stock Options Plan 2020-2027, please refer to the "Report on the Stock Options Plan 2020-2027 with the Plan Rules and Information Document pursuant to Art. 84-bis of the Issuers' Regulation", available on the Company's website www.delonghigroup.com, in the section "Governance" – "Corporate Bodies" – "Shareholders' Meeting Archive" – "2020" – "Shareholders' Meeting of 22 April 2020".

3.6 Non-monetary benefits

The compensation for Executive Directors, including the Chief Executive Officer and General Manager, Key Managers with Strategic Responsibilities and Internal Audit Manager 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 2020 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 Key Managers with Strategic Responsibilities and other managers of the Company or of Companies in the Group 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 and/or work circumstances, the pay package of the Executive Directors and Key Managers with Strategic Responsibilities 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, i.e. in particular situations such as, for example, when the place of work is transferred abroad.

3.7 Treatment in the event of resignation, dismissal without just cause or termination of employment

3.7.1 Indemnity

Non-Executive Directors, Chairman and Vice-Chairman

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.

Limited to the employment relationship existing with the Vice-Chairman, in the event of termination of the relationship, the provisions of the relevant national collective agreement, if any, shall apply to the notice period and any indemnities.

Chief Executive Officer & General Manager

For the new Chief Executive Officer and General Manager, the existing agreements provide that the office of Director and the employment relationship are interconnected, providing that the termination of one entails the termination of the other. In the event of termination by the company for objective reasons, an indemnity is envisaged which 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 national collective labour agreement for managers of producers of goods or services 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. With regard to the notice period, the provisions of the above-mentioned collective labour agreement apply.

The non-competition agreement in place with the CEO/GM relating to the employment contract as General Manager of the Company provides for a clause on non-competition and non-solicitation of the Company's employees and/or customers for a period of 24 months from the date of termination of employment, in exchange for the payment of a consideration equal to 30% of the individual's salary at that time.

During the period of employment, from the date of recruitment, the Company shall pay the total gross annual sum of €50,000.00. Upon termination of the employment relationship, on the basis of the results of the amount due, less the amount already paid during the employment relationship, the Company shall pay any amount still due, in two equal instalments, the first 12 months after the end of the employment relationship, the second at the end of the restriction period.

Key Managers with Strategic Responsibilities

For the Key Managers with Strategic Responsibilities no individual agreements are 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 in force. In the event of termination of the employment relationship, the provisions of the relevant national collective agreement, if any, shall apply and any supplementary treatment may be agreed individually at the time of termination.

3.7.2 Effects on rights granted under share-based or cash incentive plans

Short-term incentives (MBOs)

The right to the annual variable component of remuneration (MBO) and the related economic payment cease, as a rule, in the event of termination of the relationship, either by the beneficiary or at the initiative of the company, during the year of reference. This is without prejudice to more restrictive agreements in individual contracts, as well as any better terms agreed at the time of termination of employment.

Medium/long-term incentives – monetary remuneration plans

In continuity with the provisions of the monetary remuneration plans implemented in the past, the guidelines approved by the Board of Directors of the Company with reference to the LTI Cash 2021-2023 scheme provide for the following effects in the event of termination of office and/or employment of the beneficiaries:

- (I) in the event of termination during the performance period in the bad leaver or good leaver hypothesis, no payment will be made to the plan participant regardless of the level of achievement of the performance objectives during the period between the start date of the plan and the termination date;
- (II) in the event of termination of employment in the good leaver hypothesis, after the end of the performance period but before the date of payment of the bonus, the amounts accrued will be paid in full to the plan participant on the dates envisaged in the plan rules;
- (III) in the event of termination in the leaver hypothesis, the sums accrued pro rata temporis in the period between the start of the performance period and the date of termination shall be paid to the participant (in the event of the participant's death, the sums shall be paid to the participant's legal heirs or successors in title) together with the severance pay.

The Board of Directors, on the proposal of the CEO/GM, after hearing the opinion of the Remuneration and Appointments Committee, may decide on a lump-sum or otherwise more favourable formulas for particular cases.

Medium/long-term incentives – share-based remuneration plans

For a description of the treatment envisaged in the event of termination of office and/or employment of the beneficiaries, please refer:

- (I) for the “Stock Options Plan 2016-2022”, to the “Directors’ report on the fifth item on the agenda for the ordinary part” and to the “Information Document on the Stock Options Plan 2016-2022”, available on the Company’s website www.delonghigroup.com, in the section “Governance” – “Corporate Bodies” – “Shareholders’ Meeting Archive” – “2016” – “Ordinary and extraordinary Shareholders’ Meeting of 14.04.2016”;
- (II) for the “Stock Options Plan 2020-2027”, to the “Report on the Stock Options Plan 2020-2027 with the Plan Rules and Information Document pursuant to Art. 84-bis of the Issuers’ Regulation”, available on the Company’s website www.delonghigroup.com, in the section “Governance” – “Corporate Bodies” – “Shareholders’ Meeting Archive” – “2020” – “Shareholders’ Meeting of 22 April 2020”.

3.7.3 Non-monetary benefits – consultancy agreements

Existing agreements do not provide for the assignment or maintenance of non-monetary benefits to Executive Directors and Key Managers with Strategic Responsibilities after termination of employment. This is without prejudice to any supplementary treatment agreed individually at the time of termination.

Similarly to benefits, existing agreements do not provide for consultancy contracts for a period after termination of the relationship.

