



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

MARCH 2015

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

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## DEFINITIONS

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

<b>OTHER EXECUTIVES</b>	The people reporting directly to the Company's Chief Executive Officer and, in particular, the Chief of Legal & Corporate Affairs, the Chief Administrative Officer and Financial Reporting Officer; Chief of Finance & Investor Relations, the Internal Audit Officer, the IT ( <i>Information Technology</i> ) Officer; Chief of Planning & Control; Chief of Human Resources & Organisation.
<b>SHAREHOLDERS' MEETING</b>	The Meeting of Shareholders of De' Longhi S.p.A.
<b>INDEPENDENT COMMITTEE OR IC</b>	The “ <i>Independent Committee</i> ” of De' Longhi S.p.A.
<b>CONTROL AND RISKS COMMITTEE OR CRC</b>	The “Control, Risks and Corporate Governance Committee” of De' Longhi S.p.A.
<b>CCNL</b>	Il National Collective Bargaining Agreement for executives of companies producing goods and services.
<b>CORPORATE GOVERNANCE CODE</b>	Corporate Governance Code for listed companies prepared by the Corporate Governance Committee, promoted by Borsa Italiana (July 2014 edition) and available on the website: <a href="http://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/corporategovernance.htm">http://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/corporategovernance.htm</a>
<b>CONSOB</b>	Italian Securities and Exchange Commission with registered office in Rome, Via G. B. Martini 3.
<b>BOARD OF STATUTORY AUDITORS</b>	The “ <i>Board of Statutory Auditors</i> ” of De' Longhi S.p.A.
<b>BOARD OF DIRECTORS</b>	The “ <i>Board of Directors</i> ” of De' Longhi S.p.A.
<b>COMPENSATION AND APPOINTMENTS COMMITTEE</b>	

<b>OR CAC</b>	The “ <i>Compensation and Appointments Committee</i> ” of De’ Longhi S.p.A.
<b>DE’LONGHI S.P.A. OR DE’LONGHI OR COMPANY</b>	De’ Longhi S.p.A., with registered office in Via Lodovico Seitz 47, Treviso.
<b>KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES</b>	Managers of the Company identified by the Board of Directors who – in accordance with the provisions of Annex 1 to Consob Regulation no. 17221 of 12th March 2010 containing the rules for transactions with related parties, as subsequently amended – have the power and the responsibility, whether directly or indirectly, for planning, directing and controlling the Company's activities.
<b>DE’ LONGHI GROUP OR GROUP</b>	All the companies included in the consolidation scope of De’ Longhi S.p.A.
<b>MBO</b>	The annual variable component of the compensation for the position of Executive Director or for an employment contract as an executive, given based on the achievement of pre-defined business objectives, illustrated in subsection 3.4 of Section I of this Report.
<b>OPC PROCEDURE</b>	The procedure for executing transactions with related parties prepared in accordance with Consob Regulation no. 17221/2010, approved by the Company's Board of Directors on 12 <sup>th</sup> November 2010 and came into effect on 1 <sup>st</sup> January 2011 and subsequently updated at the meeting held on 12 <sup>th</sup> November 2013.
<b>GROSS ANNUAL COMPENSATION OR GAC</b>	La The gross fixed annual component of the compensation for those who have an employment relationship with one of the companies in the Group.
<b>ISSUERS' REGULATION</b>	Implementation Regulation of Legislative Decree n° 58 of 24 February 1998, concerning the issuers' regulation, adopted by Consob with Resolution n°

11971 of 14 May 1999 and subsequent amendments and additions.

**OPC REGULATION**

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

**CONSOLIDATED LAW ON FINANCE  
or TUF**

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

## **PREAMBLE**

This "Annual Report on Compensation of De' Longhi S.p.A." (hereinafter the "**Report**") has been approved by the Company's Board of Directors upon the proposal of the Compensation and Appointments Committee, on 3<sup>rd</sup> March 2015, in compliance with the current legal and regulatory obligations laid down, in particular, by Art. 123-ter of the TUF and Art. 84-quater of the Issuers' Regulation.

The Report explains:

- in **Section I**, the policy adopted for the financial year 2015 with regard to the compensation of the Company's Directors, Statutory Auditors, the General Manager (if appointed) and Key Managers with Strategic Responsibilities (hereinafter also the "**Policy**" or the "**Compensation Policy**") and the procedures employed to adopt and implement the same Policy;
- in **Section II**, (i) the compensation paid to the Company's Directors, Statutory Auditors and Key Managers with Strategic Responsibilities in 2014; (ii) information on interests held in the Company and in its subsidiaries by members of the Board of Directors and Board of Statutory Auditors.

To better understand the contents of this Report, it should be noted that the Company is a holding company that does not engage in operating activities.

The contents of this Report:

- a) are made available to the public, at the Company's office and on its website [www.delonghi.it](http://www.delonghi.it) – in the section "*Investor Relations / Governance / Annual Shareholders' Meetings / 2015*", and on the authorised storage mechanism IINFO accessible on the website [www.1info.it](http://www.1info.it) – by the 21st day before the date the shareholders' meeting is convened to approve the financial statements for the year 2014;
- b) is then submitted to the Shareholders' Meeting for the purposes described in Art. 123-ter of the TUF and Art. 84-quater of the Issuers' Regulation, and in accordance with and for the purposes set out in Art. 13, paragraph 3(b) of the OPC Regulation and Art. 9.1(c) of the OPC Procedure.

