

DēLonghi Group

Annual Report on
the Remuneration
Policy 2023 and
Compensation Paid
2022

2023



Summary

Definitions	4	3. Description of the Policy	
Executive Summary	6	3.1 Compensation of members of the Board of Directors	21
Introduction	10	3.1.1 Compensation of non-executive directors	21
		3.1.2 Compensation of executive directors	21
		a) Chairman of the Board of Directors	22
		b) Vice-Chairman and Chief Executive Officer	22
Section I - 2023 Remuneration Policy	11	3.2 Compensation of the General Manager	23
1. Policy aims and principles		3.3 Compensation of Key Managers with Strategic Responsibilities	25
1.1 Aims	12	3.3.1 Compensation of the Financial Reporting Officer	26
1.2 General Principles	13	3.4 Compensation of the Internal Audit Manager	26
1.3 Scope of application and duration	13	3.5 Short-term incentives: Annual variable component (MBO)	26
1.4 Changes compared to the previous financial year	14	3.6 Medium/long-term incentives	28
		3.6.1 LTI Cash Plan 2021-2023	28
2. Governance of the remuneration process		3.6.2 Share-based compensation plans	29
2.1 The bodies and persons involved	15	3.7 Non-monetary benefits	29
2.2 Remuneration and Appointments Committee	16	3.8 Treatment in the event of resignation, dismissal without just cause or termination of employment	30
2.3 Independent experts involved in the preparation of the Policy	20	3.8.1 Indemnity	30
2.4 Process for defining and approving the Policy	20	3.8.2 Effects on rights granted under share-based or cash incentive plans	30
		3.8.3 Non-monetary benefits – consultancy agreements	31
		3.9 Compensation of members of the Board of Statutory Auditors	31
		3.10 Permitted derogations from this Policy	31

Section II – Compensation paid during 2022 and other information

32

Part One

1. Compensation of members of the Board of Directors in 2022	33
a) Compensation of non-executive directors	34
b) Compensation of the Chairman of the Board of Directors	34
c) Compensation of the Vice-Chairman (and) Chief Executive Officer from 1 September 2022	34
d) Compensation of the CEO/GM in office until 31 August 2022	34
e) Compensation of the director also holding the role of the Group's Chief Corporate Services Officer	35
2. Compensation of members of the Board of Statutory Auditors in 2022	37
3. Compensation of Key Managers with Strategic Responsibilities in 2022	37
4. Derogation from the 2022 Remuneration Policy	38
5. Comparative information for the last five years	38
6. Information on the vote expressed by the Annual General Meeting on Section II of the Report on the previous financial year	40

Part Two

1. Compensation paid during 2022	41
Table 1 - Annex 3A, Scheme 7- <i>bis</i> of the Issuers' Regulation	42
2. Stock Options assigned to members of the board of directors, general managers and other key managers with strategic responsibilities	49
Table 2 - Annex 3A, Scheme 7- <i>bis</i> of the Issuers' Regulation	49
3. Monetary incentive plans in favour of members of the board of directors, general managers and other key managers with strategic responsibilities	52
Table 3B – Annex 3A, Scheme 7- <i>bis</i> of the Issuers' Regulation	52
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 2022	56
Table 1 – Annex 3A, Scheme 7- <i>ter</i> of the Issuers' Regulation	56

D

Definitions

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

Chief executive officer or CEO: The Chief Executive Officer of De'Longhi S.p.A. and of the Group.

CEO/GM: The Chief Executive Officer and General Manager Massimo Garavaglia in office from the start of the 2022 financial year until 31 August 2022.

Annual General Meeting: The Meeting of Shareholders of De' Longhi S.p.A. di De' Longhi S.p.A.

Shares: The shares of De' Longhi S.p.A. listed on the Euronext Milan market organised and managed by Borsa Italiana S.p.A.

Exceptional circumstances: In accordance with the provisions of Art. 123-ter(3-bis) of the Consolidated Law on Finance, 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 Employment Agreement for executives of companies producing goods and services.

Corporate Governance Code or 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/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 with effect from 1 January 2023.

Key Managers with Strategic Responsibilities or KMSR: Managers of the Group (other than the General Manager) 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 13 March 2023 – identified, other than the General Manager, the following people as Key Managers with Strategic Responsibilities: the Chief Financial Officer, the

Chief Planning and Control Officer, the Chief Corporate Services Officer, the Chief Operations Officer, the Chief Commercial Officer, the Chief Information Officer and the Chief People Officer.

Euronext Milan: The regulated market organised and managed by Borsa Italiana S.p.A.

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

Sustainability Manifesto: The Group's manifesto on sustainability (*'Switch on a responsible day'*) approved by the Board of Directors on 28 July 2022 and published by the Company (available on the website www.delonghigroup.com, section *'Sustainability' – 'Documents'*).

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 3.5 of Section I of this Report.

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

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 Annual General Meeting held on 14 April 2016 and ended on 31 December 2022.

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 Annual General Meeting on 22 April 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, approved by the Board of Directors at the meeting held on 29 July 2021.

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 2023 financial year by the Board of Directors on 13 March 2023, 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 Annual General Meeting on 21 April 2023.

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 and updated on 23 February 2022.

RPT 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.

RPT Regulation: The '*Regulation concerning transactions with related parties*' adopted by Consob with Resolution No. 17221 of 12th March 2010 and subsequent amendments.

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 CLF: Legislative Decree No. 58 of 24th February 1998 ('Consolidated Law on the regulations concerning financial intermediation') and subsequent amendments.

E

Executive Summary

Remuneration / Fixed Component	Guarantee adequate and definite basic compensation for the work by recompensing 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 coverage/excellence demonstrated/achieved and the quality of performance. It reflects the principles of equity, equal opportunities and non-discrimination. It must ensure internal equity and competitiveness with respect to the external market in order to attract and retain key resources. Fixed based on the individual contract in accordance with any national contracts. It can be subject to annual review.		
	Chairman, V-C & CEO, GM, KMSR		
	Value depending on the position.		
Non-Competition Agreement	"Prohibition on performing activities of any kind whatsoever to competitors of the Company and/or Group Prohibition on the misappropriation of employees of the Company and/or Group Prohibition on diverting customers of the Company and/or Group"		
	GM, COO		
	Remuneration defined in relation to obligations under the agreement (duration, territory scope of application, extent of restrictions).		
Annual Variable Remuneration (MBO)	Recognises the results achieved by management, establishing a link between pay and performance. The incentives reward the achievement of financial and non-financial performance targets, including ESG targets, approved by the BoD, on the proposal of the RAC and having consulted the Board of Statutory Auditors, linked to annual budget targets. Stretch targets/overachievement mechanisms are envisaged for key objectives for the Company that reward the achievement of excellent results that exceed the defined targets.		
	V-C & CEO, GM	CEO in relation to KMSR role in the Company	KMSR (including CCSO)
	"V-C & CEO: 60% of the Fixed Remuneration up to a maximum of 120% of the same GM: 40% of the Fixed Remuneration up to a maximum of 80% of the same"	60% of the Fixed Remuneration up to a maximum of 120% of the same	30% of the Fixed Remuneration up to a maximum of 60% of the same
EBITDA	(30%)	EBITDA	(30%)
Net Revenues	(20%)	Net Revenues	(20%)
Operating Cash Flow	(10%)	Operating Cash Flow	(10%)
ESG KPIs	(15%)	M&A Activities	(20%)
Months of Stock Coverage	(15%)	Strat. Plan 2024-2026	(20%)
Market Shares	(10%)		
	Clawback / Malus Clause: can be exercised within 3 years.		

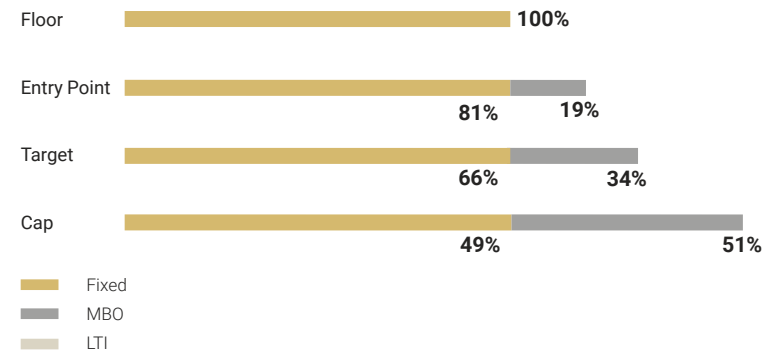
Long-Term Variable Remuneration	Recognises the results achieved over a medium/long-term, aligning the interests of beneficiaries with those of shareholders and investors, making it possible to attract and retain talented, quality resources.	
	LTI Cash Plan 2021-2023	Stock Options Plan 2020-2027
	"Top management and key resources of the Company and Group. Chairman and V-C/CEO not included among the Plan beneficiaries"	"A limited number of top managers of the Company and Group. Chairman and V-C/CEO and CCSO not included among the Plan beneficiaries"
	It disburses cash sums upon the achievement of the financial and non-financial targets set out in the Company's medium-term business plan approved by the Board of Directors. The sums accrued are subject to ex-post correction mechanisms 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.	Approved by the Annual General Meeting held on 22 April 2020, rewards the appreciation of the De' Longhi share value on Euronext Milan.
	"Potential target-based bonus commensurate with the position / role held Stretch targets with a cap at 160% of the potential target-based bonus are envisaged"	Number of options assigned depending on the position / role held
Cum. EBITDA 2021-2023	(60%)	
Net Revenues 2023	(30%)	
Months of Coverage	(10%)	No additional predetermined and measurable financial and non-financial performance targets are to be achieved under the plan, other than appreciation of the De' Longhi share value on Euronext Milan, since they are envisaged under the LTI Cash Plan 2021-2023
"Cum. Operating Cash Flow (Correction Factor)"	'-10% / 0% /+ 10%	
N/A		Holding Period Upon the exercise of the Options under "sell to cover", 55% of the remaining Shares not sold will be subject to a Holding Period of 24 months (options with vesting period May 2020-April 2023) or 12 months (options with vesting period May 2020-April 2024), during which the aforementioned Shares may not be transferred and/or sold"
Non-Monetary benefits	Part of the pay package. It is aimed at improving the well-being of beneficiaries and possibly their families, also taking into account the individual circumstances of the beneficiary.	
	Executives of the Company and Italian Companies in the Group	
	"Company car FAI insurance for medical expenses Travel insurance Insurance for permanent disability due to disease Possible provision of accommodation Possible reimbursement of children's school fees"	

Indemnity at end of office or termination of employment	Regulates the indemnities to be paid to Executive Directors and/or KMSR in the event of resignation, dismissal without just cause or termination of employment.		
	Chairman, V-C & CEO	GM	KMSR (including the Vice-Chairman and Chief Executive Officer in relation to the employment relationship as KMSR of the Company)"
Not envisaged		In the event of termination by the company for objective reasons: indemnity equal to 24 months' salary, including the right to prior notice, calculated taking into account the individual's salary, as executive of the Company, and the average amount received as MBO during the last three years of the employment relationship. In addition to the possible compensation under the Non-Competition Agreement in place.	"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. The CCNL in force provides, in the case of individual dismissal, for a notice period of between 6 months and 12 months (depending on length of service in the company). If the dismissal is found to be unjustified, the CCNL envisages an additional indemnity to the notice period of between 4 months' and a maximum of 24 months' pay (depending on length of service in the company)."
PAY-MIX	The pay mix between fixed component, short-term variable component and medium/long-term variable component, determined to ensure consistency and connection between the Company's strategy, the sustainability strategy and targets represented in the Sustainability Manifesto and the performance objectives linked to the vesting of the variable incentive schemes in place, in order to ensure pursuit of the corporate strategy, the medium/long-term interests of shareholders and the sustainable success of the Company.		

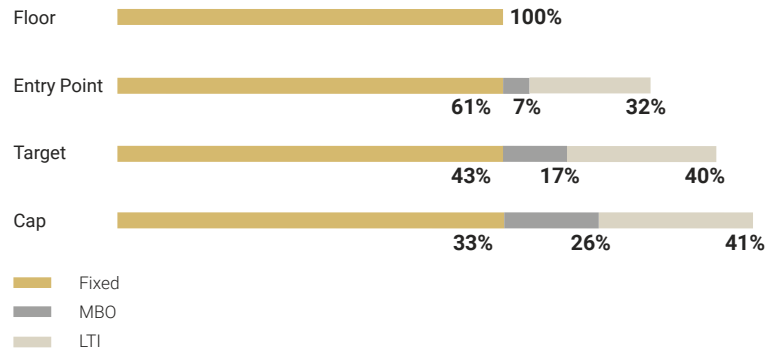
Chairman



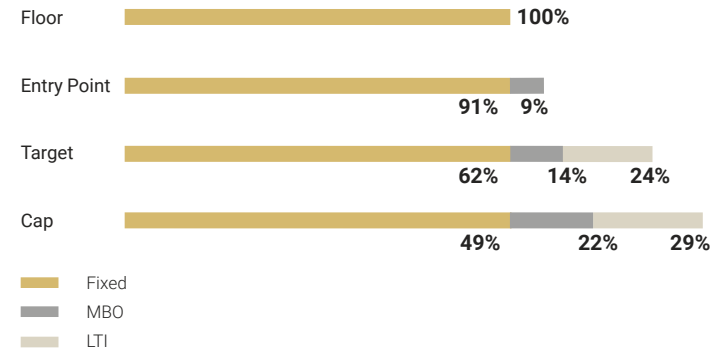
V-C & CEO



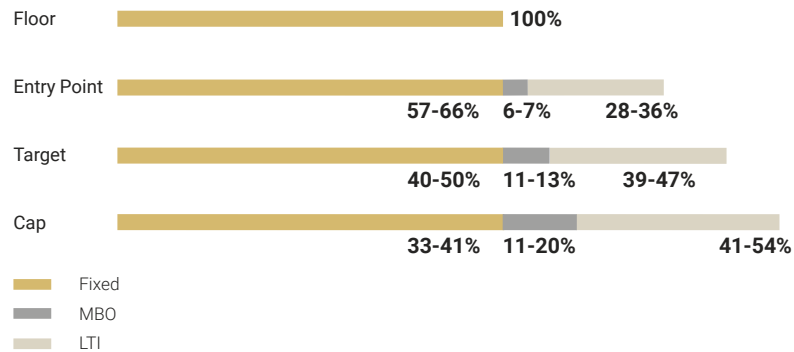
GM



Chief Corporate Service Officer



KMSR



Notes:

- (i) for all the beneficiaries of the Stock Options Plan 2020-2027 the floor excludes the 2023 fair value of the assigned options;
- (ii) the % and values of the pay mix for KMSRs is composed of the fixed and variable remuneration of just the KMSRs who are beneficiaries of the LTI Cash Plan 2021-2023 and Stock Options Plan 2020-2027 in 2023;
- (iii) the percentage and values (in € thousands) relating to the fixed remuneration of the Chairman, Vice-Chairman and CEO and the CCSO also include remuneration received for the office of member of the Board of Directors of the Company and member of the administrative body of other subsidiary(ies) of the Group;
- (iv) the percentage and value of the CCSO's LTI is related to participation in the LTI Cash Plan 2021-2023 only, since the CCSO is not one of the beneficiaries of the Stock Options Plan 2020-2027.