3.8 Compensation 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.

Taking into account the provisions of Art. 2402 of the Civil Code and the rules of conduct for statutory auditors of listed companies, in order to allow shareholders to formulate proposals that guarantee the recognition of remuneration to statutory auditors that is appropriate to the competence, professionalism and commitment required by the importance of the role held and the size and sector characteristics of the Company, as well as its situation, the Company will disclose to shareholders and the public the information submitted by the Board of Statutory Auditors to the Board of Directors in anticipation of its renewal, which will incorporate the activities carried out during the term of office, together with a remuneration benchmark.

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.

3.9 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 exclusively 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 temporarily from this Policy.

By way of example and without limitation, the following constitute Exceptional Circumstances:

- (I) the need to replace, due to unforeseen events, a chief executive officer and the need to negotiate a pay package quickly, where the constraints contained in the approved Policy could limit the Company’s ability to attract managers with suitable professional skills to manage the business;
- (II) significant changes in the perimeter of the company’s activity during the period that the Remuneration Policy is valid, such as the disposal of a company/branch of business on which the performance objectives of the Remuneration Policy were based or the acquisition of a significant business not envisaged for the purposes of preparing the Policy;
- (III) the occurrence, at national or international level, of extraordinary and unforeseeable events concerning the Company and/or the sectors and/or markets in which it operates, which significantly affect the Company’s results.

If the conditions are met, the elements of the Policy from which the Company may decide to derogate are as follows:

- variation of the ratio between fixed remuneration and variable remuneration;
- variation of the performance objectives and/or their respective weights, relating to the MBO 2021 and the LTI Cash Plan 2021-2023;
- attribution of an annual bonus (in lieu of and/or in addition to the MBO, in any case not exceeding the value envisaged for the annual 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 lump-sum monetary bonus (in any case not exceeding the value envisaged for the annual MBO);
- attribution of particular indemnities in view of specific personal and/or working conditions;
- 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 applying the “OPC Procedure”.

Section II

Compensation paid during 2020
and other information



Part One

Information on the remuneration paid in 2020 to the directors, including the CEO/GM, statutory auditors and Key Managers with Strategic Responsibilities of De' Longhi S.p.A., is provided below (certain items are illustrated and further information can also be found in Section I of this Report), together with comparative information for the last five years on the annual change in the total remuneration of executive directors/ members of corporate bodies with respect to the Company's results, as well as the average gross annual remuneration of employees.

On this point, the remuneration policy defined for the 2020 financial year ("2020 Policy") was reviewed by the Remuneration and Appointments Committee during the periodic assessment that was conducted by the Committee at its meeting held on 1 March 2021. 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, including the CEO/GM, statutory auditors, as well as to the Key Managers with Strategic Responsibilities during the 2020 financial year, with the 2020 Policy.

1. Compensation of the members of the Board of Directors during 2020

In 2020, the Board of Directors of the Company was composed as follows until the Shareholders' Meeting of 22 April 2020:

- Executive Directors: GIUSEPPE DE' LONGHI (Chairman), FABIO DE' LONGHI (Vice-Chairman and Chief Executive Officer, and executive of the Company) and SILVIA DE' LONGHI (Director 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 Shareholders' Meeting held on 22 April 2020 appointed Massimo Garavaglia as the new and additional director of the Company, to whom, on 27 April 2020, the Board of Directors attributed managerial powers appointing him Chief Executive Officer of the Company and granting him the office of General Manager, with effect from 1 May 2020.

Since the Shareholders' Meeting held on 22 April 2020 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), MASSIMO GARAVAGLIA (Chief Executive Officer and General Manager from 1 May 2020) and SILVIA DE' LONGHI (Director 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.

During 2020, there were no changes in the composition of the three committees set up within the Board of Directors, whose members also at the date of this Report were:

- 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.

The Shareholders' Meeting held on 22 April 2020 appointed Massimo Garavaglia as an additional director of the Company for the remainder of the three-year period 2019-2021, awarding him the same gross annual remuneration of € 45,000 as envisaged for the other members, authorising the Board of Directors to define any further remuneration due to him in relation to the 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.

Later, at the meeting held on 12 March 2020, the Board of Directors resolved to review the above compensation, quantifying it in the following amounts: (i) € 2,500 for the Chairmen and (ii) €2,000 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.

Details of the compensation paid during 2020 to non-executive directors are shown in Table 1 of the Part Two of this Report to which reference should be made.

b) Compensation of the Chairman of the Board of Directors

In application of the 2020 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 2020 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 Part Two of this Section II of the Report to which reference should be made.

c) Compensation of the Vice-Chairman and Chief Executive Officer until 30 April 2020

In application of the 2020 Policy, Fabio de' Longhi:

(I) was paid 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) accrued as the gross *annual variable component* (MBO), the following compensation:

- €163,800.00 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 up to a maximum of €163,000.00 gross including the overachievement approved for 2020);
- €120,000.00 gross in relation to the employment relationship as executive of the Company (against a potential of €100,000 gross up to a maximum of €120,000 gross including overachievement approved for FY 2020).

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

- (I) the vesting period of the LTI Cash Plan 2018-2020 ended on 31 December 2020; as a result of the results achieved, the amount accrued for 2020 is equal to €339,626 gross, which will be paid during 2021 at the expiry dates set out in the plan rules;
- (II) at the date of this Report, the Vice-Chairman has not exercised any of the 300,000 options assigned with reference to the Stock Options Plan 2016-2022 (for further details see Table 2 below). The fair value for 2020 of participation in the above-mentioned plan is €84,245.00.