## **SECTION I**

### **COMPENSATION POLICY 2015**

## 1. POLICY AIMS AND PRINCIPLES

### 1.1 AIMS

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

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

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

### 1.2. GENERAL PRINCIPLES

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

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

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

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

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

The Policy has been prepared in line with the contents of the Issuers' Regulation and in consideration of the recommendations on compensation contained in the Corporate Governance Code as most recently amended in the July 2014 edition.

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

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

As of the date this Report is approved, no substantial changes to the aims, general principles and scope of application of the compensation policy applied by the Company in 2014 are envisaged.

It should be noted that, compared to the Compensation Policy of the previous year and in implementation of the new recommendations on compensation of the corporate governance code for listed companies formulated in the July 2014 edition, the Company has provided for the application, at contract level, of so-called "claw-back" clauses to the variable components of compensation for the Executive Directors (see section 3.1.2). A gross annual variable compensation (MBO) is envisaged for the Vice Chairman and the Chief Executive Officer and the Key Manager with Strategic Responsibilities, in relation to the CEO's mandate.

\* \* \*

## **2. GOVERNANCE OF THE COMPENSATION PROCESS**

### ***2.1 THE BODIES AND PERSONS INVOLVED***

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

• the **Shareholders' Meeting**:

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

• the **Board of Directors**:

- a) having examined the proposals of the Compensation and Appointments Committee and having heard the Board of Statutory Auditors, determines the additional compensation of the Chairman, the Vice Chairman and the Chief Executive Officer, and any other directors holding particular positions; the Board of Directors also determines the compensation to be paid to Directors for their participation in board committees;
- b) defines, upon the proposal of the Compensation and Appointments Committee, the Company's Compensation Policy;
- c) approves the Compensation Report, pursuant to Art. 123-ter of the TUF;
- d) prepare, with the assistance of the Compensation and Appointment Committee, the compensation plans based on shares or other financial instruments and submits them to the Shareholders' Meeting for its approval in accordance with Art. 114-bis of the TUF and, as authorised by the Shareholders' Meeting, ensures their implementation using the Compensation and Appointments Committee;
- e) prepares, with the help of the Compensation and Appointments Committee, the medium/long-term cash incentive plans and is responsible for their implementation by making use of the Compensation and Appointments Committee;
- f) establishes among its members a Compensation and Appointments Committee in accordance with the principles of the Corporate Governance Code.  
In line with the Company's corporate governance, the Board of Directors also:
- g) defines the objectives and approves the business results and the performance plans to which the determination of directors' variable compensation is connected, if provided;
- h) approves the general criteria for the compensation of Key Managers with Strategic Responsibilities;
- i) defines, 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, the compensation structure for the Internal Audit Officer, in accordance with the Company's compensation policies and having heard the opinion of the Control and Risks Committee;

• the **Compensation and Appointments Committee**:

- a) submits for the approval of the Board of Directors, within the time limits established by law, the Compensation Report and in particular the Compensation Policy for

directors and Key Managers with Strategic Responsibilities, for presentation at the Shareholders' Meeting convened for the approval of the financial statements;

*b)* periodically assesses the adequacy, overall coherence and practical application of the Compensation policy adopted for directors and Key Managers with Strategic Responsibilities, using the information provided by the Chief Executive Officer; submits proposals on this subject to the Board of Directors;

*c)* submits proposals or expresses opinions to the Board of Directors regarding the compensation of executive directors and other directors holding particular positions as well as the setting of performance objectives related to the variable component of such compensation;

*d)* monitors the implementation of the resolutions adopted by the board itself and verifies, in particular, whether the performance objectives have effectively been achieved.

*e)* assists the Board of Directors in the preparation and implementation of (i) compensation plans based on shares or other financial instruments and (ii) medium/long-term cash incentive plans;

*f)* reports to the shareholders on the manner of performing its functions; to this end, the presence of the Chairperson of the Compensation and Appointments Committee or other member of the Committee at the Annual Shareholders' Meeting is recommended;

*g)* if it deems it necessary or appropriate for performing the tasks it is assigned, makes use of external consultants who are experts in compensation policies; the experts must be independent and, therefore, for example, must not engage in important activities for the Human Resources function of De' Longhi, the controlling shareholders of De' Longhi or the Company's directors or Key Managers with Strategic Responsibilities. The independence of external consultants is verified by the Compensation and Appointments Committee before their appointment.

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

*h)* submits opinions to the Board of Directors concerning the size and composition of the same and makes recommendations regarding the professionals whose presence on the Board is considered advisable;

*i)* makes recommendations concerning the maximum number of positions as director or auditor held in other companies listed on regulated markets (also abroad), in financial, banking, insurance companies or large companies that may be considered compatible with the effective performance of the position of director of the issuer;

*l)* makes recommendations concerning the Board's authorisation, in general and beforehand, of any exceptions to directors' non-competition restrictions laid down by Art. 2390 of the Italian Civil Code and with regard to any problematic issues;

*m)* proposes candidates for the office of director to the Board of Directors in cases of co-option, if it is necessary to replace the independent directors.