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 13 March 2023, in compliance with the current legal and regulatory obligations laid down, in particular, by Art. 123-ter of the Consolidated Law on Finance 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 2023 with regard to the compensation of the Directors (including the Chief Executive Officer), the General Manager, Statutory Auditors (without prejudice to the provisions of Art. 2402 of the Civil Code), and Key Managers with Strategic Responsibilities, and the procedures employed to adopt and implement the same Policy;
- **Section II** (divided into two parts) contains: in **Part One**, a representation of the remuneration paid by the Company with reference to each of the items making up the remuneration for 2022 of the Directors (including the CEO/GM), the 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 2022, for whatever reason and in whatever form, by the Company and its subsidiaries and associated companies, using the tables attached to this Report, which form an integral part of the same; and (ii) information on the shareholdings held in the Company and its subsidiaries by those same persons as well as by their spouses (from whom they are not legally separated) or their minor children, either directly or through subsidiaries, trust companies or third parties.

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

The contents of this Report:

- a. are made available to the public, at the Company's registered office and on its website www.delonghigroup.com – in the section 'Governance' – 'Corporate bodies' – 'Annual General Meeting of 2023', and on the authorised storage mechanism 1INFO accessible on the website www.1info.it – by the 21st day before the date

the Annual General Meeting is convened to approve the financial statements for the year 2022 (in particular, by 31 March 2023);

- b. are then submitted to the Annual General Meeting for the purposes described in Art. 123-ter of the Consolidated Law on Finance and Art. 84-quater of the Issuers' Regulation, and in accordance with and for the purposes set out in Art. 13(3)(b) of the RPT Regulation and the related provision contained in the RPT Procedure.

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



I

Section I

2023 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 helps to:

- 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 targets, 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 mid-term plan 2021-2023 approved by the Board of Directors;
- the strategy and the sustainability targets (identified to give substance to its commitments in this area) represented in the Sustainability Manifesto;
- 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(3-bis) of the Consolidated Law on Finance and Art. 84-quater(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 sustainable success of the Company by 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 – MTP21-23	2023 MBO	LTI Cash 2021 – 2023
GROWTH DRIVERS		
<ul style="list-style-type: none"> • US & Asia • Coffee • Food preparation • Innovation 	Financial Targets <ul style="list-style-type: none"> • Net Sales • EBITDA • Operating Cash Flow Non-Financial Targets <ul style="list-style-type: none"> • Market Shares 	Financial Targets <ul style="list-style-type: none"> • Net Sales • EBITDA • Operating Cash Flow
KEY PROJECTS & ENABLERS		
<ul style="list-style-type: none"> • Several initiatives across the organization 	Non-Financial Targets <ul style="list-style-type: none"> • Months of stock coverage at 31 December 2023 	Non-Financial Targets <ul style="list-style-type: none"> • Months of stock coverage at 31 December 2023
PEOPLE & TALENTS		
<ul style="list-style-type: none"> • Several initiatives across the organization 		
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 	ESG KPIs <ul style="list-style-type: none"> • Well-being and inclusion • Talent development • Health and safety • Sustainable products • Responsible supply chain 	Non-Financial Targets <ul style="list-style-type: none"> • Months of stock coverage at 31 December 2023

1.2. General Principles

In view of the aforementioned aims, the compensation of Directors (including the Vice-Chairman and Chief Executive Officer), 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 targets, 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 targets 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 targets and aimed at promoting sustainable success. These targets 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 set targets;
- 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 compensation in case of termination of the directorship or employment relationship, if any;

- without prejudice to the provisions of Art. 2402 of the Civil Code, compensation 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 concerning compensation and applies to Directors (including the Chief Executive Officer), the General Manager, Statutory Auditors, Key Managers with Strategic Responsibilities (including the Financial Reporting Officer) and the Internal Audit Manager of the Company.



The Board of Directors of the Company – most recently at the meeting held on 13 March 2023 – identified the following roles as Key Managers with Strategic Responsibilities (other than the General Manager): the Chief Financial Officer, the Chief Planning and Control Officer, the Chief Corporate Services Officer, the Chief Operations Officer, and the Chief Commercial Officer. Compared to the past, at said date, the Chief Marketing Officer was not identified as a KMSR since the position is currently vacant.

The Policy has been prepared in line with the contents of Art. 123-ter of the Consolidated Law on Finance, 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 25 January 2023 that the President of that same committee sent to the Company's Chairman were taken into consideration when defining the Policy.

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

The Remuneration Policy refers to the financial year 2023 and, therefore, it has an annual duration.

1.4. Changes compared to the previous financial year

Although the 2023 Remuneration Policy is essentially in line with the policy approved and applied last year, it does have a new element that was introduced in view of the results of the vote cast in relation to the 2022 remuneration policy (see subsection 6 of Section II, Part One of this Report) and what was highlighted in this regard by the proxy advisors.

This element is mainly represented by the ex-post disclosure of the level of achievement of the targets to which the accrual of the annual variable remuneration (MBO) of the Executive Directors and the Key Managers with Strategic Responsibilities is linked.² Since they indicate and reveal the Company's strategic and business choices, it was therefore decided, in line with the policy of previous years, not to provide ex-ante disclosure of the targets to which the variable remuneration of Executive Directors and Key Managers with Strategic Responsibilities is linked.

It should be noted that, as a result of the changes that have taken place with regard to delegated officers and the changes introduced to the Company's governance system, the variable remuneration of the Vice-Chairman and Chief Executive Officer only includes a short-term variable component for 2023, which is also recognised in relation to his existing relationship with the Company, as a KMSR (for more details, see subsection 3.1.2(b) of this Section I of the Report).

² With regard to the objectives to which the vesting of the LTI Cash Plan 2021-2023 is linked, the targets will be provided after the end of the plan's vesting period (31 December 2023), as part of the compensation paid during FY 2023, which will be disclosed in Section II of the Annual Report on Remuneration published next year.

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 **Annual General 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 (3-bis) and (3-ter) of the Consolidated Law on Finance, 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(6) of the Consolidated Law on Finance, 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(2) of the Consolidated Law on Finance;
 - 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 Consolidated Law on Finance.
- 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 compensation of executive directors and any other directors holding particular positions; the Board of Directors also examines the proposals of the Remuneration and Appointments Committee and determines the compensation to be paid to Directors for their participation in board committees;
 - b. with the support of the Remuneration and Appointments Committee: (i) prepares, in compliance with the law and regulations in force at the time, as well as with the principles and recommendations of the Corporate Governance Code, the Company's Remuneration Policy, applying a transparent procedure and ensuring that it is in line with the pursuit of Sustainable Success and takes into account the need to have available, retain and motivate people with the skills and professionalism required by their role in the Company; (ii) ensures that the compensation paid and accrued is consistent with the principles and criteria of the Remuneration Policy, in light of the results achieved and other circumstances relevant to its implementation;
 - c. upon the proposal of the Remuneration and Appointments Committee, approves the Remuneration Report, in accordance with Art. 123-ter of the Consolidated Law on Finance;
 - d. prepares, with the assistance of the Remuneration and Appointments Committee, the compensation plans based on shares or other financial instruments and submits them to the Annual General Meeting for its approval in accordance with Art. 114-bis of the Consolidated Law on Finance and, as authorised by the Annual General Meeting, ensures their implementation using the Remuneration and Appointments Committee, and having heard the Board of Statutory Auditors for those parts falling within its remit;
 - 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 remit;
 - f. sets up an internal Remuneration and Appointments Committee with the functions of advising and making recommendations as well as appropriate investigation in compliance with the principles and recommendations laid down by the Corporate Governance Code and defines the rules and any procedures that may be appropriate for the functioning of the Committee itself, in particular to ensure effective management of the information to be provided before its meetings.
In line with the Company's corporate governance, the Board of Directors also:
 - g. examines the proposals of the Remuneration and Appointments Committee on the setting of performance targets related to the variable component of the compensation of the executive directors or those who hold particular positions and defines the targets and approves the business results and the performance plans to which the determination of directors' variable compensation is connected, if provided;
 - i. defines, upon the proposal of the Chief Executive Officer, with the favourable opinion of the Control and Risks Committee, and having heard the Board of Statutory Auditors, the compensation for the Internal Audit Manager, in line with the Company's 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 'Annual Report on the Remuneration Policy and Compensation Paid' referred to in Art. 123-ter of the Consolidated Law on Finance and, in particular, the remuneration policy for directors, the general manager, key

managers with strategic responsibilities, and, taking into account Art. 2042 of the Civil Code, the statutory auditors, for presentation at the Annual General Meeting convened to approve the financial statements;

- b. periodically assesses the adequacy, overall coherence with and practical application of the remuneration policy adopted for directors, the general manager, key managers with strategic responsibilities, and, taking into account Art. 2042 of the Civil Code, the statutory auditors, using the information provided by the Chief Executive Officer via the Group's Human Resources & Organisation Director; and 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 targets related to the variable component of such compensation;
- d. formulates proposals or expresses opinions on the compensation of members of the internal committees set up by the Board of Directors;
- e. monitors the implementation of the resolutions adopted by the Board itself and verifies, in particular, whether the performance targets have effectively been achieved;
- f. 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;
- g. performs any additional tasks related to remuneration that may be necessary in view of the remuneration policy approved by the Annual General Meeting, or in application of

the recommendations of the Corporate Governance Code;

- h. may ask the Board of Directors to make available the resources necessary to carry out the duties assigned to it; in particular, the Committee may, within the terms established from time to time by the Board of Directors, avail itself of external consultants through the Company's structures, provided that these consultants are not in situations that compromise their independence of judgement; therefore, such consultants must not, for example, perform activities that are significant for the Human Resources and Organisation department 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 engagement, applying any procedures indicated by the legislation in force at the time
- 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 General Manager and Human Resources & Organization Department: (i) remuneration policy interventions for the individual executive, quantifying such interventions in consideration of the office held in the corporate organisation, 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(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 are in line with the Company's Remuneration Policy;
 - b. at the invitation of the Remuneration and Appointments Committee, it participates via its Chair 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 formalised 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 2022-2024 was appointed by the Board of Directors at the meeting held on 20 April 2022, following the renewal of the entire board of directors resolved by the Annual General Meeting that same day. 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, pursuant to the CLF and the Code:

- CARLO GROSSI - independent director who acts as Chair;
- FERRUCCIO BORSANI - independent director;
- CARLO GARAVAGLIA - non-executive director.

In the first part of Financial Year 2022, until the aforementioned Annual General Meeting on 20 April 2022, the Committee was composed of the following non-executive directors, the majority of whom are independent, pursuant to the CLF and the Code:

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

In accordance with the principles of corporate governance, the composition of the Committee guaranteed, and guarantees in its current composition, 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 20 April 2022, the Board of Directors entrusted the Committee with the duties and functions (of advising and making recommendations, after preliminary investigation) that are assigned to it by the 'Rules of the Remuneration and Appointments Committee' approved by the Board of Directors, upon the proposal of the committee itself, at its meeting on 30 June 2021 (the **Rules**), including those attributed to it by the RPT Procedure; in particular, the Committee is called upon to perform: (a) the functions that Articles 4 and 5 of the Corporate Governance Code attribute to the appointments committee and remuneration committee respectively, and (b) limited to minor related party transactions concerning the remuneration of directors and key managers with strategic responsibilities, the role and the relevant competencies that the RPT Procedure, in compliance with the regulations in force concerning transactions with related parties, attributes to the committee composed of non-executive directors, a majority of whom are independent.

More specifically, in relation to the duties and functions assigned to it, the Remuneration and Appointments Committee is called upon to perform:

- as regards remuneration, the duties and functions listed in the previous subsection 2.1 of this Report;
- as regards appointments the following duties and functions:
 - a. submits opinions to the Board of Directors concerning the size and composition of the same and of its committees and makes recommendations regarding the professionals whose presence on the Board is considered advisable,



- also taking into account the Diversity Policies;
- b. if necessary, makes recommendations to the Board of Directors concerning the maximum number of positions as director or auditor held in other companies listed on regulated markets (including foreign) or large companies that may be considered compatible with the effective performance of the position of director of the Company, also taking into account the commitment that comes with their role;
- c. 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;
- d. proposes candidates for the office of director to the Board of Directors in cases of co-optation;
- e. supports the Board of Directors in monitoring, defining and updating the Diversity Policies;
- f. sets up and supervises, on behalf of the Board of Directors, the self assessment process of the Board and the committees, supporting the Chairman of the Board of Directors in ensuring the adequacy and transparency of the process itself (board review or self assessment);
- g. supports the Board of Directors, giving its opinion, in the preparation, and consequent updating and implementing, of the succession plan for the Chief Executive Officer, and any other executive directors, adopted by the Company that identifies the procedures to be followed in the event of early termination of office; examines and assesses the procedures adopted for the top management succession (as defined in the Corporate Governance Code) and gives its opinion to the Board of Directors as regards their adequacy;
- as regards transactions with related parties, the duties relating to Transactions of Lesser Significance, as defined in the RPT Procedure, concerning the remuneration of directors and other Key Managers with Strategic Responsibilities

who do not fall under any of the cases of exclusion provided for in Article 10 of the RPT Procedure.

