

Massimo Zanetti Beverage Group S.p.A.

Report on the Policy Regarding Remuneration and Fees Paid

March 5, 2020





Massimo Zanetti Beverage Group S.p.A.

Company offices in Viale Gian Giacomo Felissent, 53, 31020 Villorba - Treviso - share capital € 34,300,000.00 wholly paid up. Treviso Companies Register, Tax ID code and VAT code No. 02120510371 - REA No. TV-300188.

REPORT ON THE POLICY REGARDING REMUNERATION AND FEES PAID
issued pursuant to Art. 123-ter of the Consolidated Law on Finance and Art. 84-quater of the Issuer
Regulation

Approved by the Board of Directors on March 5, 2020

GLOSSARY

Meeting or Shareholders' Meeting	The Shareholders' Meeting of Massimo Zanetti Beverage Group S.p.A.
Corporate Governance Code or Code	The Corporate Governance Code of listed companies as most recently approved in July 2018 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.
Nominating and Remuneration Committee or Committee	The Nominating and Remuneration Committee established by the Board of Directors of Massimo Zanetti Beverage Group S.p.A. in accordance with the Code.
Board of Directors or Board	The Board of Directors of Massimo Zanetti Beverage Group S.p.A.
Managers with Strategic Responsibilities	The managers pursuant to Art. 65, par. 1- <i>quater</i> of the Issuer Regulation, identified by the Board of Directors.
Group	Massimo Zanetti Beverage Group S.p.A. and the companies controlled by it as per Art. 93 of the Consolidated Law on Finance.
Massimo Zanetti Beverage Group or MZBG or Company	Massimo Zanetti Beverage Group S.p.A.
MTA	MTA (<i>Mercato Telematico Azionario</i>), which is the Italian Electronic Stock Exchange organized and managed by Borsa Italiana S.p.A.
Remuneration Policy or Policy	The remuneration policy for Directors, the General Manager and the Managers with Strategic Responsibilities of MZBG, as approved each time by the Board of Directors.
Committee Regulation	The Regulation of the Nominating and Remuneration Committee.
Issuer Regulation	The CONSOB Regulation adopted with Resolution No. 11971 of May 14, 1999 on issuers, as subsequently amended and supplemented.
Remuneration Report or Report	This report on the policy regarding remuneration and fees paid prepared pursuant to Articles 123- <i>ter</i> of the Consolidated Law on Finance and 84- <i>quater</i> of the Issuer Regulation.
Consolidated Law on Finance	Italian Legislative Decree no. 58 of February 24, 1998 as subsequently amended and integrated.

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INTRODUCTION

This Remuneration Report was approved on March 5, 2020 by the Board of Directors of Massimo Zanetti Beverage Group, a company listed on the STAR Segment of the MTA since June 3, 2015. It was prepared in accordance with Italian Legislative Decree no. 58 of February 24, 1998 as subsequently amended and integrated - including the changes introduced by Italian Legislative Decree no. 49 of June 10, 2019, which transposed Directive (EU) 2017/828 (Shareholder Rights Directive II) into Italian legislation – the Issuer Regulation and the Corporate Governance Code. This Report has also been prepared in line with the recommendations of the Corporate Governance Committee, as set out in the “2019 *Report on the evolution of corporate governance of listed companies*” and the best practices on remuneration of national and international listed companies.

The Report consists of two sections:

1. Section I describes the Company’s remuneration policy applicable to the members of the Board of Directors, the General Manager and the Managers with Strategic Responsibilities and, without prejudice to the provisions set out in article 2402 of the Italian Civil Code, the members of the Board of Statutory Auditors, for 2020 (the “**2020 Remuneration Policy**”), specifying the general objectives, the bodies involved and the procedures used to adopt and implement said Policy;
2. Section II outlines by name the fees paid and/or accrued (even if not yet paid) for the year ended December 31, 2019 to/by the Directors, the members of the Board of Statutory Auditors, the General Manager and the Managers with Strategic Responsibilities by the Company and its subsidiaries or associates.

In accordance with the ruling regulatory framework¹, the 2020 Remuneration Policy, as described in Section I of this Report, shall be subject to the binding resolution of the Shareholders’ Meeting called pursuant to article 2364, par. 2 of the Italian Civil Code, to approve the financial statements at December 31, 2019. Should the Shareholders fail to approve Section I, the remuneration will be paid in accordance with the most recently approved policy (i.e., the 2019 remuneration policy). A new remuneration policy will be submitted to the shareholders’ vote no later than in the next Shareholders’ Meeting.