• **Chief Executive Officer:**

*a)* submits proposals for medium/long-term incentive plans to the Compensation 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 and with the collaboration of the Group's Human Resources & Organization Department: *(i)* compensation policy interventions for the individual executive, quantifying such interventions in consideration of the

office held in the corporate organization, the professional skills, performance, potential for development as well as the competitive positioning of the compensation packages compared to the market value for the office held, while keeping within the amounts set aside in the budget; (ii) incentive systems to which the maturation of the annual MBO of Other Key Managers with Strategic Responsibilities and the Other Executives of the Company are linked;

c) provides the Compensation and Appointments Committee with any relevant information in order to enable it to assess the adequacy and effective application of the Compensation Policy;

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

a) it prepares the opinions required by law and, in particular, expresses its opinion with regard to the proposed compensation of directors vested with particular duties, in accordance with Art. 2389, paragraph 3 of the Italian Civil Code; in expressing its opinion the Board of Statutory Auditors verifies the proposals submitted by the Compensation and Appointments Committee to the Board of Directors with the Company's Compensation Policy;

b) at the invitation of the Compensation and Appointments Committee, it participates via its Chairman or other designated Statutory Auditor, in the meetings of the same Committee.

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

## **2.2 COMPENSATION AND APPOINTMENTS COMMITTEE**

De' Longhi's Compensation and Appointments Committee (also the "**Committee**") was set up by the Company's Board of Directors within the Board itself with resolution dated 1<sup>st</sup> March 2007.

The Compensation and Appointments Committee currently in office for the three-year period 2013-2014-2015 was appointed by the Board of Directors at the meeting held on 23<sup>rd</sup> April 2013 and, in line with the recommendations contained in the July 2014 edition of the Corporate Governance Code, is composed of the following non-executive directors, the majority of whom are independent:

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

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

At the meeting held on 23<sup>rd</sup> April 2013, the Board of Directors also assigned the responsibilities to the Committee in accordance with framework resolution on corporate

governance adopted by the Board of Directors on 18<sup>th</sup> December 2012 in compliance with Art. 7 of the Corporate Governance Code and the provisions of application criteria 5.C.1 of the same Corporate Governance Code (for a list of the individual functions assigned to the Committee, please see section 2.1 of this Report).

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

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

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

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

#### Activities carried out in 2014

During 2014 the Compensation and Appointments Committee met 3 times in total: on 14<sup>th</sup> February, 28<sup>th</sup> February and 11<sup>th</sup> November with an average attendance of 100% of its members and for an average duration of 1 hour 20 minutes for each meeting. Besides the Chairman of the Board of Statutory Auditors, all the Committee meetings were attended, at the invitation of the Chairman, by the Group's Chief of Human Resources who acted as Secretary of the Committee. Some of the Compensation and Appointments Committee meetings were attended by non-members who were invited by the Committee for specific items on the agenda.

The activities that the Committee was mainly involved in during the year 2014 were: (i) verification of the degree to which the performance objectives defined for the year 2013 and correlated to the MBO have been achieved (related the employment relationship as the Company's Key Manager with Strategic Responsibilities) of the Vice Chairman and the Chief Executive Officer and Key Manager with Strategic Responsibilities; (ii) assessment of the fairness, overall consistency and practical application of the compensation policy to directors and Key Managers with Strategic Responsibilities adopted for the year 2013; (iii) preparation for the proposal on performance objectives to which the MBO is linked (regarding the employment relationship as a Key Manager with Strategic Responsibilities of the Company) of the Vice Chairman as well as the Chief Executive Officer and the Key Manager with Strategic Responsibilities relating to the fiscal year 2014; (iv) finalisation and approval of the Company's Compensation Policy 2014 under Art. 123-ter of the TUF, to be submitted to the Board of Directors for approval and, subsequently, to the non-binding vote of the Shareholders' Meeting; (v)

examination of any changes in the corporate governance code of listed companies (July 2014 edition) with regard to compensation.

In the first months of this financial year the Committee met twice, on 6<sup>th</sup> February 2015 and 2<sup>nd</sup> March 2015 for the following activities: (i) formulation of the proposal to the Board of Directors with regard to the adoption of a new version of the Corporate Governance Code (July 2014 edition); (ii) assessment of the fairness, overall consistency and practical application of the compensation policy with regard to directors and Key Managers with Strategic Responsibilities adopted for the year 2014; (iii) verification of the degree to which the objectives of the two maturing medium/long-term incentive systems (LTI) have been met and recommendation to the Board of Directors; (iv) formulation of the Company's compensation policy 2015 under Art. 123-*ter* of the TUF to be submitted to the Board of Directors for its approval and, then, to the non-binding vote of the Shareholders' Meeting; (v) verification of the degree to which the performance objectives defined for the year 2014 and correlated to the MBO have been achieved (related the employment relationship as the Company's Key Manager with Strategic Responsibilities) of the Vice Chairman and the Chief Executive Officer and Key Manager with Strategic Responsibilities; (vi) fairness assessment of the compensation of the Chairman, the Vice Chairman as well as the Chief Executive Officer and the Key Manager with Strategic Responsibilities in view of the Group's results and the compensation packages of similar figures in other companies listed on Borsa Italiana's MTA; (vii) preparation for the proposal on performance objectives to which the MBO will be linked (regarding the employment relationship as a Key Manager with Strategic Responsibilities of the Company) of the Vice Chairman as well as the Chief Executive Officer and the Key Manager with Strategic Responsibilities relating to the fiscal year 2015.

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

The Compensation Policy is submitted to the approval of the Board of Directors each year upon the proposal of the Compensation and Appointments Committee. To draft the Policy the Compensation 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, where necessary, also involves independent experts.