The composition of the Committee, the appointment of its members, as well as its operating procedures, the tasks, powers, duties and means of the Committee itself are governed by the above Rules.

In particular, with reference to the functioning of the Committee, the Rules provide that:

- the Committee's activities are planned and coordinated by the Chair, who convenes, chairs and conducts the meetings and then informs the Board of Directors at the first useful Board meeting about the matters discussed, as well as the observations, recommendations and opinions expressed by the Committee during each single meeting. In the event that the Chair is absent or unavailable, the Chair's functions are carried out by the most senior member in terms of age, if he/she possesses the independence requirements or, otherwise, by the other independent member.

- the role of Secretary of the Committee (the '**Secretary**') is carried out by the Group's Human Resources and Organisation Director (the role currently held by Roberto Ceschin); the Secretary supports the Chair in carrying out the following activities: (i) scheduling of meetings and drafting of the agenda (ensuring coordination of the proposals to be submitted to the Committee with the activities of the other Board committees and the Board of Directors itself); (ii) convening the meetings; (iii) collecting the documents supporting the discussion of the items on the agenda and forwarding them to the other Committee members; (iv) taking the minutes of the Committee meetings; (v) preparation of the Chair's communications to the Board of Directors;
- the Chair of the Board of Statutory Auditors, or a Statutory Auditor appointed by him/her, and all the other members of the Board of Statutory Auditors can attend the Committee's meetings, as can, at the invitation of the Chair of the Committee, the Chair of the Board of Directors, the Chief Executive Officer, the other directors, and, provided the Chief Executive Officer is informed, the General Manager and representatives of the corporate departments that deal with the relevant subjects to provide information and assessments falling within their remit, with reference to individual items on the agenda;
- the 'Human Resources and Organisation' and 'Corporate Affairs' departments support the Committee, in relation to their respective remits, in carrying out the due diligence activities concerning the matters that fall within the Committee's remit;
- the Committee meets as often as necessary to carry out its functions, according to the calendar defined by the Committee upon the proposal of the Chair, and in any case whenever the Chair of the Committee deems it appropriate or is requested in writing by at least one of the other members, indicating the items to be included in the agenda, or by the Chief Executive Officer. In any event, the Committee must meet before each meeting of the Board of Directors whose agenda includes items relating to any of the matters within its remit.
- the Committee meets at the Company's registered office or elsewhere, when convened by a call notice sent to all the members of the Committee at least 3 days prior to the meeting by uploading the call notice in the section reserved for the Committee on the digital platform for managing board documentation that the Company has adopted (the '**Platform**'). In the event that the Platform cannot be used, the call notice will be sent - as an exceptional case - by email or other electronic means of communication to the addresses indicated by each recipient. The call notice must state the items on the agenda, the date, time and place of the meeting (usually the Company's registered office); if the meeting is held exclusively using telecommunication devices, the call notice does not need to indicate a physical location for the meeting but must indicate how to access it. A copy of the call notice is sent to the Chair of the Board of Statutory Auditors and to the other regular statutory auditors, again by uploading it to the section of the Platform reserved for the Committee, and, if applicable, to the Secretary of the Board of Directors so that the latter can verify that the matters to be discussed at the meetings of the Board of Directors are included on the agenda. In any case, a meeting shall be considered validly convened if all the members of the Committee are present, even in the absence of a formal call notice;
- the Committee may meet via videoconference or teleconference, even exclusively, and participation via such telecommunication devices is

permitted, provided that all the participants are able to be identified, follow the discussion, intervene in real time in the discussion of the items on the agenda, express their opinion verbally, view, receive or transmit documentation, and that simultaneous examination of the items on the agenda and deliberation are guaranteed;

- the Secretary makes any documentation relating to the items on the agenda available to the members of the Committee by uploading it to the section of the Platform reserved for the Committee at least 2 business days prior to the date of the meeting, except in cases of necessity or urgency in which the documentation must in any case be forwarded at least 24 hours prior to the meeting and the recipients must be notified by e-mail that the documentation has been uploaded to the Platform;
- Committee meetings shall be validly convened in the presence of a majority of the members in office, and its decisions shall be taken with the majority vote of the members present. In the case of an equal number of votes, the Chair shall have the casting vote;
- the minutes of each meeting shall be drawn up by the Secretary. The draft minutes are submitted to the Chair and to the other members of the Committee, as well as to the statutory auditors who took part in the meeting, for any observations, after which the minutes are considered approved by all the members. The minutes are transcribed in a special register kept at the Company's registered office and signed by the Chair (or by the member acting as chair) and by the Secretary.

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 own compensation are prepared. Each member of the Committee who has personal interest, or an

interest on behalf of others, as regards the matters under discussion must disclose this to the Committee. This member abstains from voting when, upon verifying the voting intentions by the Chair (or by the member acting as chair), the vote of this member would be decisive for the Committee's decision (this abstention is therefore not considered for the calculation of the resolution quorum).

It should be noted that the Board of Directors has not allocated an ad hoc budget for the Remuneration and Appointments Committee, but, as provided for under the Rules, the Committee may ask the Board of Directors to make available the resources necessary to carry out its duties; in particular, from time to time and within the terms established by the Board, the Committee may avail itself of external consultants through the Company's structures, provided that these consultants are not in a position that would compromise their independence of judgement. In this case, the Remuneration and Appointments Committee first verifies that they are not in a position that would compromise their independence of judgement.

Activities carried out in 2022

During 2022 the Remuneration and Appointments Committee met 14 (fourteen) times in total (in particular, on 21 January, 17 and 21 February, 7 March, 3 and 16 May, 17 June, 26 July, 29 August, 14 September, 11 October, 10 November, 5 and 16 December), recording an attendance of 100% of its members to all the meetings. The average duration of each meeting was 1 hour 47 minutes.

All the Remuneration and Appointments Committee meetings were attended by at least one member of the Board of Statutory Auditors, and, at the invitation of the Chair, by the Group's Human Resources and Organisation Director, who acted as secretary of the Committee.

Some of the Remuneration and Appointments Committee meetings were attended by non-members, who were invited by the Chair of the Committee itself, for specific items on the agenda (in particular, limited to one meeting each, the Vice-Chairman, Chief Executive Officer and General Manager, as well as the Chief Strategy and Control Officer and the Group Talent Acquisition and People Development Director, after informing the Chief Executive Officer, and, if necessary, consultants from outside the Company).

Activities carried out regarding remuneration

With reference to the functions attributed to it as regards remuneration, during the year 2022 the Committee carried out, among other things, the following activities: (i) preparation and submission to the Board of Directors of proposed quantitative and qualitative criteria to be adopted, in accordance with the recommendations of the Corporate Governance Code, for the assessment of the significance of the commercial, financial or professional relationships and the additional remuneration, as well as the definition of 'close family members' for the purpose of evaluating the independence of the directors and statutory auditors pursuant to the Corporate Governance Code; (ii) examination and definition of the presentation to the Board of Directors on the remuneration benchmark of non-executive directors and members of the Board of Statutory Auditors; (iii) analysis of regulatory changes concerning the Report on the Remuneration Policy and Compensation Paid pursuant to Art. 123-ter of the Consolidated Law on Finance; (iv) evaluation of the recommendations for 2022 formulated by the President of the Italian Corporate Governance Committee in the letter dated 5 December 2021; (v) verification of the degree to which the performance targets defined for 2021 correlated to the Executive Directors'

MBOs have been achieved; (vi) assessment of the adequacy, appropriateness and effective application of the remuneration policy for Directors and Key Managers with Strategic Responsibilities adopted for the year 2021; (vii) examination of the proposal to the CEO/GM to review the remuneration of the executive director Silvia de' Longhi, in relation to her role as Chief Corporate Services Officer of the De' Longhi Group; (viii) examination of the results of the voting in the Annual General Meeting held on 21 April 2021 on the 2021 Report on Remuneration; (ix) preparation of the 2022 remuneration policy and the Report on Remuneration pursuant to Art. 123-ter of the CLF to be submitted to the AGM; (x) definition, in relation to the LTI Cash Plan 2021-2023, of the KPIs on 'Customer Focus and Satisfaction / CFEX project'; (xi) preparation of proposals for the attribution and review of remuneration of executive directives pursuant to Art. 2389(3) of the Civil Code, to be submitted to the Board of Directors; (xii) examination of the derogation from the 2022 remuneration policy in the presence of Exceptional Circumstances, proposed by the Chairman and the Vice-Chairman, concerning the awarding of a lump-sum monetary bonus to the CEO/GM, Massimo Garavaglia, and formulation of the reasoned opinion for the Board of Directors (see Section II, Part One, subsection 5 of this Report); (xiii) preparation of the remuneration proposal for the new General Manager to be submitted to the Board of Directors.

Activities carried out regarding appointments

With reference to the functions attributed to it as regards appointments, during the year 2022 the Committee carried out, among other things, the following activities: (i) definition of the content of the questionnaire for the self assessment of the Board of Directors in relation to the financial year 2021 and analysis of the results; (ii) evaluation of



the recommendations made by the President of the Italian Corporate Governance Committee in the letter dated 5 December 2021; (iii) preparation of the proposed review, to be submitted to the Board of Directors, of the contents of the Diversity Policies for members of corporate bodies and monitoring the application of the current one; (iv) preparation of the proposed 'Succession Plan Policy of De' Longhi S.p.A.' for executives (in particular, the Chief Executive Officer and General Manager) and other key roles for the Group, submitted to the Board of Directors for approval; (v) conducting the succession process for the CEO/GM as support to the Board of Directors; (vi) assessments regarding the co-option of a new director following the resignation of Massimo Garavaglia, submitted to the Board of Directors..

Activities carried out regarding transactions with related parties

Except for activities carried out in connection with the derogation from the 2022 Remuneration Policy in the presence of Exceptional Circumstances, described in Section II, Part One, subsection 5 of the Report, during 2022, the Committee did not carry out any activities regarding transactions with related parties within its remit.

In the early months of the current financial year the Committee met 4 (four) times: on 13 January, 22 February, 3 and 8 March.

In compliance with the governance principles and in accordance with the provisions of the Rules, during the year no director of De' Longhi S.p.A. took part in the discussion and decisions of the Committee concerning the formulation of proposals to be submitted to the Board of Directors regarding their compensation.

2.3 Independent experts involved in the preparation of the Policy

The compensation 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(3-bis) of the Consolidated Law on Finance – to the binding vote of the Annual General 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 Annual General Meeting is convened to approve it.

Pursuant to Art. 123-ter(6) of the Consolidated Law on Finance as amended by Legislative Decree No. 49/2019 which implemented EU Directive 2017/828 (so-called SHRD II), starting from the Annual General 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 (2022) 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 the Report.

If the Annual General Meeting does not approve the Remuneration Policy, the Company will pay remuneration in accordance with the last Policy approved by the Annual General 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 13 and 22 February, 3 and 8 March 2023.

This Policy was then approved by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, in the meeting held on 13 March 2023, 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 and (ii) the Vice-Chairman and Chief Executive Officer (*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 Annual General 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(3) 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:

- 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 Annual General 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(3) 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 an executive of the Company;
- ii. a **variable component** linked to the achievement of financial and non-financial performance targets, predetermined and measurable targets or to the increase of De' Longhi's share value on Euronext Milan 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 through participation in new monetary

incentive plans (that envisage 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) and/or based on financial instruments (that reward the appreciation of the share value on the stock exchange), the latter approved by the Annual General Meeting.

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 Annual General 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(3) of the Civil Code.

By express preference of the party concerned, the Chairman's compensation does not include a variable component.

b. Vice-Chairman and Chief Executive Officer

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

- a **gross annual fixed component** set:
 - i. by the Annual General 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 under Art. 2389(3) 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 **gross annual variable component (MBO)** linked to the achievement of financial and non-financial performance targets (the latter include specific ESG KPIs linked to the Company's and the Group's sustainability strategy), 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.

By express preference of the party concerned, made when he held only the position of Vice-Chairman, the compensation of the Vice-Chairman and Chief Executive Officer does not envisage, for 2023, participation in the LTI Cash Plan 2021-2023, since it is about to expire, or in the Stock Options Plan 2020-2027 which is intended for, among others, the CEO/GM in their capacity as Chief Executive Officer in office at the moment the options are assigned.

/

In view of the Chairman's and the Vice-Chairman and Chief Executive Officer's special, consolidated relationship and bond with the Company and the De' Longhi Group, as regards the ratio between the fixed component and the variable component in the total package, there is no risk of unbalanced guidance on their part over the short term that could compromise the focus on the growth and sustainability of the Company's medium/long-term results.

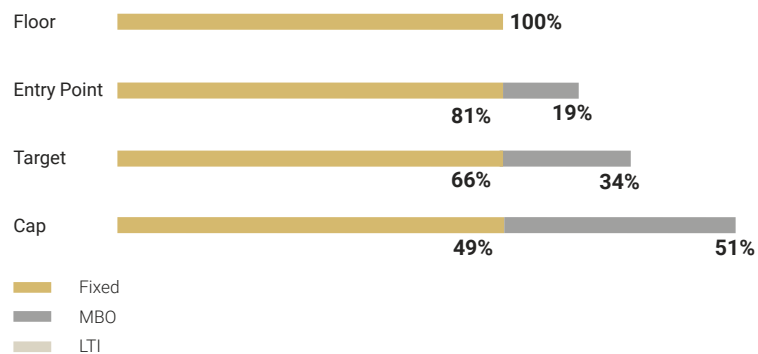
The entry point, target and maximum level pay mix for each Executive Director (i.e. the percentage

weight of the different components with respect to the target annual total remuneration), is shown below.