Furthermore, pursuant to article 123-ter, par. 6 of the Consolidated Law on Finance, Section II of this Report shall be subject to the not-binding advisory vote of the Shareholders’ Meeting called pursuant to article 2364, par. 2 of the Italian Civil Code, to approve the 2019 financial statements.

For the above purposes, pursuant to article 123-ter, par. 1 of the Consolidated Law on Finance, this Report will be made available to the public on the Company’s website www.mzb-group.com, section IR/Shareholder information/Shareholders’ meeting, by the twenty-first day prior to the date of the ordinary Shareholders’ Meeting called, pursuant to article 2364, par. 2 of the Italian Civil Code, to approve the financial statements at December 31, 2019. It will remain available for the time required by applicable legislation, without prejudice to the prohibition set out in article 9-ter, par. 2 of Directive 2007/36/EC.

For the purposes of this Report, the following should be noted:

- the Board of Directors in office at the date of this Report consists of nine members: Massimo Zanetti (Chairman and Chief Executive Officer), Matteo Zanetti, Laura Zanetti, Massimo Mambelli, Leonardo Rossi, Maria Pilar Arbona Palmeiro Goncalves Braga Pimenta, Mara Vanzetta, Sabrina Delle Curti and Giorgio Valerio. The Board of Directors was appointed with resolution of the Shareholders’ Meeting held on April 11, 2017, with the exception of Director Leonardo Rossi, appointed by co-optation by the Board of Directors on June 18, 2018 and confirmed by the

¹ Article 123-ter, par. 3-bis and 3-ter of the Consolidated Law on Finance.

Shareholders' Meeting on April 10, 2019. The Board of Directors shall remain in office until the Shareholders' Meeting called to approve the financial statements at December 31, 2019;

- the Board of Statutory Auditors in office at the date of this Report was appointed by the Shareholders' Meeting on April 11, 2017 and will remain in office until the Shareholders' Meeting called to approve the financial statements at December 31, 2019. It consists of the following members: Fabio Facchini (Chairman), Simona Gnudi (Standing Auditor), Franco Squizzato (Standing Auditor), Alberto Piombo (Alternate Auditor) and Cristina Mirri (Alternate Auditor);
- Pascal Héritier holds the position of General Manager;
- at the date of this Report, the Company's Managers with Strategic Responsibilities are Leonardo Rossi and Giorgio Boggero.

At present, the Company decided not to depart, for any reason, from the Remuneration Policy applicable from time to time, as allowed by article 123-ter, par. 3-bis of the Consolidated Law on Finance.

SECTION I

2020 REMUNERATION POLICY



SECTION I

2020 REMUNERATION POLICY

1. Bodies and Parties Involved in the Drafting, Approval and Implementation of the Remuneration Policy

The tasks and responsibilities of each body involved in the drafting, approval, review and implementation of the Remuneration Policy are described below².

1.1 Board of Directors

With respect to remuneration, the Board of Directors, in line with the corporate governance rules of Massimo Zanetti Beverage Group:

- defines and revises periodically³ the policy for the remuneration of the Company's Directors, the General Manager and the Managers with Strategic Responsibilities, based on the proposals made by the Nominating and Remuneration Committee set up within it;
- annually approves the Remuneration Report and submits it to the Shareholders' Meeting;
- determines, on the proposal of the Nominating and Remuneration Committee and after consulting the Board of Statutory Auditors, the fees of the Directors vested with particular offices, within the limits of the overall remuneration determined by the Shareholders' Meeting, pursuant to article 2389, par. 3 of the Italian Civil Code and in compliance with article 22 of the current By-laws;
- sets up and appoints the Nominating and Remuneration Committee;
- approves stock option plans to be submitted to the Shareholders' Meeting and incentive plans in general, pursuant to the laws and regulations from time to time in force and in compliance with the remuneration policy adopted by the Company;
- guarantees and is responsible for the correct application of the remuneration policy adopted by the Company.

As far as remuneration issues are concerned, in accordance with the recommendations set out in the Corporate Governance Code, the Board of Directors is actively supported by the Nominating and Remuneration Committee, which makes proposals and provides advice on this subject.

1.2 Nominating and Remuneration Committee

In accordance with the internal regulation governing the composition, duties and operating procedures of the Committee (the "**Regulation**"), the Nominating and Remuneration Committee is established by way of resolution of the Board of Directors. It consists of three non-executive Directors, the majority of whom is independent; its Chairperson is chosen among the independent Directors. If the Board of Directors consists of no more than eight members, the Committee may include only two Directors, both of whom independent. At least one member must possess adequate knowledge and experience in accounting and financial matters and/or in remuneration policies, which was assessed by the Board of Directors at the time of the appointment.