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

Fabio de' Longhi was also recognised non-monetary benefits for an equivalent value of €21,224.12 gross.

On the basis of the above elements and that additionally set out in Table 1 of the Part Two of this Section II of the Report, the fixed remuneration paid for the financial year 2020 to the Vice-Chairman (and Chief Executive Officer until 30 April) was equal to 1.58 times the total variable remuneration accrued (consisting of the 2020 MBO, the portion of variable remuneration pertaining to the financial year relating to the LTI Cash Plan 2018-2020 and the fair value of the Stock Options Plan 2016-2022).

d) Compensation of the Chief Executive Officer and General Manager

In application of the 2020 Policy, Massimo Garavaglia:

(I) was paid as the gross *annual fixed component*, the following compensation:

- €30,000.00 gross in relation to his office as member of the Board of Directors;
- €836,667.00 gross in relation to the powers that have been attributed to him under Art. 2389, third paragraph, of the Civil Code;
- €333,333.00 gross in relation to his employment relationship as executive of the Company (of which €33,333.00 under a non-competition agreement).

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

- €836,666.67 gross in relation to the powers that have been attributed to him under Art. 2389, third paragraph, of the Civil Code (against a potential €585,666.67 gross up to a maximum of €836,666.67 gross including overachievement);
- €333,333.33 gross in relation to the employment relationship as executive of the Company (against a potential for 2020, based on the months of actual service, of €233,333.33 gross up to a maximum of €333,333.33 gross including overachievement).

In this regard, it should be noted that the 2020 Policy approved by the Shareholders' Meeting envisaged that the pro-rata amount of the 2020 MBO attributed to the CEO/GM would be wholly or partly guaranteed, at the sole discretion of the Chairman and Vice-Chairman, on the basis of the evidence of the first months of employment with the company. Given the positive assessment expressed by the latter, on 11 March 2021 the Board of Directors resolved to accrue the bonus relating to the 2020 MBO to the maximum extent envisaged.

As regards the medium/long-term variable component, it should be noted that, with reference to the Stock Options Plan 2020-2027, on 4 May 2020, 800,000 options were assigned to the Chief Executive Officer, none of which were exercised given the non-completion of the relevant vesting periods (for further information, please refer to Table 2 of Part Two of this Report). The fair value for 2020 of participation in the above-mentioned plan is €672,804.00.

Massimo Garavaglia did not receive other compensation from subsidiaries for the positions held as director.

Massimo Garavaglia was also recognised non-monetary benefits for an equivalent value of €10,099.00 gross.

On the basis of the above elements and that additionally set out in Table 1 of the Part Two of this Section II of the Report, the fixed remuneration paid for the financial year 2020 to the Chief Executive Officer and General Manager was equal to 68.1 times the total variable remuneration accrued (consisting of the 2020 MBO and the portion of variable remuneration pertaining to the financial year relating to the fair value of the Stock Options Plan 2020-2027).

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

In application of the approved 2020 Policy, Silvia de' Longhi:

(IV) was paid 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.

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

- €95,040.00 gross in relation to the employment relationship as executive of the Company (against a target potential of €72,000 gross up to a maximum of €95,040.00 gross including overachievement approved for FY 2020);

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

- the vesting period of the LTI Cash Plan 2018-2020 ended on 31 December 2020; as a result of the results achieved, the amount accrued for 2020 is equal to €254,720.00 gross, which will be paid during 2021 at the expiry dates set out in the plan rules;
- at the date of this Report, the Chief Corporate Services Officer has not exercised any of the 170,000 options assigned with reference to the Stock Options Plan 2016-2022 (for further details see Table 2 below). The fair value for 2020 of participation in the above-mentioned plan is €47,739.00.

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

Silvia de' Longhi was also recognised non-monetary benefits for an equivalent value of €10,452.00.

On the basis of the above elements and that additionally set out in Table 1 of the Part Two of this Section II of the Report, the fixed remuneration paid for the financial year 2020 to Silvia de' Longhi was equal to 81.9 times the total variable remuneration accrued (consisting of the 2020 MBO and the portion of variable remuneration pertaining to the financial year relating to the fair value of the Stock Options Plan 2016-2022).

With reference to the variable components of remuneration accrued by Executive Directors in the 2020 financial year, in addition to the above, it should be noted that, given the company's decision not to disclose forecast data to the public for reasons of confidentiality and privacy, no disclosure is provided of the targets defined in the 2020 MBOs and in the LTI Cash Plan 2018-2020 reserved for Executive Directors and Key Managers with Strategic Responsibilities. Such information is indicative and revealing of the Company's strategic and commercial choices and, as such, if disclosed to the public, could be used by competitors to the detriment of the Company's business.

The results achieved in relation to the financial performance indicators set out in the 2020 MBOs (net revenues, EBITDA and operating cash flow) were all well above the set targets.

With regard to the non-financial objectives, related to extraordinary activities and projects in 2020, the RAC at its meeting of 1 March 2021 reviewed the activities carried out and the results achieved against the objectives set.

Based on the overall proposal formulated by the RAC, on 11 March 2021 the Board of Directors resolved to accrue the bonuses relating to the 2020 MBOs to the maximum extent envisaged.

The vesting period of the LTI Cash Plan 2018-2020 expired on 31 December 2020.

On 11 March 2021, the Board of Directors approved the results relating to the 2020 financial year.