Chairman



V-C & CEO



Note: the percentages and values relating to the fixed remuneration of the Chairman and the Vice-Chairman and Chief Executive Officer also include remuneration received for the office of member of the Board of Directors of the Company and member of the administrative bodies of other subsidiaries of the Group.

3.2 Compensation of the General Manager

The General Manager's compensation is composed 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 targets are achieved (the latter include specific ESG KPIs linked to the Company's and Group's sustainability strategy), defined in quantitative terms with regard to the position held in the company (for further details, see subsection 3.5) to be paid without deferment of any amounts accrued;

- a **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 Annual General 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 recommendations of the Corporate Governance Code, the variable components of the remuneration of the General Manager 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 General Manager, 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 targets, 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.

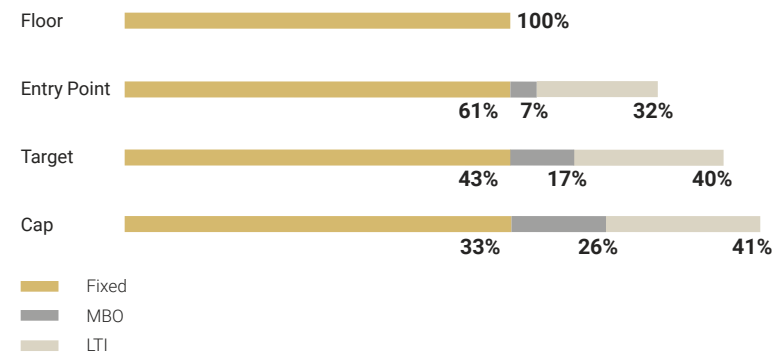
The relationship between the fixed and variable components in the total package for the General Manager is structured in such a way that it focuses



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 entry point, target and maximum level pay mix for the General Manager (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 (2023 fair value, constant for the three levels of performance) and the estimate related to the LTI Cash Plan 2021-2023, are shown below.

GM



Notes:

- (i) the GM's fixed remuneration also includes the non-competition agreement;
- (ii) the floor excludes the 2023 fair value of the options assigned as beneficiary of the Stock Options Plan 2020-2027.

3.3 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 targets are achieved (the latter include specific ESG KPIs linked to the Company's and Group's sustainability strategy), 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;

- a **medium/long-term variable component**, through possible participation in the incentive plans approved by the Board of Directors or, depending on the nature of the plans, also by the Annual General 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.

Consistent with the provisions of the Corporate Governance Code, the variable components of the remuneration for Key Managers with Strategic Responsibilities are also subject to the same claw-back or malus clauses provided for Executive Directors and the General Manager.

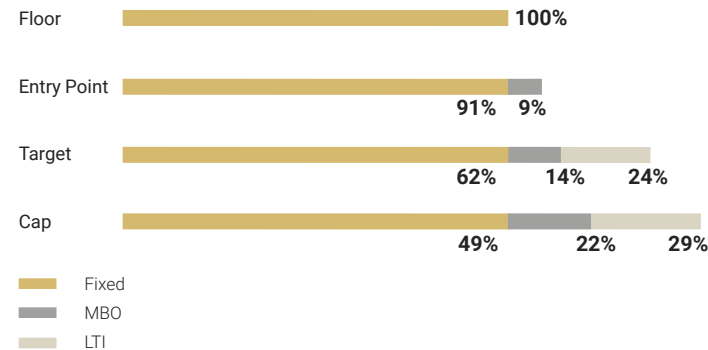
The same applies to the purposes and methods of defining the fixed component of remuneration, as well as the purposes, characteristics and upper limits on the variable component of the remuneration linked to monetary incentive schemes.

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.

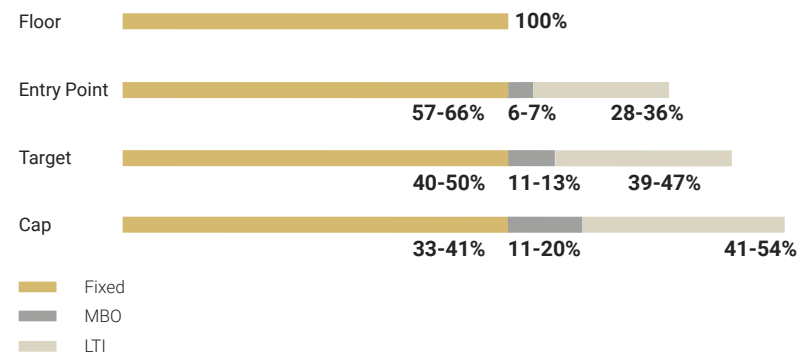
The entry point, target and maximum level pay mix for Key Managers with Strategic Responsibilities (i.e. the percentage weight of the different components with respect to the target annual total remuneration), which, with regard to the medium/long-term variable component, takes into account the Stock Options Plan 2020-2027 (2023 fair value, constant for the three levels of performance) and the estimate related to the LTI Cash Plan 2021-2023, are shown below.

The attached tables show the pay mix of the Chief Corporate Services Officer separately (given her office as a member of the Board of Directors of the Company) from the other Key Managers with Strategic Responsibilities.

Chief Corporate Service Officer



KMSR



Notes:

- for all the beneficiaries of the Stock Options Plan 2020-2027 the floor excludes the 2023 fair value of the assigned options;
- the values of the pay mix for KMSRs is composed of the fixed and variable remuneration of just the KMSRs who are beneficiaries of the LTI Cash Plan 2021-2023 and Stock Options Plan 2020-2027 in 2023;
- the percentage relating to the CCSO's fixed remuneration also includes remuneration received for the office of member of the Board of Directors of the Company and member of the administrative body of a subsidiary of the Group.

- 3 Group EBITDA means the consolidated EBITDA before non-recurring income and expenses.
- 4 Group Net Revenues means the Group's revenues from sales and other operating income, as reported in the Group's audited consolidated financial statements for 2023.
- 5 Group Operating Cash Flow means operating cash flow before investments.
- 6 Months of Coverage means the ratio between the stock value at the end of 2023 and the average of the Group's net revenues for the months of November 2023, December 2023 and the value forecasted for January 2024.
- 7 The ESG targets linked to the Company's sustainability strategy are: (i) Well-being and inclusion: development of next phase of the Diversity Equity & Inclusion project [Expected results: (a) map of metrics and KPIs (b) Top management commitment (c) D&I action plan and timing of implementation (d) D&I Policy and communication plan]; (ii) Talent development: increase number of annual training hours per employee; (iii) Health and safety: guide individual behaviour through training and communication initiatives on health and safety issues; (iv) Sustainable products (pilot project): implementation of new eco-design guidelines in at least two NPD projects in each macro product category; (v) Responsible supply chain: define a methodology and a work plan to monitor the social, environmental, health and safety performance of suppliers. Set up a team of inspectors. Carry out at least 5 pilot inspections in 2023.
- 8 Market Share means the Group's market share value derived from GFK data integrated with the e-commerce value, referring to core product categories and the main markets in which the Group operates.
- 9 In the case of the Chief Corporate Services Officer, the objectives are: (i) Group IoT Project: development by IT of the IoT solution in an integrated manner with the business structures involved, ensuring management of the IoT infrastructure/architecture and related technical aspects and the development of the App software; (ii) corporate welfare: the feasibility project for the realisation of a company crèche in Treviso for the children of employees; (iii) succession plan for the Group's top management: identification of candidates for the succession of key roles and initial definition of individual development plans.

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 lump-sum 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); (iv) sums as accommodation allowance in relation to the particular personal and/or family situations of individuals.

3.3.1 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.

3.4 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 for Key Managers with Strategic Responsibilities.

3.5 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 targets 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, as far as financial objectives are concerned, to the figures in the consolidated financial statements as approved by the Board of Directors, stripped of any extraordinary items. 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 Vice-Chairman and Chief Executive Officer:**
- a.** a. in relation to the office of Chief Executive Officer
- Group EBITDA³ (30% weight);
 - Group Net Revenues⁴ (20% weight);

- Group Operating Cash Flow⁵ (10% weight);
 - Months of Coverage⁶ (15% weight);
 - ESG targets linked to the sustainability strategy⁷ (15% weight);
 - Market Share⁸ (10% weight);
- b.** in relation to the employment relationship as a key manager with strategic responsibilities of the Company
- Group EBITDA (30% weight);
 - Group Net Revenues (20% weight);
 - Group Operating Cash Flow (10% weight);
 - Strategic Plan 2024-2026 (20% weight);
 - Merger & Acquisitions (20% weight).
- ii.** With regard to the **General Manager:**
- Group EBITDA (30% weight);
 - Group Net Revenues (20% weight);
 - Group Operating Cash Flow (10% weight);
 - Months of Coverage (15% weight);
 - ESG targets linked to the sustainability strategy (15% weight);
 - Market Share (10% weight).
- iii.** With regard to **Key Managers with Strategic Responsibilities:**
- Group EBITDA (30% weight);
 - Group Net Revenues (20% weight);
 - Group Operating Cash Flow (10% weight);
 - ESG targets linked to the sustainability strategy (15% weight);
 - Other activities and/or function/cross-function projects⁹ (25% weight).

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

- i. for the Vice-Chairman and **Chief Executive Officer**, 60% 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 120% of the total of such fixed compensation, based on the achievement of results that give access to the approved levels of overachievement;
- ii. for the **General Manager**, 40% of the total GAR and non-competition agreement recognised in relation to the current employment relationship as executive of the Company, up to a maximum of 80% of the total of such fixed compensation, based on the achievement of results that give access to the approved levels of overachievement;
- iii. for Key Managers with Strategic Responsibilities, 30% of the GAR and non-competition agreement, if any, 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 2023 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.

2023 Targets	V-C & CEO (in relation to the office as CEO) General Manager			
	Pay out			
	weight	entry point	target level	max level
EBITDA	30%	15%	30%	75%
Net Sales	20%	18%	20%	50%
Operating Cash Flow	10%	9%	10%	25%
Months of Coverage	15%	8%	15%	23%
ESG KPIs	15%	0%	15%	15%
Market Shares	10%	0%	10%	12%
Total	100%	50%	100%	200%
Cap % MBO: doubling of base MBO				

2023 Targets	V-C & CEO (in relation to the employment contract as KMSR)			
	Pay out			
	weight	entry point	target level	max level
EBITDA	30%	15%	30%	75%
Net Sales	20%	18%	20%	50%
Operating Cash Flow	10%	9%	10%	25%
Strategic Plan 2024-2026	20%	0%	20%	20%
M&A Activities	20%	0%	20%	30%
Total	100%	42%	100%	200%
Cap % MBO: doubling of base MBO				

2023 Targets	Key Managers with Strategic Responsibilities			
	Pay out			
	weight	entry point	target level	max level
EBITDA	30%	15%	30%	75%
Net Sales	20%	18%	20%	50%
Operating Cash Flow	10%	9%	10%	25%
ESG KPIs	15%	0%	15%	15%
Function/cross-function projects	25%	0%	25%	35%
Total	100%	42%	100%	200%
Cap % MBO: doubling of base MBO				

It should be noted that, if a performance indicator achieves a result between two levels, the variable component will accrue proportionally.

3.6 Medium/long-term incentives

The medium/long-term incentives represent the medium/long-term variable component of remuneration; as a whole these systems direct the action and efforts on the Group's industrial performance, with an expected positive effect also in terms of appreciation of the De' Longhi share price. In this way the medium/long-term incentives have the function of directing management action to the pursuit of the company's strategy, long-term interests and sustainability, aligning the remuneration of top management and key people with the interests of shareholders and increasing the motivation and loyalty of the beneficiaries of these incentive schemes.

De' Longhi's Remuneration Policy envisages two types of medium/long-term incentive schemes:

- monetary incentive schemes, reserved for top management and key people of the Group, directly connected to the achievement of performance targets 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.
- schemes based on financial instruments reserved for the Chief Executive Officer and for a limited number of top managers of the Group, which by their nature and given their overall duration reward the increase of the De'Longhi share price on Euronext Milan over the medium/long term.

The first 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.

The second type of incentive schemes provides, within 18 months from the date of their approval by the Annual General 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.

3.6.1 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, and on 29 July 2021 following the entry of the Swiss group Eversys into the De' Longhi Group's consolidation scope with effect from 1 April 2021).

In compliance with the guidelines of the LTI Cash Plan 2021-2023 defined in the 2021 Policy, on 29 July 2021, the Board of Directors approved a cash incentive plan called '*LTI Cash Plan 2021-2023*' reserved for top management and key people of the Group.

The LTI Cash Plan 2021-2023 aims to: (i) enable the correlation between management remuneration and the creation of value for shareholders in the medium to long term; (ii) focus management's efforts on the Group's three-year industrial performance; (iii) ensure motivation and retention of the Group's top management and key people, by making the accrual of the plan's cash incentive conditional on maintaining an employment relationship with the Group.