At the date of this Report, the Nominating and Remuneration Committee consists of three non-executive and independent Directors, notably, Giorgio Valerio, acting as Chairman, Sabrina Delle Curti and Mara Vanzetta.

² The bodies involved in the drafting, approval, review and implementation of the Remuneration Policy are assisted by several company functions, each in relation to their own area of responsibility, such as the CFO and the Legal and Corporate Affairs, Internal Audit and Investor Relations functions.

³ Since the date of listing, the Company has assessed the Policy on an annual basis.

The latter was identified as a member with adequate experience in accounting and financial matters at the time of her appointment.

Pursuant to the Regulation, the Nominating and Remuneration Committee meets regularly, with the frequency necessary to carry out its activities, usually on the dates scheduled on the annual calendar of meetings approved by the Committee itself. Meetings are convened by the Chairperson of the Committee or following a written request by one or more members.

For Committee's meetings to be valid, a majority of its members must be in attendance. The Committee's resolutions are duly passed with the favorable vote of the majority of those in attendance. In the case of a tie, the Chair of the meeting shall have determining vote.

The Chairperson of the Board of Statutory Auditors, or another Statutory Auditor designated by this, may participate in the Committee meetings; other members of the Board of Statutory Auditors can also participate. The Chairperson can invite one or more members of the Board of Directors, managers of the Independent Auditors and/or any other collaborator, and/or consultant and/or employee of the Company or any of its subsidiaries, to participate in Committee meetings in relation to one or more items on the agenda and in all cases without voting right.

Directors must refrain from participating in Committee's meetings where the proposals to the Board of Directors referring to their own remunerations are being formulated.

The Committee assists and supports the Board of Directors, with preliminary work aimed at submitting proposals and providing advice, in its assessments and decisions relating to the composition of the Board of Directors and remunerations of Directors and Managers with Strategic Responsibilities.

Specifically, the Committee is assigned the following functions referring to remuneration:

- (i) submit proposals to the Board of Directors for the definition of a policy for the remuneration of Directors and Managers with Strategic Responsibilities;
- (ii) periodically assess the adequacy, overall consistency and effective application of the remuneration policy applicable to Directors and Managers with Strategic Responsibilities, in this regard making use of the information provided by the Chief Executive Officers, and submit proposals to the Board of Directors on the subject;
- (iii) submit proposals and deliver opinions to the Board of Directors on the remuneration of executive Directors and other Directors entrusted with specific duties, as well as on the setting of performance objectives linked to the variable component of said remuneration, and monitor the application of the decisions adopted by the Board, verifying, in particular, the actual achievement of the performance objectives.

The Committee may have access to any information and corporate functions as required for the fulfilment of its duties and may avail itself of one or more consultants or independent experts, provided that the latter are not in situations that compromise their independent judgement and are not simultaneously providing services to the HR Department, to Directors or to Managers with Strategic Responsibilities, the relevance of which is such that it may compromise their independent judgement.

The Committee prepares an annual report at December 31, which is submitted to the Board of Directors by the date of approval of the draft financial statements. Where necessary the Chairperson of the Committee also reports to the Shareholders in their meeting called to approve the financial statements on the tasks carried out by the Committee.

The Nominating and Remuneration Committee met four times in 2019. Specifically, during the year, the Committee mainly focused (i) on the issues that mostly characterize the remuneration policy, checking, *inter alia*, the adequacy, overall consistency and effective application and (ii) on the Shareholders' confirmation of

the appointment by co-optation of Leonardo Rossi pursuant to article 2386 of the Italian Civil Code and on the related checks, and (iii) on the remuneration of the Managers with Strategic Responsibilities.

1.3 Board of Statutory Auditors

With respect to remuneration, the Board of Statutory Auditors expresses the opinions required by current regulations, specifically on the remuneration of Directors holding special offices pursuant to article 2389, par.3 of the Italian Civil Code, also checking the consistency with the general remuneration policy adopted by the Company.

Pursuant to criterion 7.C.1 of the Corporate Governance Code, the Board of Statutory Auditors is consulted on the definition of the remuneration of the Company's Head of the Internal Audit Function.

1.4 Shareholders' Meeting

With respect to remuneration, in their ordinary meeting, the Shareholders approve the total fees of the Board of Directors pursuant to articles 2364, par. 1 and 2389, par. 3 of the Italian Civil Code.