On the proposal of the Remuneration and Appointments Committee, having heard the favourable opinion of the Board of Statutory Auditors, the Board of Directors, on the basis of the results for the financial years 2018, 2019 and 2020, considered that the objectives of the 2018 - 2020 business plan had been achieved, and in particular:

- Group cumulative EBITDA at 101% of target (pay out of 103% of potential bonus at target);
- Working capital level, at the amount of an additional 10 percentage points of bonus.

In view of this, the Board of Directors therefore resolved to accrue the envisaged bonuses and to pay the beneficiaries of the plan the amounts envisaged, at the deadlines and in accordance with the conditions indicated in the plan rules.

Lastly, in accordance with the provisions of the approved 2020 Policy, the amounts accrued by Fabio de' Longhi, Massimo Garavaglia and Silvia de' Longhi are subject to:

- 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 2016-2022;
- the application of ex-post correction mechanisms at contract level which envisage the possible restitution of all or part of the amounts paid (claw back), or the non-payment of compensation accrued but not yet paid (malus), 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 pay mix related to total remuneration accrued in 2020 for each Executive Director is shown below. On this point, it should be noted that the values relating to the different components (i.e. fixed, variable and short-term and medium/long-term variable) are those shown in Tables 1, 2 and 3b included in Part Two of this Section of the Report, to which reference should be made.

Pay mix executive directors

| Role | Fixed | Var s/t | Var ml/t | Total |
|---|-------|---------|----------|-------|
| Chairman | 100% | 0% | 0% | 100% |
| Vice-Chairman | 64% | 11% | 25% | 100% |
| Chief Executive Officer & General Manager | 39% | 39% | 22% | 100% |
| Chief Corporate Service Officer | 44% | 13% | 43% | 100% |

2. Compensation of members of the Board of Statutory Auditors in 2020

In 2020, the Board of Statutory Auditors of the Company was composed of the following standing auditors:

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.

Paola Mignani and Alberto Villani also received other compensation from subsidiaries for the positions held as statutory auditor, indicated and better specified in Table 1 of the Part Two of this Section II of the Report to which reference should be made.

3. Compensation of Other Key Managers with Strategic Responsibilities in 2020

In application of the approved 2020 Policy, five additional Key Managers with Strategic Responsibilities:

- (I) were paid in total as a gross *annual fixed component* the amount of €1,512,630.00 gross in relation to their employment relationships as executives of a company in the Group (of which €50,000.00 under a non-competition agreement).
- (II) accrued in total as a gross *annual variable component (MBO)* the amount of €599,001.00 gross in relation to their employment relationships as executives of the Company and, for only one of these persons, as CEO of a foreign subsidiary (against a target potential of €453,789.00 gross up to a maximum of €599,001.00 gross including overachievements approved for FY 2020).

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

- the vesting period of the LTI Cash Plan 2018-2020 ended on 31 December 2020; as a result of the results achieved, the total amount accrued for 2020 is equal to €1,685,795.00 gross, which will be paid during 2021 at the expiry dates set out in the plan rules;
- during the 2020 financial year Key Managers with Strategic Responsibilities exercised 479,161 options assigned with reference to the Stock Options Plan 2016-2022 (for further details see Table 2 below). The total fair value for 2020 of participation in the Stock Options Plans is €1,130,860.00.

As regards the variable components of remuneration accrued by the Key Managers with Strategic Responsibilities during 2020, the same considerations outlined above with reference to executive directors apply.

For more information on the remuneration paid to the Company's Key Managers with Strategic Responsibilities during the 2020 financial year, in compliance with the 2020 Policy, please refer to the cumulative data indicated in the tables in Part Two of this Section II of the Report.

During the 2020 financial year, the Key Managers with Strategic Responsibilities who are beneficiaries of the Stock Option Plan 2016-2022 exercised a total of 1,048,564 options (see Table 2 in the Part Two of this Section II of the Report for more details), while 10,000 options were exercised in the first months of 2021.

Moreover, Key Managers with Strategic Responsibilities were also recognised non-monetary benefits for a total equivalent value of €267,954.00.

The pay mix related to total remuneration accrued in total by Key Managers with Strategic Responsibilities in 2020 is shown below. On this point, it should be noted that the values relating to the different components (i.e. fixed, variable and short-term and medium/long-term variable) are those shown in Tables 1, 2 and 3b included in Part Two of this Section of the Report, to which reference should be made.

Pay mix key managers with strategic responsibilities

| Role | Fixed | Var s/t | Var ml/t | Total |
|--------------------|-------|---------|----------|-------|
| No. 5 Key Managers | 31% | 12% | 57% | 100% |

4. Comparative information for the last 5 years

The enclosed tables show the comparison for the last 5 years between the annual change in the total remuneration of directors and statutory auditors in relation to the company's results as well as the average gross annual remuneration of employees.

For a more effective comparison of these trends, a representation by index numbers has been used (see Table A below), including a graphical representation (see Table B below).

The remuneration of the Chairman, the Non-Executive Directors and the members of the Board of Statutory Auditors does not include any variable components and has remained constant throughout the period considered.

The remuneration of the Vice-Chairman (and Chief Executive Officer until 30 April 2020) and of the Chief Corporate Services Officer (who is also a member of the Board of Directors) has been represented by considering all the fixed components of remuneration (excluding non-monetary benefits), the amounts received as an annual variable component (MBO) and those received as a medium-term variable component limited to participation in the LTI Cash plans. However, the fair value of share-based incentive schemes (Stock Options Plan 2016-2022) was excluded.