The LTI Cash Plan 2021-2023:

- 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 targets 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;
- iv. 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);
- v. is linked to the achievement of performance targets related to financial and non-financial indicators:
 - Cumulative EBITDA 2021-2023 (60% weight)
 - Net Revenues 2023 (30% weight)
 - 'Customer Focus and Satisfaction' / KPIs CFEX project¹⁰ (10% weight)
- vi. provides for a correction factor linked to the cumulative Operating Cash Flow¹¹ for the three-year period, in relation to which the following are envisaged:

- a minimum performance level below which the bonus accrued is reduced by 10 percentage points;
- a neutral performance band;
- a maximum performance level above which the bonus accrued is increased by 10 percentage points.

vii. provides that 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;

viii. envisages, for the purposes of verifying the degree of achievement of the performance targets, that 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;

ix. does not envisage sums guaranteed for merely maintaining the employment relationship with the Company or with a company in the Group;

¹⁰ The KPI relating to the CFEX project 'Customer Focus and Satisfaction' is represented by the 'Months of Coverage' indicator, calculated as the ratio between the stock value at the end of 2023 and the average of the Group's net revenues for the months of November 2023, December 2023 and the value forecasted for January 2024.

¹¹ For the purposes of the LTI Cash Plan 2021-2023, Operating Cash Flow means operating cash flow before investments.

- x. 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;
- xi. (xi) 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;
- xii. (xii) 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) / Pay out				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 KPI (Months of Coverage)	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.

3.6.2 Share-based compensation plans

• Stock Options Plan 2020-2027

The Annual General 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 2020-2027, 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 Euronext Milan.

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 Euronext Milan in the 180 calendar days before the date for the approval of the plan itself and its Rules by the Company's Annual General Meeting).

At the date of the Report, 1,390,000 options have been assigned and no further assignments are permitted, since 18 months have elapsed since the date of the Annual General Meeting (22 April 2020) that approved the Plan, indicated in the Rules of the Plan as the maximum time limit for the inclusion of new beneficiaries.

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' – 'Annual General Meeting Archive' – '2020' – 'Annual General Meeting of 22 April 2020'.

3.7 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 2022 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.

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

3.8.1 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.

• General Manager

For the General Manager, the agreements in place provide that, 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 individual's salary, as executive of the Company, 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 employment 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 employment agreement apply.

The non-competition agreement for the General Manager 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, the Company pays the total gross annual sum of €80,000.00. 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.

The CCNL (National Collective Employment Agreement) currently in force provides, in the case of individual dismissal, for:

- a notice period of between 6 months and 12 months (depending on length of service in the company);
- an additional indemnity of between 4 months' and a maximum of 24 months' pay (depending on length of service in the company), if the dismissal is found to be unjustified.

3.8.2 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

The rules of the LTI Cash Plan 2021-2023, approved by the Board of Directors of the Company on 29 July 2021, envisage the following effects in the event of termination of office and/or employment of the beneficiaries:

- 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 targets during the period between the start date of the plan and the termination date;
- 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;
- 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 Chief Executive Officer, 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 the description of the treatments under the 'Stock Options Plan 2020-2027' in the event of termination of beneficiaries' office and/or employment relationship, 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' – 'AGM Archive' – '2020' – 'Annual General Meeting of 22 April 2020'.

3.8.3 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.

3.9 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 Annual General Meeting following the proposal of the Board of Directors or by the same shareholders and consists of a gross annual fixed component.

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

3.10 Permitted derogations from this Policy

In Exceptional Circumstances – understood, in line with the provisions of Art. 123-ter(3-bis) of the Consolidated Law on Finance, 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:

- iv. the need to replace, due to unforeseen events, a chief executive office 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;
- v. 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 targets of the Remuneration Policy were based or the acquisition of a significant business not envisaged for the purposes of preparing the Policy;
- vi. the occurrence, at national or international level, of extraordinary and unforeseeable events concerning the Company and/or the sectors and/or the 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 performance targets and/or their respective weights, relating to the 2023 MBO;
- 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 'RPT Procedure', even in the event of any exclusion or derogation permitted by the same procedure.



II

Section II

Compensation paid during
2022 and other
information



Information on the remuneration paid in 2022 to the executive and non-executive 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.

For a correct understanding of the information and data provided below, it should be noted that:

- during the financial year 2022, the terms of office of the Board of Directors and the Board of Statutory Auditors expired, and they were therefore renewed by the Annual General Meeting of 20 April 2022;
- the Annual General Meeting of 20 April: (i) appointed the new Board of Directors, confirming the number of its members as 12, setting the duration for the three-year period 2022-2024 and confirming Giuseppe de' Longhi as Chairman of the Board of Directors; (ii) appointed the new Board of Statutory Auditors, confirming Cesare Conte as Chair of the Board of Statutory Auditors;
- the new Board of Directors met on 20 April 2022, after the Annual General Meeting that resolved on its renewal, and confirmed Fabio de' Longhi as Vice-Chairman and Massimo Garavaglia as Chief Executive Officer and also General Manager;

- after the renewal of the corporate bodies, on 17 June 2022, the then Chief Executive Officer and General Manager, Massimo Garavaglia, submitted his resignation from his position as a member of the Board of Directors and from other positions held inside the Group, effective as of 1 September 2022;
- from 1 September 2022, the position of Chief Executive Officer has been held by Fabio de' Longhi, who, as is known, had already held the position in the past, since 2005 until the arrival of Massimo Garavaglia in the company in 2020;
- the exercise period for the options assigned under the Stock Options Plan 2016-2022 ended on 31 December 2022. The Plan concluded with the exercise of 1,560,000 options in total out of 2,000,000 options assigned (maximum limit set by the plan itself).

On this point, the remuneration policy defined for the 2022 financial year (*'2022 Policy'*) was reviewed by the Remuneration and Appointments Committee during the periodic assessment that was conducted by the Committee at its meeting held on 13 February 2023. 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 2022 financial year, with the 2022 Policy.

On this point it should be noted that, availing itself of the derogation in the presence of Exceptional Circumstances provided for in section 3.9 of the

2022 Policy, at the meeting held on 17 June 2022, the Company's Board of Directors, upon the proposal of the Chairman and the Vice-Chairman, with the favourable opinion of the Remuneration and Appointments Committee and the Board of Statutory Auditors, unanimously approved a derogation to the 2022 Policy, concerning the attribution to the CEO/GM, Massimo Garavaglia - who resigned that day, for personal reasons, from the office of chief executive officer and general manager and from other board positions held in the Group - of a lump-sum monetary bonus of €300,000.00 in recognition of his excellent and effective commitment to the office and positions held, as well as the dedication he had shown to the Company and the Group, also in agreeing to continue his work until the end of August in order to follow the closing of the half year and support the transition period.

1. 1. Compensation of the members of the Board of Directors during 2022

During the financial year 2022, the Board of Directors was composed of the following directors:

- Until the Annual General Meeting of 20 April 2022, there were 12 members of the Board of Directors:
 - Executive Directors: GIUSEPPE DE' LONGHI (Chairman), FABIO DE' LONGHI (Vice-Chairman), MASSIMO GARAVAGLIA (Chief Executive Officer and General Manager) and SILVIA DE' LONGHI (Director and the Group's Chief Corporate Services Officer);

- Non-Executive Directors: MASSIMILIANO BENEDETTI, FERRUCCIO BORSANI, LUISA MARIA VIRGINIA COLLINA, CRISTINA PAGNI and STEFANIA PETRUCCIOLI (all independent pursuant to the CLF and the Corporate Governance Code), RENATO CORRADA (independent as per CLF), CARLO GARAVAGLIA and GIORGIO SANDRI.

- Starting from the Annual General Meeting of 20 April 2022 – which also resolved on the renewal of the Board of Directors for the three-year period 2022-2024, confirming the number of members as 12 – the Board of Directors was composed, until 31 August 2022, of:

- Executive Directors: GIUSEPPE DE' LONGHI (Chairman), FABIO DE' LONGHI (Vice-Chairman), MASSIMO GARAVAGLIA (Chief Executive Officer and General Manager until 31 August 2022, the date on which he left office and the employment relationship ended) and SILVIA DE' LONGHI (Director and the Group's Chief Corporate Services Officer);

- Non-Executive Directors: MASSIMILIANO BENEDETTI, FERRUCCIO BORSANI, LUISA MARIA VIRGINIA COLLINA, CARLO GROSSI and MICAELA LE DIVELEC LEMMI (all independent pursuant to the CLF and the Corporate Governance Code), CRISTINA PAGNI and STEFANIA PETRUCCIOLI (both independent pursuant to the CLF) and CARLO GARAVAGLIA.

- After the resignation of Massimo Garavaglia, from 1 September 2022 to 31 December 2022 (the closing date of the 2022 financial year), there were 11 members of the Board of Directors, given the decision of the directors in office not to co-opt a new member to replace him.

From the start of the 2022 financial year until 20 April 2022, the composition of the three committees established within the Board of Directors, was as follows:

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

Since 20 April 2022 until the date of this Report, the composition of the three committees established within the Board of Directors, is as follows:

- for the **Control and Risks, Corporate Governance and Sustainability Committee**: the directors, LUISA MARIA VIRGINIA COLLINA (acting as Chair) and MICAELA LE DIVELEC LEMMI (both independent pursuant to the CLF and the Corporate Governance Code) and STEFANIA PETRUCCIOLI ((independent as per CLF);

- for the **Remuneration and Appointments Committee**: the directors, CARLO GROSSI (acting as Chair) and FERRUCCIO BORSANI (both independent pursuant to the CLF and the Corporate Governance Code) and CARLO GARAVAGLIA;
- for the **Independent Committee**: the independent directors pursuant to the CLF and the Corporate Governance Code, LUISA MARIA VIRGINIA COLLINA (acting as Chair), MASSIMILIANO BENEDETTI and MICAELA LE DIVELEC LEMMI.

a. Compensation of the Non-Executive Directors

The Annual General Meeting held on 20 April 2022 set the annual gross remuneration of each member of the Board of Directors appointed for the three-year period 2022-2024 at €50,000, 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(3) of the Civil Code.

At the meeting held on 20 April 2022, 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 2022-2024, 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) €2,500 for the Chairs 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 2022 to non-executive directors are shown in Table 1 of 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 2022 Policy, the following compensation was paid to Giuseppe de' Longhi as the gross annual **fixed component**:

- €48,333.00 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(3) of the Civil Code.

By the express preference of the party concerned, the Chairman's compensation for 2022 also does not include a variable component.

Giuseppe de' Longhi also received other compensation from subsidiaries for the positions held as director, indicated and better specified in Table 1 of 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 since 1 September 2022)

In application of the 2022 Policy, Fabio de' Longhi received the following compensation in 2022, as the gross annual **fixed component**:

- €48,333.00 gross in relation to his office as member of the Board of Directors;
- €400,000.00 gross in relation to the powers that have been attributed to him under Art. 2389(3) of the Civil Code;
- €320,000.00 gross in relation to his employment relationship as executive of the Company.

As regards the medium/long-term **variable component**, it should be noted that during the year, the Vice-Chairman has not exercised any of the 300,000 options assigned with reference to the Stock Options Plan 2016-2022. The plan expired on 31 December 2022. Since the two vesting

periods envisaged by the above Plan have now ended, the fair value for 2022 relating to participation in the same is €0.00 (see Table 2 below for more details).

Fabio de' Longhi also received other compensation from subsidiaries for the positions held as director, indicated and better specified in Table 1 of 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 €25,983.00 gross.

On the basis of the above elements and that additionally set out in Table 1 of Part Two of this Section II of the Report, the fixed remuneration paid for the financial year 2022 to the Vice-Chairman coincided with the total remuneration, since he waived the annual and medium-term variable component and since the fair value of the Stock Options Plan 2016-2022 for the year 2022 was €0.00.

As regards the Stock Options Plan 2020-2027, it should be noted that Fabio de' Longhi is not one of its beneficiaries.

d. Compensation of the CEO/GM in office until 31 August 2022

In application of the 2022 Policy, Massimo Garavaglia, in the period between 1 January and 31 August 2022 (the date of termination of office and end of the employment relationship):

- was paid as the gross annual **fixed component**, the following compensation:
 - €33,333.00 gross in relation to his office as member of the Board of Directors;
 - €836,668.00 gross in relation to the powers that have been attributed to him under Art. 2389(3) of the Civil Code;

- €351,667.00 gross in relation to his employment relationship as executive of the Company (of which €51,667.00 under a non-competition agreement);
- ii. did not accrue any amount as the gross annual **variable component** (MBO), as a result of the termination, during the year, of the term of office as director and the employment relationship with the Company;
- iii. did not accrue any amount as the medium/long-term **variable component** in relation to the termination, during the year, of the term of office and of the employment relationship.

Massimo Garavaglia did not receive other compensation from subsidiaries for the positions he held as director until the date of termination of the office.

Massimo Garavaglia was also recognised non-monetary benefits for an equivalent value of €16,351.00 gross.

As a result of his resignation for personal reasons tendered on 17 June 2022, effective from 1 September 2022, from the positions of chief executive officer and general manager, and from other positions held on boards in the Group, Massimo Garavaglia was awarded a lump-sum monetary bonus of €300,000.00 gross (see subsection 4 of Part One, Section II of the Report).

On the basis of the above elements and that additionally set out in Table 1 of Part Two of this Section II of the Report, during FY 2022, the CEO/GM was paid only the contractually agreed fixed remuneration.

As a result of the termination of the term of office and the employment relationship, the CEO/GM is

no longer a beneficiary of the Company's medium/long-term incentive schemes.

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

In application of the approved 2022 Policy, Silvia de' Longhi:

- i. was paid as the gross annual **fixed component**, the following compensation:
 - €48,333.00 gross in relation to her office as member of the Board of Directors;
 - €260,000.00 gross in relation to her employment relationship as executive of the Company;
- ii. accrued as the gross annual **variable component** (MBO) a compensation of €49,920.00 gross in relation to the employment relationship as executive of the Company (against a target potential of €78,000 gross up to a maximum of €156,000.00 gross including overachievement, approved for FY 2022);
- iii. accrued as the medium/long-term **variable component** compensation of €64,000.00 gross relating to the accrued amount of the LTI Cash Plan 2021-2023 for the year 2022.