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

In order to the prepare this Policy, the Compensation and Appointments Committee has defined - as part of its duties - the structure and contents of the same in the meeting held on 6<sup>th</sup> February 2014 and 2<sup>nd</sup> March 2015.

This Policy was then approved by the Board of Directors, upon the proposal of the Compensation and Appointments Committee, in the meeting held on 3<sup>rd</sup> March 2015, at the same time as the approval of this Compensation Report.

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

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

#### **3.1 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 (“*Executive Directors*”);
- Directors not vested with special duties (“*Non-Executive Directors*”).

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

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

- Executive Directors: Giuseppe de' Longhi (Chairman) and Fabio de' Longhi (Vice Chairman and Chief Executive Officer, and the Company's Key Manager with Strategic Responsibilities)
- Non-Executive Directors: the directors Silvia de' Longhi, Alberto Clò, Renato Corrada, Carlo Garavaglia, Cristina Pagni, Stefania Petruccioli, Giorgio Sandri and Silvio Sartori.

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

The Shareholders' Meeting held on 23<sup>rd</sup> April 2013 set the annual gross compensation of each member of the Board of Directors appointed for the three-year period 2012-2014 at € 45,000.00 and authorised the Board of Directors to define any further compensation for directors vested with special duties in accordance with the memorandum of association, pursuant to Art. 2389, third paragraph of the Italian Civil Code.

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

##### **3.1.1 COMPENSATION OF NON-EXECUTIVE DIRECTORS**

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

The Board of Directors meeting held on 9<sup>th</sup> May 2013 set the fees for the three-year period 2013-2015 for participating in the meetings of committees set up within the Board. The following fees were set: (i) € 1,500 for the Chairmen and (ii) € 1,000 for the other members, for each meeting they attend of the committee they belong to.

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

### **3.1.2 COMPENSATION OF EXECUTIVE DIRECTORS**

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

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

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

The compensation of Executive Directors provides for:

- (i) a fixed component which guarantees adequate and definite basic compensation for the work of executive directors as recompense for the position held in terms of breadth of responsibilities and impact on the business, reflecting the experience, skills and competencies required for each position, as well as the level of excellence demonstrated and the overall quality of the contribution to the business results. The work of the executive directors cannot be compensated with only variable instruments which could lead to zero pay-out in the event of adverse market conditions not ascribable to the directors themselves;
- (ii) a variable component linked to the achievement of economic results and any other specific pre-determined and measurable objectives, such as to ensure interest in pursuing value creation for the shareholders in the short and medium-long term. There is a fixed upper limit on the variable component of the compensation and a partial deferment of the amounts accrued.

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

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

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

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

In 2014, in application of the guidelines outlined above, the compensation of the Chairman of the Board of Directors in office on the date of this Report is broken down into:

- a gross annual *fixed component* ("**Fixed Compensation**") is set:

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

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

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

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

In application of the guidelines illustrated above and in consideration of the employment relationship with the Company, the compensation of the Chief Executive Officer (recently identified by the Board of Directors of the Company on 3rd March 2015 as the Key Manager with Strategic Responsibilities) in office at the date of this report is broken down into:

- a gross annual *fixed component* set:
  - (i) by the Shareholders' Meeting, in relation to his function as a member of the Board of Directors at the time of appointment;
  - (ii) by the Board of Directors, upon the proposal of the Compensation and Appointments Committee and having heard the opinion of the Board of Statutory Auditors, in relation to the powers assigned to him under Art. 2389, third paragraph of the Italian Civil Code;
  - (iii) by the Board of Directors upon the proposal of the Compensation and Appointments Committee and after having heard the opinion of the Board of Statutory Auditors, in relation to the current employment relationship as a manager with strategic responsibilities with the Company;
  
- a gross annual *variable component* (MBO) set by the Board of Directors, upon the proposal of the Compensation and Appointments Committee and having heard the opinion of the Board of Statutory Auditors, in relation to:

- (i) the office of Chief Executive Officer attained when the budget EBITDA objective is reached up to a maximum in 2015 of 60% of the fixed component assigned by the Board of Directors for the powers granted pursuant to Art. 2389, third paragraph, of the Italian Civil Code;
  - (ii) the employment relationship as a Key Manager with Strategic Responsibilities of the Company, attained when predefined company objectives are reached (in 2015 equal to 31.25% up to a maximum of 62.5% of the GAC if performance exceeds the budget EBITDA values);
- a medium-long term *variable component* set by the Board of Directors, upon the proposal of the Compensation and Appointments Committee and having heard the opinion of the Board of Statutory Auditors, relating to the employment relationship as a Key Manager with Strategic Responsibilities of the Company, using the participation in the incentive plan for the three-year period 2012-2014 approved by the Board of Directors on 12<sup>th</sup> November 2012 which awards a predetermined incentive correlated to the position held in the business organization and the Gross Annual Compensation in effect at the time the Plan was approved (for further details, see section 3.5).

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.

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

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

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

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

- a gross *annual variable component* ("MBO") awarded once predefined business objectives are achieved, defined in quantitative terms with regard to the position held in the company (for further details, see section 3.4) to be paid without deferment of any amounts accrued.
- a *medium/long-term variable component* awarded if medium/long-term predefined business objectives are achieved (for further details, see section 3.5);

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.

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

The variable component of the compensation is designed to recognize the results achieved by management, establishing a link between pay and performance. The incentives reward the achievement of objectives, both in terms of quantity and quality, defining the payment of a variable bonus. There are fixed upper limits on the annual variable component of the compensation.