With regard to the remuneration data underlying the index numbers shown in Table A, the following should be noted:

- the remuneration of the Non-Executive Directors includes the gross annual remuneration attributed by the Shareholders' Meeting to each of the members of the Board of Directors appointed for the three-year period 2019-2021, while it does not include the remuneration established by the Board of Directors for participation in board committees;
- the trend of the Chief Corporate Services Officer's remuneration is the result of her appointment to the role during the second half of 2016 and reflects the evolution of her pay package over time, with the introduction of an annual variable component (in 2018) and, from 2018, participation in the medium/long-term LTI Cash incentive schemes. In view of this, the information on the CCSO has been included in Table A but is not represented in Table B;
- in view of the fact that the Chief Executive Officer and General Manager is in office since 1 May 2020, the comparative information provided in the tables below does not take his remuneration into account;
- the average gross annual remuneration of employees was calculated taking into account:
 - a) the monthly remuneration due (on a full-time equivalent basis), for the salary months paid;
 - b) assuming presence for the entire year with reference to staff hired and/or leaving during the year;
 - c) recurring remuneration paid (such as sums relating to non-competition agreements);
 - d) variable components such as bonuses and allowances, overtime, performance bonuses, MBOs, any lump-sum bonuses.

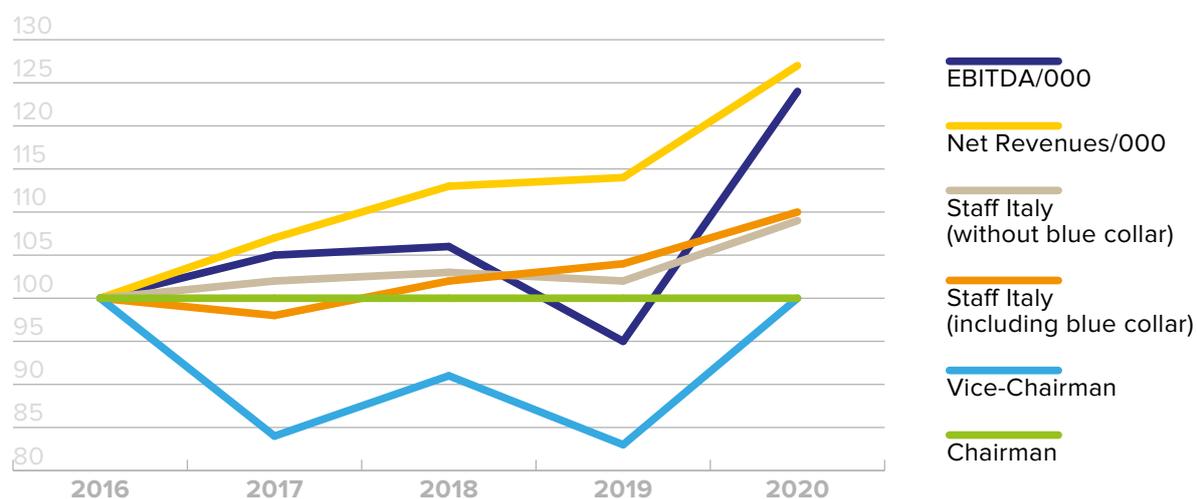
Considering that the Company is a holding company, with the aim of providing a more meaningful representation of the aforementioned trends, the staff remuneration data refer to the employees of the Group's Italian companies (represented in the two versions, including and excluding blue collar workers).

Finally, the figures for net revenues and EBITDA are taken from the consolidated financial statements approved by the Board of Directors.

Table A: information provided using index numbers

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|------|------|------|------|------|
| Chairman / BoD / Board of Statutory Auditors | 100 | 100 | 100 | 100 | 100 |
| Vice-Chairman | 100 | 84 | 91 | 83 | 100 |
| CCSO | 100 | 116 | 185 | 175 | 245 |
| Employees Italy (including blue collar) | 100 | 98 | 102 | 104 | 110 |
| Employees Italy (excluding blue collar) | 100 | 102 | 103 | 102 | 109 |
| Net Revenues/000 | 100 | 107 | 113 | 114 | 127 |
| EBITDA/000 | 100 | 105 | 106 | 95 | 124 |

Table B: information provided using index numbers



5. Information on the vote expressed by the Shareholders' Meeting on Section II of the report on the previous financial year

As shown in the table below, the Shareholders' Meeting of 22 April 2020 expressed a positive opinion on Section II of the 2020 Report.

| | N. Shareholders (attending on their own behalf or by proxy) | N. Voting Rights | % on Voting Rights Represented | % Total Voting Rights |
|--------------|---|--------------------|-----------------------------------|-----------------------|
| In favour | 232 | 218,105,664 | 96.911465 | 88.369323 |
| Against | 47 | 6,199,991 | 2.754858 | 2.512035 |
| Abstained | 6 | 750,962 | 0.333667 | 0.304265 |
| Non voting | 0 | 0 | 0.000000 | 0.000000 |
| Total | 285 | 225,056,617 | 100.0000 | 91.185623 |

With a view to further improving the disclosure of information on the remuneration of its management, also taking into account the new regulatory obligations recently introduced by Consob in implementation of SHRD 2, this Section II of the Report has been prepared paying particular attention to providing a detailed, clear and comprehensible representation of each of the items that make up the remuneration paid in 2020 to Directors (including the Chief Executive Officer and General Manager), Statutory Auditors and Key Managers with Strategic Responsibilities, highlighting its compliance with the contents of the 2020 Policy approved by the Shareholders' Meeting.