As regards the **medium/long-term variable component**, it should be noted that, during FY 2022, the Chief Corporate Services Officer did not exercise any options out of the 85,000 options assigned and not yet exercised at the start of the year with reference to the Stock Options Plan 2016-2022. The plan expired on 31 December 2022. Since the two vesting periods envisaged by the above Plan have

now ended, the fair value for 2022 relating to participation in the same is €0.00 (see Table 2 below for more details).

As regards the Stock Options Plan 2020-2027, it should be noted that Silvia de' Longhi is not one of its beneficiaries.

Silvia de' Longhi also received other compensation from subsidiaries for the positions held as director, indicated and better specified in Table 1 of 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 €11,495.00.

On the basis of the above elements and that additionally set out in Table 1 of Part Two of this Section II of the Report, the fixed remuneration paid for the financial year 2022 to Silvia de' Longhi was equal to 298.5% of the total variable remuneration accrued (consisting of the 2022 MBO and the portion of variable remuneration pertaining to the financial year relating to the LTI Cash Plan 2021-2023).

/

With reference to the short-term variable components of remuneration accrued by the Executive Directors during 2022, in addition to the above, the targets defined for the various objectives and their level of achievement are specified below.

- Group EBITDA (30% weight); entry point €450 million - result €362 million. Bonus not accrued.
- Group Net Revenues (20% weight); entry point €3,273 million - result € 3,158 million. Bonus not accrued.

- Group Operating Cash Flow (10% weight); entry point €288 million - result €151.9 million. Bonus not accrued.
- ESG KPIs (10% weight) – on the proposal of the RAC and having heard the opinion of the Board of Statutory Auditors, on the basis of the activities and projects carried out and the results achieved, the Board of Directors resolved to recognise 120% of the target bonus, equal to 12 percentage points.
- Customer Focus and Satisfaction¹³ (20% weight); stretch target €651 million - result €551 million. Result accrued to the maximum amount envisaged, equal to 40 percentage points.
- Market Shares (10% weight); entry point improvement over 2021 – Result: the expected growth as entry point achieved, corresponding to a pay out of 9 percentage points.

However, with reference to the medium/long-term variable components of remuneration accrued by Executive Directors in the 2022 financial year, 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 relation to the LTI Cash Plan 2021-2023, expiring in December 2023, reserved for Executive Directors and Key Managers with Strategic Responsibilities. Such information will be provided only after the end of the plan itself, since it is indicative and revealing of the Company's strategic and commercial choices and, as such, if disclosed to the public in advance, could be used by competitors to the detriment of the Company's business.

12 ESG KPIs provided for in the 2022 MBO: (i) Scope 3 measurement; (ii) increase of annual training hours for employees and managers; (iii) gender diversity project; (iv) adoption of the new performance appraisal by managers and employees; (v) definition of the Group's sustainability targets.

13 Stock value as at December 2022.

With regard to the non-financial objectives, linked to the extraordinary activities and projects in 2022 included in the MBO of Silvia de' Longhi (10% weight)¹⁴, on the proposal of the RAC and having heard the opinion of the Board of Statutory Auditors, on the basis of the projects carried out and results achieved, the Board of Directors resolved to recognise 120% of the target bonus, equal to 12 percentage points.

The RAC, at its meetings on 13 February, 3 March and 8 March 2023, reviewed the activities carried out and the results achieved against the targets set in the 2022 MBOs for Executive Directors.

Based on the overall proposal formulated by the RAC, on 13 March 2023 the Board of Directors resolved to accrue the bonuses relating to the 2022 MBOs in the amount indicated above.

On 13 March 2023, the Board of Directors approved the results relating to the 2022 financial year.

Based on these results, the Company has set aside the amounts mentioned above with reference to participation in the LTI Cash Plan 2021-2023 by the Chief Corporate Services Officer. The amount set aside in 2022 was equal to the difference between 105% of the target bonus for the first two vesting years of the plan (2021 and 2022), minus the amount set aside in 2021, compared to a maximum amount provided for under the plan rules, of 160% of the target bonus. Payment of these bonuses for the year 2022 is deferred to 2024 and is subject to the fulfilment of the conditions indicated in the rules of the aforementioned plan.

Furthermore, in accordance with the provisions of the approved 2022 Policy, the amounts accrued by Silvia de' Longhi are subject to:

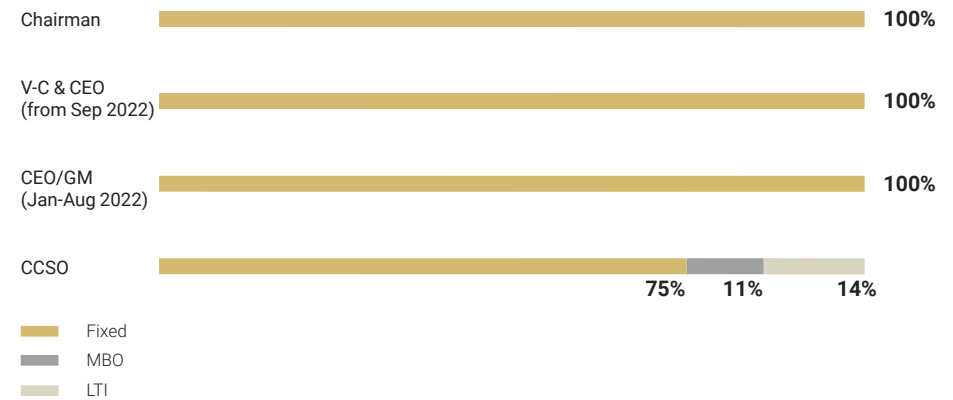
- partial deferment which is limited to the medium/long-term variable component deriving from the LTI Cash Plan 2021-2023;
- the application of ex-post correction mechanisms at contract level which envisage the possible restitution of all or part of the amounts paid (claw back), or the non-payment of 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.

In FY 2022: (i) the claw-back and malus clauses contemplated by the 2022 Policy were not applied; (ii) since the Chief Executive Officer and General Manager left office and terminated employment with effect from 31 August 2022, the related indemnities were approved and/or paid; (iii) upon the termination of office and employment of the Chief Executive Officer and General Manager, the Company's Board of Directors, by reasoned resolution, approved one of the derogations from the 2022 Policy envisaged for Exceptional Circumstances.

/

The pay mix related to total remuneration accrued in 2022 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, short-term variable 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



¹⁴ Extraordinary activities and projects in 2022: (i) cybersecurity project, (ii) First migration stage of SAP S/4HANA; (iii) average wonderflow value of automatic coffee machines above 4.3; (iv) smart working global with a year-end survey on work/life balance; (v) Health and safety KPIs (improvement over 2021); (vi) employer branding actions (KPIs, LinkedIn, initiatives with universities).



2. 2. Compensation of the members of the board of statutory auditors during 2022

In 2022, the Board of Statutory Auditors of the Company was composed of the following standing auditors:

- in the first part of Financial Year 2022, until the Annual General Meeting on 20 April 2022: CESARE CONTI (acting as Chair) PAOLA MIGNANI and Alberto Villani.

The Board of Statutory Auditors in office at 20 April 2020 was appointed for the three-year period 2019-2021 by the Annual General Meeting of 30 April 2019, which had set the annual compensation of the Chair 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.

- starting from the Annual General Meeting of 20 April 2022 (which also resolved, among other things, on the renewal of the Board of Statutory Auditors for the three-year period 2022-2024): CESARE CONTI (acting as Chair), ALESSANDRA DALMONTE and Alberto Villani.

The Annual General Meeting of 20 April 2022 set, for the three-year period 2022-2024, the annual compensation of the Chair of the Board of Statutory Auditors at €70,000.00 gross and the compensation of each of the two standing members at €48,000.00 gross.

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

3. 3. Compensation of key managers with strategic responsibilities in 2022

In application of the approved 2022 Policy, five additional Key Managers with Strategic Responsibilities:

- were paid in total as a gross annual **fixed component** the amount of €1,802,572.00 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).
- accrued in total as a gross annual **variable component** (MBO) the amount of €291,899.00 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 €448,271.00 gross up to a maximum of €896,543.00 gross including overachievements approved for FY 2021).
- accrued in total as the medium/long-term **variable component** (MBO), the following compensation:
 - €408,133.00 gross relating to the accrued amount of the LTI Cash Plan 2021-2023 for the year 2021;
 - €1,454,212.00 gross for the year relating to the fair value of the Stock Options Plan 2020-2027.

As regards the medium/long-term variable component, it should be noted that, during FY 2022, the Key Managers with Strategic Responsibilities exercised 56,628 options out of the 56,628 options assigned and not yet exercised at the start of the year with reference to the Stock Options Plan 2016-2022. The plan expired in December 2022. Since the two vesting periods envisaged by the above Plan have now ended, the fair value for 2022

relating to participation in the same is €0.00 (see Table 2 below for more details).

As regards the variable components of remuneration accrued by the Key Managers with Strategic Responsibilities during 2022, the same considerations outlined above with reference to executive directors apply.

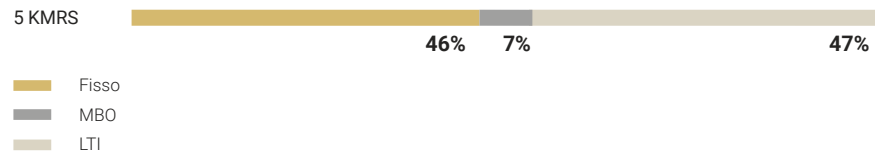
For more information on the remuneration paid to the Company's Key Managers with Strategic Responsibilities during the 2022 financial year, in compliance with the 2022 Policy, please refer to the cumulative data indicated in the tables in Part Two of this Section II of the Report.

Moreover, Key Managers with Strategic Responsibilities were also recognised non-monetary benefits for a total equivalent value of €343,855.00.

On the basis of the above elements and that additionally set out in Table 1 of Part Two of this Section II of the Report, the fixed remuneration paid cumulatively for the financial year 2022 to the Key Managers with Strategic Responsibilities was equal to 83.8% of the total variable remuneration accrued (consisting of the 2022 MBO and the portion of variable remuneration pertaining to the financial year relating to the LTI Cash Plan 2021-2023 and the 2022 fair value of the Stock Options Plan 2020-2027).

The pay mix related to total remuneration accrued in total by Key Managers with Strategic Responsibilities in 2022 is shown below. On this point, it should be noted that the values relating to the different components (i.e. fixed, short-term variable 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 n.5 KMSR



4. Derogation from the 2022 Remuneration Policy

On 17 June 2022, the Board of Directors of the Issuer approved – upon the proposal of the Chairman and the Vice-Chairman of the Company, and with the favourable opinion of the Remuneration and Appointments Committee and the Board of Statutory Auditors – a derogation from the 2022 Policy for Exceptional Circumstances, pursuant to and for the purposes of Art. 123-ter(3-bis) of the CLF and in compliance with section 3.9 of the 2022 Policy (the '**Derogation**').

The Derogation concerned the attribution to the CEO/GM, Massimo Garavaglia, a lump-sum monetary bonus of €300,000.00 gross (corresponding to two months of fixed compensation earned by Mr Garavaglia in 2021, totalling €1,800,000.00), as a result of his resignation for personal reasons tendered on 17 June 2022, effective from 1 September 2022, from the positions of Chief Executive Officer and General Manager, and from other positions held on boards in the Group.

This Derogation was justified in view of the excellent and effective commitment of Mr Garavaglia in the exercise of the office of CEO/GM and other positions held, and for the dedication he had shown to the Company and the Group, also in agreeing to continue his work until the end of August in order to follow the closing of the half year and support the transition period.

In accordance with the provisions of Art. 123-ter of the Consolidated Law on Finance, section 3.9 of the 2022 Policy expressly envisaged the possibility to derogate from the policy itself and – in addition to regulating the procedural conditions under which the Derogation could be applied (i.e. application of the RPT Procedure) – indicated: (i) as elements of the 2022 Policy that could be derogated from, '*the attribution of a lump-sum monetary bonus (in any case not exceeding the value envisaged for the annual MBO)*', and in accordance with the provisions of Art. 123-ter(3-bis) of the CLF, (ii) as Exceptional Circumstances, required for the derogation, 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.*'

Both of these prerequisites existed because: (i) the amount of the monetary bonus to be attributed to Mr Garavaglia fell within the limits of the amount of the annual MBO due to him for his role as Chief Executive Officer and for that of General Manager, and (ii) Mr Garavaglia's willingness, despite his personal circumstances, to postpone his resignation to the end of August, ensured that the Company could close the half year more easily and provided an adequate handover period, in addition to support during the transition period.

The procedural requirements set out in section 3.9 of the 2022 Policy were observed for the approval of the Derogation. In particular, the procedure followed by the Company primarily saw the involvement of the Remuneration and Appointments Committee (also responsible for transactions with related parties of lesser significance concerning the remuneration of directors), which examined the issue, the presence of the Board of Statutory Auditors, during the meeting held on 17 June 2022, reaching a reasoned favourable opinion, and the RPT Procedure was not applied because the amount of the bonus was small, as defined in the procedure itself.

The Derogation was reviewed by the Board of Directors at the board meeting held on 17 June 2022, accompanied by the reasoned favourable opinion of the Remuneration and Appointments Committee; at that meeting, the Board of Directors, having heard the favourable opinion of the Board of Statutory Auditors, approved the Derogation to the 2022 Policy proposed by the Chairman and the Vice-Chairman. Notice of this circumstance was provided to the market by publishing a press release on 17 June 2022, which was then supplemented on 23 June 2022, both available on the Company's website www.delonghigroup.com – section '*Investors*' – '*Press Releases and Presentations*' – '*2022*'.

5. 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.

Starting from FY 2021, the remuneration of the Vice-Chairman (and Chief Executive Officer until 30 April 2020 and, subsequently, from 1 September 2022) has no short- or medium/long-term variable components, except for his participation in the Stock Options Plan 2016-2022 which ended on 31 December 2022 (the fair value of which is included in the representation). At the time of his appointment as Chief Executive Officer, effective from 1 September 2022, the LTI Cash Plan 2021-2023 was nearing expiry and the terms provided for his possible inclusion as a beneficiary of the Stock Options Plan 2020-2027 had elapsed.