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

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

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

The rationale behind the awarding and determination of such compensation corresponds to that regarding the compensation for Other Executives.

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

The compensation of the Internal Audit Manager is defined, in line with the tasks assigned to him, by the Board of Directors, upon the proposal of the Director responsible for the Internal Control and Risk Management System and having heard the opinion of the Control and Risks Committee and the Board of Statutory Auditors.

The rationale behind the awarding and determination of such compensation does not differ from that regarding the compensation for Other Executives.

### ***3.3 COMPENSATION OF MEMBERS OF THE BOARD OF STATUTORY AUDITORS***

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

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

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

On 23<sup>rd</sup> April 2013 the Shareholders' Meeting set, for the three-year period 2013-2015, the annual compensation of the Chairman of the Board of Statutory Auditors at € 61,900.00 gross per annum and the compensation of each of the two standing members at € 41,300.00 gross per annum.

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

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

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

The MBO objective set for Executive Directors is linked to the achievement of the budget EBITDA, taking into account any extraordinary and/or non-recurring events.

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

- Group's budget turnover 2015 (20% weight)
- Group's budget EBITDA 2015 (40% weight)
- Net Financial Position (20% weight)
- Extraordinary Activities and Projects 2015 (20% weight)

The MBO objectives set for the Other Executives, defined in accordance with the principles laid down in this Compensation Policy by the Vice Chairman as well as the Chief Executive Officer and Key Manager with Strategic Responsibilities on the mandate of the Board of Directors, are the following:

- Budget EBITDA %, Turnover and Net Financial Position 2015 (40% weight)
- targets related to the specific activities / projects of the different business functions connected with the budget approved by the Company's Board of Directors for the year (60% weight).

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

- (i) for Executive Directors it is equal to a maximum of 60% of the gross annual fixed component approved by the Board of Directors, upon the proposal of the Compensation and Appointments Committee and having heard the opinion of the Board of Statutory Auditors, in relation to the powers assigned to him under Art. 2389, third paragraph of the Italian Civil Code;
- (ii) for the Vice Chairman as well as the Chief Executive Officer and the Key Manager with Strategic Responsibilities in relation to the employment relationship as a

Manager with Strategic Responsibilities of the Company is equal to 31.25% of the relevant GAC (up to a maximum of 62.5% if performance exceeds the budget EBITDA value);

- (iii) in the case of Other Executives of the Company it is roughly between 15% and 30% of the GAC.

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

The medium/long-term incentives are the medium/long-term variable compensation paid once medium/long-term predefined quantitative business objectives are reached.

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

▪ In the meeting held on 12<sup>th</sup> November 2012 the Board of Directors approved, upon the proposal of the Compensation and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors, an incentive plan for the Vice Chairman and Chief Executive Officer and Key Manager with Strategic Responsibilities of the Company and for some Other Executives of De'Longhi and other companies in the Group, linked to the achievement of objectives of the Group's multi-year business plan for the three-year period 2012 - 2014 approved by the Board of Directors on 28<sup>th</sup> August 2012.

The above plan:

- (i) is intended for a limited number of participants selected by the Board of Directors, upon the proposal of the Chief Executive Officer, having heard the opinion of the Compensation and Appointments Committee and the Board of Statutory Auditors;
- (ii) envisages the payment of cash sums once the approved performance conditions have been achieved (EBITDA, cumulative EBITDA and de-multiplicative factor linked to the level of working capital) and therefore is not based on shares or other financial instruments connected to the shares;
- (iii) does not envisage sums guaranteed for merely maintaining the employment relationship with the Company or with a company in the Group;
- (iv) envisages that any sums accrued are paid to beneficiaries in two instalments: 50% in May 2015 and the remaining 50% in December 2015, with a deferment deemed consistent with the nature of the business carried out and with the related risk profiles;
- (v) envisages a maximum limit for medium/long-term incentives.

The vesting period for this plan expired on 31<sup>st</sup> December 2014. In light of the results of the 2014 financial year, as approved by the Board of Directors on 3<sup>rd</sup> March 2015, and considering the results achieved in the years 2012 and 2013 and the effects of some extraordinary events, the Board of Directors, upon the proposal of the Compensation and Appointments Committee, considers the Group objectives of the 2012 - 2014 business plan have been achieved while the country-level objectives have only been partially achieved. Consequently the Board of Directors, again upon the proposal of the Compensation and Appointments Committee and having heard the favourable opinion

of the Board of Statutory Auditors, approved the payment of the amounts accrued by the beneficiaries of the plan currently in force by the Company or by a company in the Group on the deadlines provided by the Plan Rules.

▪ In the meeting held on 14<sup>th</sup> February 2013 the Board of Directors approved, upon the proposal of the Compensation and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors, an incentive plan for some Other Executives of De'Longhi and of other companies in the Group, engaged in relaunching the Braun Household business (the Braun Plan), linked to the achievement of objectives of the Braun business plan approved by the Board of Directors on 28<sup>th</sup> August 2012.

The above plan:

(i) is intended for a limited number of participants selected by the Board of Directors, upon the proposal of the Chief Executive Officer, having heard the opinion of the Compensation and Appointments Committee and the Board of Statutory Auditors;

(ii) envisages the payment of cash sums once the approved performance conditions have been achieved (level of Net Revenues for 2014) and therefore is not based on shares or other financial instruments connected to the shares;

(iii) does not envisage sums guaranteed for merely maintaining the employment relationship with the Company or with a company in the Group;

(iv) envisages that any sums accrued are paid to beneficiaries in two instalments: 50% in May 2015 and the remaining 50% in December 2015, with a deferment deemed consistent with the nature of the business carried out and with the related risk profiles;

(v) envisages a maximum limit for medium/long-term incentives.