This representation has been prepared with the further purpose of highlighting both its consistency and conformity with the 2020 Policy approved by the Shareholders' Meeting, and the way in which the different components of the Policy have contributed to the achievement of the company results in 2020 as well as in the three-year period 2018-2020.

On this point, reference is also made to the comparative information for the last five financial years between the annual change in the total remuneration of members of the corporate bodies (including the Chief Corporate Services Officer) in relation to the Company's results as well as the average gross annual remuneration of employees, included in section 4 of the Part One of this Section II of the Report.

Part Two

The Tables in this second part of Section II of the report show analytically the compensation paid in 2020 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 2020, 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 2020

The Table below contains the compensation paid during the year ending 31 December 2020 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 2020 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 2020)

| (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 | 01/01/2020 31/12/2020 | 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 and KMSR | 01/01/2020 31/12/2020 | Approval 2021 fin. statements | | | | | | | | | |
| (I) Compensation in the company preparing the financial statements | | | | € 45,000 (a) | | € 163,800 (g) | | € 21,224 (o) | | € 1,594,650 | € 84,245 (p) | |
| | | | | € 585,000 (b) | | € 120,000 (f) | | | | | | |
| | | | | € 320,000 (c) | | € 339,626 (l) | | | | | | |
| (II) Compensation from subsidiaries and associates | | | | € 150,000 (a) | | | | | | € 150,000 | | |
| (III) Total | | | | € 1,100,000 | € 0 | € 623,426 | € 0 | € 21,224 | € 0 | € 1,744,650 | € 84,245 | € 0 |

Table 1 – Annex 3A, Scheme 7-bis of the Issuers' Regulation
Compensation paid during 2020 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
2020)

| (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 | 01/01/2020 31/12/2020 | Approval 2021 fin. statements | | | | | | | | | |
| (I) Compensation in the company preparing the financial statements | | | | € 45,000 (a) | € 1,000 | | | | | € 46,000 | | |
| (II) Compensation from subsidiaries and associates | | | | | | | | | | € 0 | | |
| (III) Total | | | | € 45,000 | € 1,000 | € 0 | € 0 | € 0 | € 0 | € 46,000 | € 0 | € 0 |
| Renato Corrada | Director | 01/01/2020 31/12/2020 | Approval 2021 fin. statements | | | | | | | | | |
| (I) Compensation in the company preparing the financial statements | | | | € 45,000 (a) | € 11,000 | | | | | € 56,000 | | |
| (II) Compensation from subsidiaries and associates | | | | | | | | | | € 0 | | |
| (III) Total | | | | € 45,000 | € 11,000 | € 0 | € 0 | € 0 | € 0 | € 56,000 | € 0 | € 0 |
| Silvia de' Longhi | Director & Key Manager w/ Strategic Responsibilities | 01/01/2020 31/12/2020 | Approval 2021 fin. statements | | | | | | | | | |
| (I) Compensation in the company preparing the financial statements | | | | € 45,000 (a) | | | | | | € 45,000 | € 47,739 (p) | |
| (II) Compensation from subsidiaries and associates | | | | € 30,000 (a) | | € 95,040 (g) | | € 10,542 (o) | | € 630,302 | | |
| | | | | € 240,000 (c) | | € 254,720 (l) | | | | | | |
| (III) Total | | | | € 315,000 | € 0 | € 349,760 | € 0 | € 10,542 | € 0 | € 675,302 | € 47,739 | € 0 |

Table 1 – Annex 3A, Scheme 7-bis of the Issuers' Regulation
Compensation paid during 2020 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
2020)

| (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 | 01/01/2020 31/12/2020 | Approval 2021 fin. statements | | | | | | | | | |
| (I) Compensation in the company preparing the financial statements | | | | € 45,000 (a) | € 12,000 | | | | (a) | € 57,000 | | |
| (II) Compensation from subsidiaries and associates | | | | | | | | | | € 0 | | |
| (III) Total | | | | € 45,000 | € 12,000 | € 0 | € 0 | € 0 | € 0 | € 57,000 | € 0 | € 0 |
| Cristina Pagni | Director | 01/01/2020 31/12/2020 | Approval 2021 fin. statements | | | | | | | | | |
| (I) Compensation in the company preparing the financial statements | | | | € 45,000 (a) | € 29,000 | | | | | € 74,000 | | |
| (II) Compensation from subsidiaries and associates | | | | | | | | | € 8,840 (n) | € 8,840 | | |
| (III) Total | | | | € 45,000 | € 29,000 | € 0 | € 0 | € 0 | € 8,840 | € 82,840 | € 0 | € 0 |
| Stefania Petruccioli | Director | 01/01/2020 31/12/2020 | Approval 2021 fin. statements | | | | | | | | | |
| (I) Compensation in the company preparing the financial statements | | | | € 45,000 (a) | € 27,500 | | | | | € 72,500 | | |
| (II) Compensation from subsidiaries and associates | | | | | | | | | | € 0 | | |
| (III) Total | | | | € 45,000 | € 27,500 | € 0 | € 0 | € 0 | € 0 | € 72,500 | € 0 | € 0 |