In consideration of the fact that the CEO/GM had been in office from 1 January 2022 until 31 August 2022 and that, therefore, in 2022 he received remuneration for 8 months (January-August), the comparative information provided for the year 2022 has been considered, with regard to the fixed component, simulating the position was held for the entire year (12 months instead of 8). Furthermore, the CEO/GM's remuneration included, in 2020 and in 2021, the fair value related to participation in the Stock Options Plan 2020-2027 and only in 2021 the value related to the LTI Cash Plan 2021-2023 approved in 2021. In 2022, no variable remuneration was reported because he had left office and terminated his employment relationship during the year and therefore he was no longer a beneficiary of the aforementioned medium/long-term incentive schemes.

On the other hand, the sum paid on termination of the employment relationship described in subsection 1.d) above has not been taken into account in the representation.

The remuneration 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, the amounts received as an annual variable component (MBO) and those received as a medium-term variable component through participation in the LTI Cash Plan 2021-2023 and the Stock Options Plan 2016-2022. The Chief Corporate Services Officer is not among the beneficiaries of the Stock Options Plan 2020-2027.

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 Annual General Meeting to each member of the Board of Directors, while it does not include the remuneration established by the Board of Directors for participation in board committees;
- the remuneration of the Statutory Auditors includes the gross annual remuneration attributed by the Annual General Meeting to member of the Board of Statutory Auditors;
- the remuneration of all the persons indicated does not include the value related to any non-monetary benefits granted to them;
- the average gross annual remuneration of employees was calculated taking into account:
 - the monthly remuneration due (on a full-time equivalent basis), for the salary months paid;
 - assuming presence for the entire year with reference to staff hired and/or leaving during the year;
 - recurring remuneration paid (such as sums relating to non-competition agreements);
 - variable components such as bonuses and allowances, overtime, performance bonuses, MBOs, any lump-sum bonuses.

As regards the net revenues and EBITDA figures, their development starting from 2021 reflects the acquisition of *Capital Brands Holdings inc.*, which took effect on 1 January 2021 and the entry of the Swiss group Eversys into the De' Longhi Group's consolidation scope with effect from 1 April 2021.

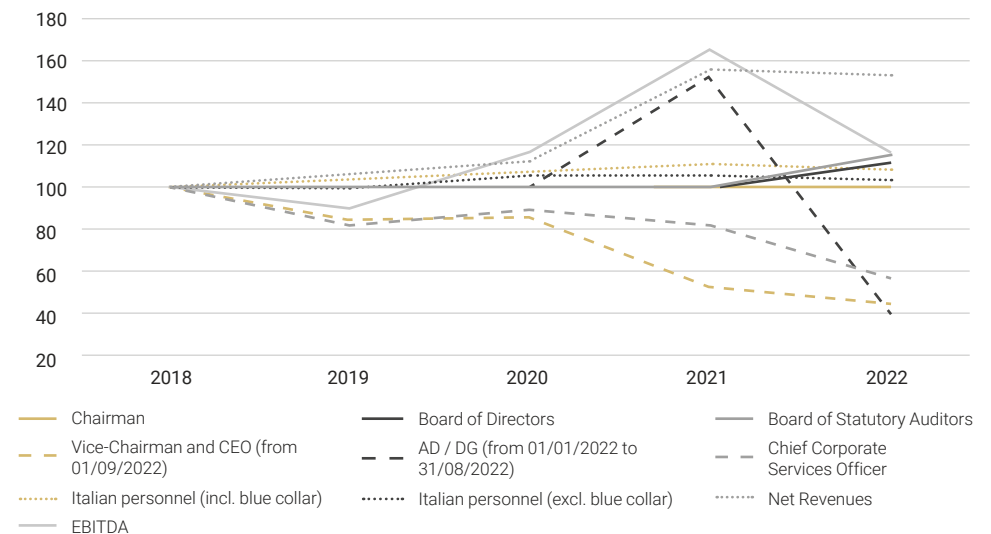
Considering that the Company is a holding company, with the aim of providing a more meaningful representation of the aforementioned trends, the staff remuneration data refer to the employees of the Group's Italian companies (represented in the two versions, including and excluding blue collar workers).

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

	2018	2019	2020	2021	2022
Chairman	100	100	100	100	100
Board of Directors	100	100	100	100	111
Board of Statutory Auditors	100	100	100	100	115
Vice-Chairman and CEO (from 01/09/2022)	100	84	85	52	44
CEO/GM (from 01/01/2022 to 31/08/2022)			100	152	39
Chief Corporate Services Officer	100	82	88	81	56
Italian personnel (incl. blue collar)	100	102	107	110	108
Italian personnel (excl. blue collar)	100	99	104	105	102
Net Revenues	100	101	113	155	152
EBITDA	100	90	117	165	116

Table B: information provided using index numbers



6. Information on the vote expressed by the annual General Meeting on Section II of the report on the previous financial year

As shown in the table below, the Annual General Meeting of 20 April 2022 – in which a total of 543 shareholders participated by proxy for 133,362,047 ordinary shares equal to 88.380054% of the ordinary capital and 244,321,707 votes equal to 92.420751% of the voting rights attributed to the capital – expressed a positive opinion on Section II of the 2022 Report.

2.2 advisory vote on "Compensation paid during FY 2021" indicated in Section II, pursuant to Art. 123-ter(6) of Legislative Decree 58/98

	No. shareholders (in person or by proxy)	No. votes	% of votes present/represented	% of total voting rights
In favour	468	218.803.494	97,540045	90,147242
Against	47	8.961.495	1,765988	1,632140
Abstaining	21	1.270.910	0,566557	0,523616
Not Voting	7	285.808	0,127410	0,117753
Total	543	224.321.707	100,000000	92,420751

With a view to further improving the disclosure of information on the remuneration of its management, also taking into account the regulatory obligations 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 2022 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 2022 Policy approved by the Annual General Meeting and the derogation approved by the Board of Directors with reasoned resolution, upon the proposal of the Chairman and the Vice-Chairman, having heard the opinion of the RAC.

This representation has been prepared with the further purpose of highlighting both its consistency and congruity with the 2022 Policy approved by the Annual General Meeting, and the way in which the different components of the Policy have contributed to the achievement of the company results in 2022 and the results expected in the second year of the mid-term plan 2021-2023.

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 in relation to the Company's results as well as the average gross annual remuneration of employees, included in section 4 of Part One of this Section II of the Report.



The Tables in this second part of Section II of the report show analytically the compensation paid in 2022 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 2022, 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 2022

The Table below contains the compensation paid during the year ending 31 December 2022 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 2022 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 2022)

(A) Name and surname	(B) Office	(C) Period during which the position was held	(D) Expiry of office	(1) Fixed compensation	(2) Compensation for participation in committees	(3) Non-equity variable compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair value of equity compensation	(8) Indemnity at end of office or termination of employment
						Bonuses & other incentives	Share in profits					
Giuseppe de' Longhi	Chairman of the Board of Directors	01/01/2022 31/12/2022	Approval 2022 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 48,333 ^(a)						€ 1,303,333		
(II) Compensation from subsidiaries and associates				€ 1,255,000 ^(b)						€ 300,000		
(III) Total				€ 1,603,333	€ 0	€ 0	€ 0	€ 0	€ 0	€ 1,603,333	€ 0	€ 0
Fabio de' Longhi	Vice-Chairman & KMSR CEO (from 01Sept22)	01/01/2022 31/12/2022	Approval 2022 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 48,333 ^(a)				€ 25,983 ^(m)		€ 794,316		
(II) Compensation from subsidiaries and associates				€ 400,000 ^(b)								
				€ 320,000 ^(c)								
(II) Compensation from subsidiaries and associates				€ 150,000 ^(a)						€ 150,000		
(III) Total				€ 918,333	€ 0	€ 0	€ 0	€ 25,983	€ 0	€ 944,316	€ 0	€ 0

Table 1 - Annex 3A, Scheme 7-bis of the Issuers' Regulation

Compensation paid during 2022 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 2022)

(A) Name and surname	(B) Office	(C) Period during which the position was held	(D) Expiry of office	(1) Fixed compensation	(2) Compensation for participation in committees	(3) Non-equity variable compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair value of equity compensation	(8) Indemnity at end of office or termination of employment
						Bonuses & other incentives	Share in profits					
Massimo Garavaglia	Chief Executive Officer & General Manager	01/01/2022 31/08/2022	31/08/22	€ 33,333 ^(a)			€ 300,000 ^(c)		€ 16,351 ^(m)			
(I) Compensation in the company preparing the financial statements				€ 836,667 ^(b)						€ 1,538,018		
(II) Compensation from subsidiaries and associates				€ 300,000 ^(c)								
				€ 51,667 ^(d)								
(III) Total				€ 1,221,667	€ 0	€ 300,000	€ 0	€ 16,351	€ 0	€ 1,538,018	€ 0	€ 0
Massimiliano Benedetti	Director	01/01/2022 31/12/2022	Approval 2022 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 48,333 ^(a)					€ 24,958 ^(l)	€ 73,291		
(II) Compensation from subsidiaries and associates												
(III) Total				€ 48,333	€ 0	€ 0	€ 0	€ 0	€ 24,958	€ 73,291	€ 0	€ 0
Borsani Ferruccio	Director	01/01/2022 31/12/2022	Approval 2022 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 48,333 ^(a)	€ 20,000					€ 68,333		
(II) Compensation from subsidiaries and associates												
(III) Total				€ 48,333	€ 20,000	€ 0	€ 0	€ 0	€ 0	€ 68,333	€ 0	€ 0

Table 1 - Annex 3A, Scheme 7-bis of the Issuers' Regulation

Compensation paid during 2022 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 2022)

(A) Name and surname	(B) Office	(C) Period during which the position was held	(D) Expiry of office	(1) Fixed compensation	(2) Compensation for participation in committees	(3) Non-equity variable compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair value of equity compensation	(8) Indemnity at end of office or termination of employment
						Bonuses & other incentives	Share in profits					
Luisa Maria Virginia Collina	Director	01/01/2022 31/12/2022	Approval 2022 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 48,333 ^(a)	€ 12,500					€ 60,833		
(II) Compensation from subsidiaries and associates												
(III) Total				€ 48,333	€ 12,500	€ 0	€ 0	€ 0	€ 0	€ 60,833	€ 0	€ 0
Renato Corrada	Director	01/01/2022 20/04/2022	Approval 2021 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 15,000 ^(a)	€ 7,500					€ 22,500		
(II) Compensation from subsidiaries and associates												
(III) Total				€ 15,000	€ 7,500	€ 0	€ 0	€ 0	€ 0	€ 22,500	€ 0	€ 0
Silvia de' Longhi	Director & KMSR	01/01/2022 31/12/2022	Approval 2022 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 48,333 ^(a)		€ 49,920 ^(g)		€ 11,495 ^(m)		€ 433,748		
				€ 260,000 ^(c)		€ 64,000 ^(h)						
(II) Compensation from subsidiaries and associates				€ 30,000 ^(a)						€ 30,000		
(III) Total				€ 338,333	€ 0	€ 113,920	€ 0	€ 11,495	€ 0	€ 463,748	€ 0	€ 0

Table 1 - Annex 3A, Scheme 7-bis of the Issuers' Regulation

Compensation paid during 2022 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 2022)

(A) Name and surname	(B) Office	(C) Period during which the position was held	(D) Expiry of office	(1) Fixed compensation	(2) Compensation for participation in committees	(3) Non-equity variable compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair value of equity compensation	(8) Indemnity at end of office or termination of employment
						Bonuses & other incentives	Share in profits					
Carlo Garavaglia	Director	01/01/2022 31/12/2022	Approval 2022 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 48,333 ^(a)	€ 28,000					€ 76,333		
(II) Compensation from subsidiaries and associates												
(III) Total				€ 48,333	€ 28,000	€ 0	€ 0	€ 0	€ 0	€ 76,333	€ 0	€ 0
Carlo Grossi	Director	20/04/2022 31/12/2022	Approval 2022 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 33,333 ^(a)	€ 25,000					€ 58,333		
(II) Compensation from subsidiaries and associates												
(III) Total				€ 33,333	€ 25,000	€ 0	€ 0	€ 0	€ 0	€ 58,333	€ 0	
Micaela Le Divelec Lemmi	Director	20/04/2022 31/12/2022	Approval 2022 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 33,333 ^(a)	€ 10,000					€ 43,333		
(II) Compensation from subsidiaries and associates												
(III) Total				€ 33,333	€ 10,000	€ 0	€ 0	€ 0	€ 0	€ 43,333	€ 0	€ 0

Table 1 - Annex 3A, Scheme 7-bis of the Issuers' Regulation

Compensation paid during 2022 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 2022)

(A) Name and surname	(B) Office	(C) Period during which the position was held	(D) Expiry of office	(1) Fixed compensation	(2) Compensation for participation in committees	(3) Non-equity variable compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair value of equity compensation	(8) Indemnity at end of office or termination of employment
						Bonuses & other incentives	Share in profits					
Cristina Pagni	Director	01/01/2022 31/12/2022	Approval 2022 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 48,333 ^(a)	€ 16,000				€ 10,000 ⁽ⁱ⁾	€ 74,333		
(II) Compensation from subsidiaries and associates												
(III) Total				€ 48,333	€ 16,000	€ 0	€ 0	€ 0	€ 10,000	€ 74,333	€ 0	€ 0
Stefania Petruccioli	Director	01/01/2022 31/12/2022	Approval 2022 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 48,333 ^(a)	€ 25,500					€ 73,833		
(II) Compensation from subsidiaries and associates												
(III) Total				€ 48,333	€ 25,500	€ 0	€ 0	€ 0	€ 0	€ 73,833	€ 0	€ 0
Giorgio Sandri	Director	01/01/2022 20/04/2022	Approval 2021 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 15,000 ^(a)						€ 15,000		
(II) Compensation from subsidiaries and associates												
(III) Total				€ 15,000	€ 0	€ 0	€ 0	€ 0	€ 0	€ 15,000	€ 0	€ 0