The vesting period for the Braun plan expired on 31<sup>st</sup> December 2014. In light of the results of the 2014 financial year, as approved by the Board of Directors on 3<sup>rd</sup> March 2015, the objectives of the 2012 - 2014 business plan have not been achieved. Consequently the Board of Directors, again upon the proposal of the Compensation and Appointments Committee and having heard the opinion of the Board of Statutory Auditors, approved the closure of the Plan without payment of any bonuses to the beneficiaries, in accordance with the Plan Rules.

In view of the satisfactory results achieved in the three-year period 2012-2014, the Board of Directors has authorised the CEO to reward, at his own discretion, those managers who have contributed to the achievement of these results with a one-off compensation within the limits of the amount budgeted for the two plans.

During 2015, the Compensation Committee plans to work on preparing one or more incentive systems for the Executive Directors, Key Managers with Strategic Responsibilities and/or some Other Executives of De' Longhi and of the other companies in the Group, possibly connected with the achievement of objectives in the Group's business plan for the three-year period 2015 - 2017, which will be submitted for the approval of the Board of Directors or the Shareholders' Meeting depending on the type of plan(s) adopted.

### **3.6 NON-MONETARY BENEFITS**

The compensation for the Chairman and Vice Chairman as well as the CEO and Manager with Strategic Responsibilities, and Other Executives of the Company includes various types of non-monetary benefits.

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

- the assignment of company cars for employees' use (including personal use), including different categories/values of car depending on the position held in the company. The Company charges each employee an annual amount inclusive of VAT for the personal use of the vehicle for the year 2015 of € 1,743.96, 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 and death from disease (IPM).

In view of specific personal circumstances, the compensation package for some of the Other Executives includes the provision of accommodation at the expense of the Company (which, as a benefit, is duly subject to taxation and social security contributions).

### **3.7 SHARE-BASED COMPENSATION PLANS**

At the date of this Report there are no existing Share-Based Compensation Plans.

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

For Non-Executive Directors and for the Chairman, Vice Chairman and CEO (also with regard to the existing employment relationship as a Manager with Strategic Responsibilities) no indemnity is envisaged in the event of termination of office for any reason.

For the other Key Managers with Strategic Responsibilities and Other Executives individual agreements may be envisaged which regulate *ex ante* the economic aspects arising from early termination of employment by the Company or for any other cause, except as provided for in any non-competition agreements.

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

## **SECTION II**

### **COMPENSATION PAID DURING 2014 AND OTHER INFORMATION**

## **1. COMPENSATION PAID DURING 2014**

Information on the compensation paid during the year ending on 31<sup>st</sup> December 2014 is given below. Explanation of the items and further information can be found in Section I of this Report.

**TABLE 1 – ANNEX 3A, SCHEME 7-BIS OF THE ISSUERS' REGULATION**  
**COMPENSATION PAID DURING 2014 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 2014)**

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
NAME AND SURNAME	OFFICE	PERIOD DURING WHICH THE POSITION WAS HELD	EXPIRY OF OFFICE	FIXED COMPENSATION	COMPENSATION FOR PARTICIPATION IN COMMITTEES	NON-EQUITY VARIABLE COMPENSATION		NON-MONETARY BENEFITS	OTHER COMPENSATION	TOTAL	FAIR VALUE OF EQUITY COMPENSATION	INDEMNITY AT END OF OFFICE OR TERMINATION OF EMPLOYMENT
						BONUSES & OTHER INCENTIVES	SHARE IN PROFITS					
<b>GIUSEPPE DE' LONGHI</b>	<b>Chairman of the Board of Directors</b>	01/01/2014 31/12/2014	Approval of 2015 Financial Statement									
(I) Compensation in the company preparing the financial statements				€ 45,000 <sup>(a)</sup> € 810,000 <sup>(b)</sup>	-	-	-	-	-	€855,000	-	-
(II) Compensation from subsidiaries and associates				€ 300,000 <sup>(a)</sup>	-	-	-	-	-	€ 300,000	-	-
(III) Total				<b>€ 1,155,000</b>	-	-	-	-	-	<b>€ 1,155,000</b>	-	-
<b>FABIO DE' LONGHI</b>	<b>Vice Chairman and CEO</b>	01/01/2014 31/12/2014	Approval of 2015 Financial Statement									
(I) Compensation in the company preparing the financial statements				€ 45,000 <sup>(a)</sup> € 460,000 <sup>(b)</sup> € 320,000 <sup>(c)</sup>	-	€ 147,000 <sup>(d)</sup> € 552,000 <sup>(f)</sup>	-	€ 19,581 <sup>(e)</sup>	-	€ 1,543,581	-	-
(II) Compensation from subsidiaries and associates				€ 150,000 <sup>(a)</sup>	-	-	-	-	-	€ 150,000	-	-
(III) Total											-	-