Table 1 – Annex 3A, Scheme 7-bis of the Issuers' Regulation
Compensation paid during 2020 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
2020)

| (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 | 01/01/2020 31/12/2020 | 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 |
| Cesare Conti | Chairman Board of Statutory Auditors | 01/01/2020 31/12/2020 | 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 |
| Paola Mignani | Standing Auditor | 01/01/2020 31/12/2020 | Approval 2021 fin. statements | | | | | | | | | |
| (I) Compensation in the company preparing the financial statements | | | | € 41,300 (a) | | | | | | € 41,300 | | |
| (II) Compensation from subsidiaries and associates | | | | € 29,000 | | | | | | € 29,000 | | |
| (III) Total | | | | € 70,300 | € 0 | € 0 | € 0 | € 0 | € 0 | € 70,300 | € 0 | € 0 |

Table 1 – Annex 3A, Scheme 7-bis of the Issuers' Regulation
Compensation paid during 2020 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 2020)

| (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 | | | | | |
| Alberto Villani | Standing Auditor | 01/01/2020 31/12/2020 | Approval 2021 fin. statements | | | | | | | | | |
| (I) Compensation in the company preparing the financial statements | | | | € 41,300 (a) | | | | | | € 41,300 | | |
| (II) Compensation from subsidiaries and associates | | | | € 43,500 (a) | | | | | | € 43,500 | | |
| (III) Total | | | | € 84,800 | € 0 | € 0 | € 0 | € 0 | € 0 | € 84,800 | € 0 | € 0 |
| No. 5 | Key Managers with Strategic Responsibilities | 01/01/2020 31/12/2020 | Approval 2021 fin. statements | | | | | | | | | |
| (I) Compensation in the company preparing the financial statements | | | | € 1,365,490 (c) | | € 560,534 (g) | | € 80,644 (o) | | | € 1,130,860 (r) | |
| | | | | € 50,000 (d) | | € 1,685,795 (l) | | | | | | |
| (II) Compensation from subsidiaries and associates | | | | € 97,140 (e) | | € 38,467 (i) | | € 187,310 (o) | | | | |
| (III) Total | | | | € 1,512,630 | € 0 | € 2,284,796 | € 0 | € 267,954 | € 0 | | € 1,130,860 | |

Notes:

- (a) emoluments approved by the Shareholders' Meeting, even if they have not been paid. It is specified that it is company practice for the company to pay the emolument to members of the Board of Directors in December each year for the entire financial year, while the members of the Board of Statutory Auditors are paid on a pro rata temporis basis;
- (b) compensation received for the performance of special duties, pursuant to Art. 2389, paragraph 3, of the Italian Civil Code (e.g. by the Chairman and Vice-Chairman). It is specified that it is company practice for the company to pay the emolument in December each year for the entire financial year;
- (c) fixed compensation from employment gross of income tax and social security contributions payable by the employee, excluding obligatory collective social security costs payable by the Company and provision for severance indemnities;
- (d) non-competition agreement in relation to the employment relationship 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;
- (e) emoluments related to the office of CEO of a subsidiary of the Company. These emoluments are paid in four quarterly instalments in January, April, July and October of each year;
- (f) the 2020 MBO related to the office of Vice-Chairman, even if not yet paid;
- (g) the 2020 MBO related to the employment relationship, even if not yet paid;
- (h) the 2020 MBO related to the office of Chief Executive Officer, even if not yet paid;
- (i) the 2020 MBO related to the term of office as CEO of a foreign subsidiary, even if not yet paid;
- (l) LTI Cash Plan 2018-2020, not yet paid;
- (m) e-commerce and digital consultancy;
- (n) legal consultancy;
- (o) non-monetary benefits related to the office of director and/or employment relationship;
- (p) fair value related to the Stock Options Plan 2016-2020
- (q) fair value related to the Stock Options Plan 2020-2027
- (r) fair value related to the Stock Options Plan 2016-2022 and to the Stock Options Plan 2020-2027

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 | | | | | | | | | | | | | | | | | |
| | | Stock Options Plan 2016-2022 (Board Resolution 28 July 2016) | 150.000 | € 20.4588 | from May 2019 to December 2022 | | | | | | | | | | | 150,000 | 0 | |
| (I) Compensation in the company preparing the financial statements | | | 150.000 | € 20.4588 | from May 2020 to December 2022 | | | | | | | | | | | 150,000 | 84,245 | |
| (II) Total | | | 300.000 | | | | | | | | | | | | | 300,000 | 84,245 | |

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 (*) |
| Massimo Garavaglia | Chief Executive Officer & General Manager | | | | | | | | | | | | | | | | |
| (I) Compensation in the company preparing the financial statements | | Stock Options Plan 2020-2027 (Board Resolution 27 April 2020) | | | from May 2019 to December 2022 | 400,000 | € 16,982 | from May 2023 to December 2027 | 1,771,320 | 04/05/20 | € 16,29 | | | | | 400,000 | 385,975 |
| | | | | | from May 2020 to December 2022 | 400,000 | € 16,982 | from May 2024 to December 2027 | 1,751,920 | 04/05/20 | € 16,29 | | | | | | 400,000 |
| (II) Total | | | | | | 800,000 | | | 3,523,240 | | | | | | | 800,000 | 672,804 |

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 | | | (14) | Options held at the end of the financial year (15)=(2)+(5)-(11)-(14) | Options pertaining to the financial year (16) | | | |
|-------------------|--|--|---|----------------|--------------------------------------|---|----------------|--------------------------------------|--------------------------|---------------|---|-------------------|----------------|--|---|--|----------------|---------------|--------|
| | | | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | | | | (13) | | |
| 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 & 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 | 0 | | |
| | | | 85,000 | € 20,4588 | from May 2020 to December 2022 | | | | | | | | | | | | | 85,000 | 47,739 |
| | | | (II) Total | 170,000 | | | | | | | | | | | | | 170,000 | 47,739 | |