Table 1 - Annex 3A, Scheme 7-bis of the Issuers' Regulation

Compensation paid during 2022 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 2022)

(A) Name and surname	(B) Office	(C) Period during which the position was held	(D) Expiry of office	(1) Fixed compensation	(2) Compensation for participation in committees	(3) Non-equity variable compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair value of equity compensation	(8) Indemnity at end of office or termination of employment
						Bonuses & other incentives	Share in profits					
Cesare Conti	Chairman Board of Statutory Auditors	01/01/2022 31/12/2022	Approval 2022 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 67,950 ^(a)						€ 67,950		
(II) Compensation from subsidiaries and associates												
(III) Total				€ 67,950	€ 0	€ 0	€ 0	€ 0	€ 0	€ 67,950	€ 0	€ 0
Alessandra Dalmonte	Standing Auditor	20/04/2022 31/12/2022	Approval 2022 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 33,534 ^(a)						€ 33,534		
(II) Compensation from subsidiaries and associates				€ 23,514 ^(a)						€ 23,514		
(III) Total				€ 57,048	€ 0	€ 0	€ 0	€ 0	€ 0	€ 57,048	€ 0	€ 0
Paola Mignani	Standing Auditor	01/01/2021 31/12/2021	Approval 2021 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 12,673 ^(a)						€ 12,673		
(II) Compensation from subsidiaries and associates				€ 9,385 ^(a)						€ 9,385		
(III) Total				€ 22,058	€ 0	€ 0	€ 0	€ 0	€ 0	€ 22,058	€ 0	€ 0

Table 1 - Annex 3A, Scheme 7-bis of the Issuers' Regulation

Compensation paid during 2022 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 2022)

(A) Name and surname	(B) Office	(C) Period during which the position was held	(D) Expiry of office	(1) Fixed compensation	(2) Compensation for participation in committees	(3) Non-equity variable compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair value of equity compensation	(8) Indemnity at end of office or termination of employment
						Bonuses & other incentives	Share in profits					
Alberto Villani	Standing Auditor	01/01/2022 31/12/2022	Approval 2022 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 47,301 ^(a)						€ 47,301		
(II) Compensation from subsidiaries and associates				€ 33,045 ^(a)						€ 33,045		
(III) Total				€ 80,346	€ 0	€ 0	€ 0	€ 0	€ 0	€ 80,346	€ 0	€ 0
N. 5	Key Managers with Strategic Responsibilities	01/01/2022 31/12/2022	Approval 2022 fin. statements									
(I) Compensation in the company preparing the financial statements				€ 1,624,314 ^(c)		€ 268,428 ^(f)		€ 90,393 ^(m)		€ 2,441,268	€ 1,454,212 ⁽ⁿ⁾	
				€ 50,000 ^(d)		€ 408,133 ^(h)						
(II) Compensation from subsidiaries and associates				€ 128,258 ^(e)		€ 23,471 ^(g)		€ 253,462 ^(m)		€ 405,191		
(III) Total				€ 1,802,572	€ 0	€ 700,032	€ 0	€ 343,855	€ 0	€ 2,846,459	€ 1,454,212	€ 0

NOTES

- (a) emoluments approved by the Annual General Meeting, even if they have not been paid. It should be specified that it is company practice to pay the emolument to members of the Board of Directors in December each year in relation to 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(3) of the Civil Code (e.g. by the Chairman and Vice-Chairman). It should be specified that it is company practice to pay the emolument in December each year in relation to 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 2022 MBO related to the employment relationship, even if not yet paid;
- (g) the 2022 MBO related to the term of office as CEO of a foreign subsidiary, even if not yet paid;
- (h) LTI Cash Plan 2021-2023, not yet paid;
- (i) compensation component for Supervisory Board;
- (l) e-commerce and digital consultancy;
- (m) non-monetary benefits related to the office of director and/or employment relationship;
- (n) fair value related to the Stock Options Plan 2020-2027
- (o) one-off bonus awarded following resignation as CEO (see section 4, Part One, Section II of the Report).

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

			Options held at the beginning of the financial year			Options awarded during the financial year						Options exercised during the financial year			Options expired during the financial year	Options held at the end of the financial year	Options pertaining to the financial year
(A)	(B)	(1)	(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 of options	Exercise price	"Possible exercise period (from - to)"	Number of 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 of options	Number of options	Fair Value (*)
Fabio de' Longhi	Vice-Chairman & Chief Executive Officer (from 01.09.2022)																
		Stock Options Plan 2016-2022 (Board Resolution 28.07.2016)	150,000	€20,4588	from May 2019 to December 2022										150,000		
(I) Compensation in the company preparing the financial statements			150,000	€20,4588	from May 2020 to December 2022										150,000		
(II) Total			300,000												300,000		

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

		Options held at the beginning of the financial year				Options awarded during the financial year						Options exercised during the financial year			Options expired during the financial year	Options held at the end of the financial year	Options pertaining to the financial year
(A)	(B)	(1)	(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 of options	Exercise price	"Possible exercise period (from - to)"	Number of 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 of options	Number of options	Fair Value (*)
Massimo Garavaglia	Chief Executive Officer & General Manager (01.01.2022 - 31.08.2022)																
		Stock Options Plan 2020-2027 (Board Resolution 27.04.2020)	400,000	€16,982	from May 2023 to December 2027										400,000		
(I) Compensation in the company preparing the financial statements			400,000	€16,982	from May 2024 to December 2027										400,000		
(II) Total			800,000												800,000		

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

			Options held at the beginning of the financial year			Options awarded during the financial year						Options exercised during the financial year			Options expired during the financial year	Options held at the end of the financial year	Options pertaining to the financial year
(A)	(B)	(1)	(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 of options	Exercise price	"Possible exercise period (from - to)"	Number of 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 of options	Number of options	Fair Value (*)
Silvia de' Longhi	Director & Key Manager with Strategic Responsibilities																
(I) Compensation in the company preparing the financial statements		Stock Options Plan 2016-2022 (Board Resolution 28.07.2016)	85,000	€20,4588	from May 2020 to December 2022										85,000		
(II) Total			85,000												85,000		
Numero 5 **	Key Managers with Strategic Responsibilities																
(I) Compensation in the company preparing the financial statements		Stock Options Plan 2016-2022 (Board Resolution 28.07.2016)	56,628	€20,4588	from May 2020 to December 2022							56,628	€20,4588	€21,30 *			
(I) Compensation in the company preparing the financial statements		Stock Options Plan 2020-2027 (Board Resolution 27.04.2020)	555,000	€16,982	from May 2023 to December 2027											555,000	835,703
			555,000	€16,982	from May 2024 to December 2027											555,000	618,509
(II) Total			1,166,628									56,628				1,110,000	1,454,212

NOTES

* weighted average price of the underlying shares at the exercise date, between a minimum of €20.72 and a maximum of €22.03

** of the five KMSRs, one of whom left office on 27 January 2023 (holder of 170,000 options)

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 2022 to members of the board of directors and key managers with strategic responsibilities.

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

Monetary incentive plans in favour of members of the Board of Directors, General Managers and other Key Managers with Strategic Responsibilities

(A) Name and surname	(B) Office	(1) Plan	(2) Bonus for the year			(3) Bonus for previous years			(4) Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable / Paid	Deferred	Deferment Period	No longer payable	Payable / Paid	Still Deferred	
Fabio de' Longhi	Vice-Chairman CEO (from 1 Sept 2022)								
(I) Compensation in the company preparing the financial statements		The 2022 compensation does not include a short/medium-term variable component, owing to the express waiver of the Vice-Chairman.							
(II) Compensation from subsidiaries and associates									
(III) Total			€ 0	€ 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) Name and surname	(B) Office	(1) Plan	(2)			(3)			(4) Other Bonuses
			Bonus for the year			Bonus for previous years			
			(A) Payable / Paid	(B) Deferred	(C) Deferment Period	(A) No longer payable	(B) Payable / Paid	(C) Still Deferred	
Massimo Garavaglia	Chief Executive Officer & General Manager (until 31 August 2022)								
(I) Compensation in the company preparing the financial statements		2022 MBO award not resolved following the resignation of the Chief Executive Officer and General Manager on 17 June 2022							
		"LTI Cash Plan 2021-2023 (a) award resolution: BoD 29 July 2021 No longer beneficiary following resignation of Chief Executive Officer & General Manager on 17 June 2022"				€ 2,400,000			
		Lump-sum monetary bonus BoD resolution 17 June 2022							€ 300,000
(II) Compensation from subsidiaries and associates									
(III) Total			€ 0	€ 0		€ 2,400,000	€ 0	€ 0	€ 300,000

NOTES

- (a) the value in column (3)(B) is equal to the release of the provision in the financial statements of the bonus accrued for the 2021 financial year in relation to the CEO/GM no longer being a beneficiary of the LTI Cash Plan 2021-2023
- (b) the value in column (4) refers to the lump-sum bonus resolved by the BoD on 17 June 2022 (see Subsection 4, Part One, Section II of the Report)

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

Monetary incentive plans in favour of members of the Board of Directors, General Managers and other Key Managers with Strategic Responsibilities

(A) Name and surname	(B) Office	(1) Plan	(2)			(3)			(4) Other Bonuses
			Bonus for the year			Bonus for previous years			
			(A) Payable / Paid	(B) Deferred	(C) Deferment Period	(A) No longer payable	(B) Payable / Paid	(C) Still Deferred	
Silvia de' Longhi	Director & Key Manager with Strategic Responsibilities								
(I) Compensation in the company preparing the financial statements		2022 MBO Plan relating to employment relationship as KMSR award resolution BoD 28 July 2022 maturation resolution BoD 13 March 2023	€ 49,920						
		LTI Cash Plan 2021-2023 (b) award resolution: BoD 29 July 2021		€ 64,000	2024			€ 204,800	
(III) Total			€ 49,920	€ 64,000		€ 0	€ 0	€ 204,800	€ 0

NOTES

- (a) the value in column (2)(B) is equal to the provision in the financial statements of the bonus accrued for the 2022 financial year in relation to the LTI Cash Plan 2021-2023 against achievement of the set targets
- (b) the value in column (3)(C) is equal to the provision in the financial statements of the bonus accrued for the 2021 financial year in relation to the LTI Cash Plan 2021-2023 against achievement of the set targets

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

Monetary incentive plans in favour of members of the Board of Directors, General Managers and other Key Managers with Strategic Responsibilities

(A) Name and surname	(B) Office	(1) Plan	(2)			(3)			(4) Other Bonuses
			Bonus for the year			Bonus for previous years			
			(A) Payable / Paid	(B) Deferred	(C) Deferment Period	(A) No longer payable	(B) Payable / Paid	(C) Still Deferred	
No. 5 Key Managers	Key Managers with Strategic Responsibilities (a)								
(I) Compensation in the company preparing the financial statements		2022 MBO Plan relating to employment relationship as KMSR	€ 268,428						
		*LTI Cash Plan 2021-2023 award resolution: BoD 29 July 2021		€ 408,133	2024	€ 238,933		€ 1,306,027	
(II) Compensation from subsidiaries and associates		2020 MBO Plan relating to the office of CEO	€ 23,471						
(III) Total			€ 291,899	€ 408,133		€ 238,933	€ 0	€ 1,306,027	€ 0

NOTES

- (a) 1 KMSR resigned in December 2022 and their employment ended on 27 January 2023. Therefore they are no longer a beneficiary of the 2022 MBO and the LTI Cash Plan 2021-2023
- (b) the value in column (2)(B) is equal to the provision in the financial statements of the bonus accrued for the 2022 financial year in relation to the LTI Cash Plan 2021-2023 against achievement of the set targets by the KMSRs who are still beneficiaries of the Plan
- (c) the value in column (3)(A) is equal to the release of the provision in the financial statements of the bonus accrued for the 2021 financial year in relation to one KMSR no longer being a beneficiary of the LTI Cash Plan 2021-2023
- (d) the value in column (3)(C) is equal to the provision in the financial statements of the bonus accrued for the 2021 financial year in relation to the LTI Cash Plan 2021-2023 against achievement of the set targets by the KMSRs who are still beneficiaries of the Plan

4. Interests held by the members of the board of directors and the board of statutory auditors, general managers and key managers with strategic responsibilities at 31 december 2022

The Table below shows the interests held during the period from 31 December 2021 to 31 December 2022 in De' Longhi S.p.A. and in the companies it controls as at 31 December 2022, 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 purchased	Number of shares sold	Number of shares held at the end of the current financial year
Giuseppe de' Longhi			30,000			
Fabio de' Longhi	Vice-Chairman, Chief Executive Officer & Key Manager with Strategic Responsibilities	De'Longhi S.p.A.	321,855 ^(a)			321,855 ^(a)
N.2 ^(b)	Key Managers with Strategic Responsibilities	De'Longhi S.p.A.	1,950	350		2,300
Soggetti cessati nel corso dell'esercizio						
Massimo Garavaglia ^(c)	Chief Executive Officer (CEO) & General Manager	De'Longhi S.p.A.	23,800	N/A	N/A	N/A

NOTES

- (a) Of which 100,000 owned by spouse.
 (b) Of the two KMSRs, one was appointed General Manager with effect from 1 January 2023 (holder at 31 December 2022 of 1,400 shares) and one who left on 27 January 2023 (holder at 31 December 2022 of 900 shares).
 (c) Director in office until 31 August 2022.

DēLonghi Group



KENWOOD

BRAUN

nutribullet.

Ariete