				€ 975,000	-	€ 699,000		€ 19,581	-	€ 1,693,581		
(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
NAME AND SURNAME	OFFICE	PERIOD DURING WHICH THE POSITION WAS HELD	EXPIRY OF OFFICE	FIXED COMPENSATION	COMPENSATION FOR PARTICIPATION IN COMMITTEES	NON-EQUITY VARIABLE COMPENSATION		NON-MONETARY BENEFITS	OTHER COMPENSATION	TOTAL	FAIR VALUE OF EQUITY COMPENSATION	INDEMNITY AT END OF OFFICE OR TERMINATION OF EMPLOYMENT
						BONUSES & OTHER INCENTIVES	SHARE IN PROFITS					
<b>ALBERTO CLÒ</b>	<b>Director</b>	01/01/2014 31/12/2014	Approval of 2015 Financial Statement									
(I) Compensation in the company preparing the financial statements				€ 45,000 <sup>(a)</sup>	€ 6,000	-	-	-	-	€ 51,000	-	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				€ 45,000	€ 6,000	-	-	-	-	€ 51,000	-	-
<b>RENATO CORRADA</b>	<b>Director</b>	01/01/2014 31/12/2014	Approval of 2015 Financial Statement									
(I) Compensation in the company preparing the financial statements				€ 45,000 <sup>(a)</sup>	€ 7,000	-	-	-	-	€ 52,000	-	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				€ 45,000	€ 7,000	-	-	-	-	€ 52,000	-	-
<b>SILVIA DE' LONGHI</b>	<b>Director</b>	01/01/2014 31/12/2014	Approval of 2015 Financial Statement									
(I) Compensation in the company preparing the financial statements				€ 45,000 <sup>(a)</sup>	-	-	-		-	€ 45,000	-	-
(II) Compensation from subsidiaries and associates				€ 36,317 <sup>(c)</sup>	-	-	-	€ 5,563 <sup>(e)</sup>	-	€ 41,880	-	-
(III) Total				€ 81,317	-	-	-	€ 5,563	-	€ 86,880	-	-

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
NAME AND SURNAME	OFFICE	PERIOD DURING WHICH THE POSITION WAS HELD	EXPIRY OF OFFICE	FIXED COMPENSATION	COMPENSATION FOR PARTICIPATION IN COMMITTEES	NON-EQUITY VARIABLE COMPENSATION		NON-MONETARY BENEFITS	OTHER COMPENSATION	TOTAL	FAIR VALUE OF EQUITY COMPENSATION	INDEMNITY AT END OF OFFICE OR TERMINATION OF EMPLOYMENT
						BONUSES & OTHER INCENTIVES	SHARE IN PROFITS					
<b>CARLO GARAVAGLIA</b>	<b>Director</b>	01/01/2014 31/12/2014	Approval of 2015 Financial Statement									
(I) Compensation in the company preparing the financial statements				€ 45,000 <sup>(a)</sup>	€ 3,000	-	-	-	-	€ 48,000	-	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				<b>€ 45,000</b>	<b>€ 3,000</b>	-	-	-	-	<b>€ 48,000</b>	-	-
<b>CRISTINA PAGNI</b>	<b>Director</b>	01/01/2014 31/12/2014	Approval of 2015 Financial Statement									
(I) Compensation in the company preparing the financial statements				€ 45,000 <sup>(a)</sup>	€ 4,000	-	-	-	-	€ 49,000	-	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				<b>€ 45,000</b>	<b>€ 4,000</b>	-	-	-	-	<b>€ 49,000</b>	-	-
<b>STEFANIA PETRUCCIOLI</b>	<b>Director</b>	01/01/2014 31/12/2014	Approval of 2015 Financial Statement									
(I) Compensation in the company preparing the financial				€ 45,000 <sup>(a)</sup>	€7,000	-	-	-	-	€ 52,000	-	-

statements									
(II) Compensation from subsidiaries and associates		-	-	-	-	-		-	-
(III) Total	<b>€ 45,000</b>	<b>€ 7,000</b>	-	-	-	-	<b>€ 52,000</b>	-	-

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
NAME AND SURNAME	OFFICE	PERIOD DURING WHICH THE POSITION WAS HELD	EXPIRY OF OFFICE	FIXED COMPENSATION	COMPENSATION FOR PARTICIPATION IN COMMITTEES	NON-EQUITY VARIABLE COMPENSATION		NON-MONETARY BENEFITS	OTHER COMPENSATION	TOTAL	FAIR VALUE OF EQUITY COMPENSATION	INDEMNITY AT END OF OFFICE OR TERMINATION OF EMPLOYMENT
						BONUSES & OTHER INCENTIVES	SHARE IN PROFITS					
<b>GIORGIO SANDRI</b>	<b>Director</b>	01/01/2014 31/12/2014	Approval of 2015 Financial Statement									
(I) Compensation in the company preparing the financial statements				€ 45,000 <sup>(a)</sup>	-	-	-	-	-	€ 45,000	-	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				<b>€ 45,000</b>	-	-	-	-	-	<b>€ 45,000</b>	-	-
<b>SILVIO SARTORI</b>	<b>Director</b>	01/01/2014 31/12/2014	Approval of 2015 Financial Statement									
(I) Compensation in the company preparing the financial statements				€ 45,000 <sup>(a)</sup>	€ 5,000	-	-	-	-	€ 50,000	-	-
(II) Compensation from subsidiaries and associates					-	-	-	-	-		-	-
(III) Total				<b>€ 45,000</b>	<b>€ 5,000</b>	-	-	-	-	<b>€ 50,000</b>	-	-
<b>GIANLUCA PONZELLINI</b>	<b>Chairman Board of Statutory Auditors</b>	01/01/2014 31/12/2014	Approval of 2015 Financial Statement									
(I) Compensation in the company preparing the financial statements				€ 61,900 <sup>(a)</sup>	-	-	-	-	-	€ 61,900	-	-
(II) Compensation from subsidiaries and associates				€ 63,500	-	-	-	-	-	€ 63,500	-	-
(III) Total				<b>€ 125,400</b>	-	-	-	-	-	<b>€ 125,400</b>	-	-