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 (*) |
| (I) Compensation in the company preparing the financial statements | Key Managers with Strategic Responsibilities | Stock Options Plan 2016-2022 (Board Resolution 28 July 2016) | 355,000 | € 20,4588 | from May 2019 to December 2022 | | | | | | | 355,000 | € 20,4588 | € 28,27 | | 0 | 0 |
| | | | 355,000 | € 20,4588 | from May 2020 to December 2022 | | | | | | | 124,161,00 | € 20,4588 | € 26,99 | | 230,839 | 215,820 |
| (I) Compensation in the company preparing the financial statements | | Stock Options Plan 2020-2027 (Board Resolution 27 April 2020) | | | | 555,000 | € 16,982 | from May 2023 to December 2027 | 2,506,353 | May 2020* | € 17,05 ** | | | | | 555,000 | 525,851 |
| | | | | | 555,000 | € 16,982 | from May 2024 to December 2027 | 2,475,176 | May 2020* | € 17,05 ** | | | | | | 555,000 | 389,189 |
| (II) Total | | | 710.000 | | | 1.110.000 | | | 4.981.529 | | | 479,161 | | | 0 | 1,340,839 | 1,130,860 |

Notes:

* the assignment of options to KMSR took place between 14 and 20 May 2020

** weighted average price in the days in which the options were assigned to KMSR, between a minimum of €16.91 and €17.33

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 2020 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) | (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) | |
| Fabio de' Longhi | Vice-Chairman | | | | | | | | |
| (I) Compensation in the company preparing the financial statements | | 2020 MBO Plan relating to the office of CEO award resolution BoD 29 June 2020 maturation resolution BoD 11 March 2021 | € 163,800 | | | | | | |
| | | 2020 MBO Plan relating to employment relationship as KMSR award resolution BoD 29 June 2020 maturation resolution BoD 11 March 2021 | € 120,000 | | | | | | |
| | | "LTI Cash Plan 2018-2020 (a) award resolution: BoD 31 July 2018 maturation resolution: BoD 11 March 2021" | | € 339,626 | 2021 | | | € 238,934 | |
| (II) Compensation from subsidiaries and associates | | | | | | | | | |
| (III) Total | | | € 283,800 | € 339,626 | | € 0 | € 0 | € 238,934 | € 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 2020 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 and 2019 financial years 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) | |
| Massimo Garavaglia | Chief Executive Officer & General Manager | | | | | | | | |
| (I) Compensation in the company preparing the financial statements | | 2020 MBO Plan relating to the office of CEO award resolution BoD 20 January 2020 maturation resolution BoD 11 March 2021 | € 836,667 | | | | | | |
| | | 2020 MBO Plan relating to the office of General Manager award resolution BoD 20 January 2020 maturation resolution BoD 11 March 2021 | € 333,333 | | | | | | |
| (II) Compensation from subsidiaries and associates | | | | | | | | | |
| (III) Total | | | € 1,170,000 | € 0 | | € 0 | € 0 | € 0 | € 0 |

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 & Key Manager with Strategic Responsibilities | | | | | | | | |
| (I) Compensation in the company preparing the financial statements | | | | | | | | | |
| (II) Compensation from subsidiaries and associates | | 2020 MBO Plan relating to employment relationship as KMSR award resolution BoD 29 June 2020 maturation resolution BoD 11 March 2021 | € 95,040 | | | | | | |
| | | "LTI Cash Plan 2018-2020 (a) award resolution: BoD 31 July 2018 maturation resolution: BoD 11 March 2021" | | € 254,720 | 2021 | | | € 179,200 | |
| (III) Total | | | € 95,040 | € 254,720 | | € 0 | € 0 | € 179,200 | € 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 2020 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 and 2019 financial years 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 | | 2020 MBO Plan relating to employment relationship as KMSR | € 560,534 | | | | | | |
| | | "LTI Cash Plan 2018-2020 (a) award resolution: BoD 31 July 2018 maturation resolution: BoD 11 March 2021" | | € 1,685,795 | 2021 | | | € 1,185,987 | |
| (II) Compensation from subsidiaries and associates | | 2020 MBO Plan relating to the office of CEO | € 38,467 | | | | | | |
| (III) Total | | | € 599,001 | € 1,685,795 | | € 0 | € 0 | € 1,185,987 | € 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 2020 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 and 2019 financial years 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 2020

The Table below shows the interests held during the period from 31 December 2019 to 31 December 2020 in De' Longhi S.p.A. and in the companies it controls as at 31 December 2020, 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 | Chairman of the Board of Directors | De' Longhi S.p.A. | 1,790,000 | | | 1,790,000 |
| Fabio de' Longhi | Vice-Chairman, Chief Executive Officer & Key Manager with Strategic Responsibilities | De' Longhi S.p.A. | 321,855 (a) | | | 321,855 (a) |
| Massimo Garavaglia (b) | Chief Executive Officer (CEO) & General Manager | De' Longhi S.p.A. | 0 | 20,500 | | 20,500 |
| Giorgio Sandri | Director | De' Longhi S.p.A. | 20,750 (c) | | | 20,750 (c) |

Note:

(a) Of which 100,000 owned by spouse.

(b) Director in office since 1 May 2020.

(c) Of which 5,750 owned by spouse.



DeLonghi

KENWOOD

BRAUN

nutribullet

Ariete