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
NAME AND SURNAME	OFFICE	PERIOD DURING WHICH THE POSITION WAS HELD	EXPIRY OF OFFICE	FIXED COMPENSATION	COMPENSATION FOR PARTICIPATION IN COMMITTEES	NON-EQUITY VARIABLE COMPENSATION		NON-MONETARY BENEFITS	OTHER COMPENSATION	TOTAL	FAIR VALUE OF EQUITY COMPENSATION	INDEMNITY AT END OF OFFICE OR TERMINATION OF EMPLOYMENT
						BONUSES & OTHER INCENTIVES	SHARE IN PROFITS					
<b>PAOLA MIGNANI</b>	<b>Standing Auditor</b>	01/01/2014 31/12/2014	Approval of 2015 Financial Statement									
(I) Compensation in the company preparing the financial statements				€ 41,300 <sup>(a)</sup>	-	-	-	-	-	€ 41,300	-	-
(II) Compensation from subsidiaries and associates				€ 43,000	-	-	-	-	-	€ 43,000	-	-
(III) Total				<b>€ 84,300</b>	-	-	-	-	-	<b>€ 84,300</b>	-	-
<b>ALBERTO VILLANI</b>	<b>Standing Auditor</b>	01/01/2014 31/12/2014	Approval of 2015 Financial Statement									
(I) Compensation in the company preparing the financial statements				€ 41,300 <sup>(a)</sup>	-	-	-	-	-	€ 41,300	-	-
(II) Compensation from subsidiaries and associates				€ 43,000	-	-	-	-	-	€ 43,000	-	-
(III) Total				<b>€ 84,300</b>	-	-	-	-	-	<b>€ 84,300</b>	-	-

**NOTES:**

- a) Emoluments approved by the Shareholders' Meeting, even if they have not been paid. It is specified that it is company practice for the company to pay the emolument to members of the Board of Directors in December each year for the entire financial year, while the members of the Board of Statutory Auditors are paid on a *pro rata temporis* basis.
- b) Compensation received for the performance of special duties, pursuant to Art. 2389, paragraph 3, of the Italian Civil Code (e.g. by the Chairman and Vice Chairman). It is specified that it is company practice for the company to pay the emolument in December each year for the entire financial year.

- c) Fixed compensation from employment gross of income tax and social security contributions payable by the employee, excluding obligatory collective social security costs payable by the Company and provision for severance indemnities.
- d) The 2014 MBO related to the employment relationship even if not yet paid.
- e) Non-monetary benefits related to the employment relationship.
- f) LTI Cash Plan 2012-2014 relating to the employment relationship, even if not yet paid.

## **2. INTERESTS HELD AS AT 31<sup>ST</sup> DECEMBER 2014**

The Table below shows the interests held during the period from 31<sup>st</sup> December 2013 to 31<sup>st</sup> December 2014 in De' Longhi S.p.A. and in the companies it controls as at 31<sup>st</sup> December 2014, by the Company's directors and statutory auditors as well as by their spouses, unless legally separated, and minor children, whether directly or by means of subsidiaries, trust companies or via a third party, resulting from the Shareholders' Register, from the communications received and from other information acquired.

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

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

NAME AND SURNAME	OFFICE	INVESTEE COMPANY	NUMBER OF SHARES HELD AT THE END OF THE PREVIOUS FINANCIAL YEAR	NUMBER OF SHARES ACQUIRED	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT THE END OF THE CURRENT FINANCIAL YEAR
<b>Giuseppe de' Longhi</b>	Chairman of the Board of Directors	De' Longhi S.p.A.	1,829,144	-	39,144	1,790,000
<b>Fabio de' Longhi</b>	Vice Chairman, CEO	De' Longhi S.p.A.	350,000	-	28,145	321,855
<b>Giorgio Sandri</b>	Director	De' Longhi S.p.A.	20,750	-	-	20,750

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

The Table below contains the monetary incentive plans awarded during the year ending 31<sup>st</sup> December 2014 to the Board of Directors, General Manager and other Key Managers with Strategic Responsibilities.

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

(A)	(B)	(1)	(2)			(3)			(4)
Name and surname	Office	Plan	Bonus for the year			Bonus for previous years			Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Defermen t Period	No longer payabl e	Payable/Pai d	Still Deferre d	
<b>Fabio de'Longh i</b>	<b>Vice Chairman, CEO and Manager with Strategic Responsibilitie s</b>								
(I) Compensation in the company preparing the financial statements		2014 MBO Plan (Board of Directors' award resolution on 10 <sup>th</sup> March 2014 and Board of Directors' maturation resolution on 3 <sup>rd</sup> March 2015)	€ 147,000						
		LTI Cash Plan 2012-2014 (Board of Directors' award resolution on 12 <sup>th</sup> November 2012 and Board of Directors' maturation resolution on 3 <sup>rd</sup> March 2015)	€ 276,000	€ 276,000					
(II) Compensation from subsidiaries and associates									
(III) Total			€ 423,000	€ 276,000					