Pursuant to article 123-ter, par. 3-bis and 3-ter of the Consolidated Law on Finance, the Shareholders resolve for or against Section I of the Remuneration Report prepared by the Board of Directors and their vote is binding. Pursuant to article 123-ter, par. 6 of the Consolidated Law on Finance, they also resolve for or against Section II of the Remuneration Report and their vote is advisory.

2. Objectives Pursued with the 2020 Remuneration Policy, Basic Principles and Changes Compared to the Policy Adopted for 2019

In line with the 2019 remuneration policy, the 2020 Remuneration Policy continues to pursue the aim of attracting, retaining and motivating individuals with the professional qualities required to successfully manage the Company. It is formulated so as to align management and shareholders' interests, and foster creation of value for shareholders over the medium-long term.

In particular, the 2020 Remuneration Policy provides the guidelines concerning the incentive mechanisms for Executive Directors, the General Manager and the other Managers with Strategic Responsibilities, aimed at linking a portion of their remuneration to the achievement of multi-year economic-financial and operational targets, working towards medium and long-term strategic objectives. These guidelines have been the basis for the drafting of a long-term cash incentive plan adopted by the Board of Directors on February 28, 2018 and referred to as the "2018-2020 Three-Year Long-Term Incentive Plan" (the "2018-2020 Incentive Plan"). The objectives of such plan are as follows:

- to reward the Company's short and long-term performance, as well as consolidate the alignment between management and shareholders' interests;
- to develop retention policies, focusing on making key corporate resources loyal and incentivizing their stay with the Company;
- to develop attraction policies addressed to talented managerial and professional persons.

By resolution of March 5, 2020, upon proposal of the Nominating and Remuneration Committee, and following consultations with the Board of Statutory Auditors, the Board of Directors adopted the 2020 Remuneration Policy which is essentially in line with the Remuneration Policy implemented in 2019.

The 2020 Remuneration Policy adheres to the principles under article 6.C.1 of the Corporate Governance Code. Specifically:

- (a) the fixed and variable components are adequately balanced depending on the issuer's strategic objectives and risk management policy, also taking into account the business sector in which it operates and the nature of business it actually performs;

- (b) maximum limits are set for the variable components;
- (c) the fixed component is adequate to remunerate the office of the Director where the variable component is not paid as a consequence of the not-achievement of the performance objectives specified by the Board of Directors;
- (d) the performance objectives - i.e. the economic results and any other specific objectives linked to the payment of variable components - are predetermined, measurable and linked to the creation of value for the shareholders in the medium/long-term;
- (e) the payment of a significant portion of the variable component of remuneration is deferred for an appropriate period of time with respect to the moment of its accrual; the amount of that portion and the period of deferral are consistent with the characteristics of the business carried out and the associated risk profiles;
- (f) contractual arrangements are provided for that allow the Company to request the return, in whole or in part, of the variable components of remuneration paid (or to withhold sums that have been deferred), which were calculated on the basis of data that later turned out to be manifestly erroneous;
- (g) any indemnity, provided for termination of the directorship, is defined in such a way that its total amount does not exceed a certain amount or a certain number of years of remuneration. This indemnity is not paid if the termination of the relationship is due to the achievement of objectively inadequate results;
- (h) the remuneration of non-executive Directors is proportional to the commitment requested from each of them, also taking into account their participation in one or more committees. Except for an insignificant portion thereof, this remuneration is not linked to the financial results achieved by the Company. Non-executive Directors are not eligible for share-based remuneration plans, unless upon grounded decision of the Shareholders' Meeting.

3. Description of the Policies Regarding Fixed and Variable Components of Remuneration

The term of office of the current Board of Directors and Board of Statutory Auditors will expire with the Shareholders' Meeting called to approve the 2019 financial statements.

Therefore, the guidelines relating to the 2020 Remuneration Policy will be applied, after hearing the opinion of the Nominating and Remuneration Committee, by the new Board of Directors, which will be responsible for the specific determination of the fees of the individual Executive Directors and the fees of the individual Non-Executive Directors, including the fee for their participation in the Board committees, in implementation of the applicable legislative and statutory provisions.

3.1 Remuneration of Non-Executive Directors – Fixed Component

The remuneration of Non-Executive Directors and, among them, the Independent Directors, consists exclusively of the fixed component, resolved by the Board of Directors, after hearing the opinion of the Board of Statutory Auditors, within the maximum amounts approved by the ordinary Shareholders' Meeting pursuant to article 2389, par. 3 of the Italian Civil Code and the By-laws⁴.

The remuneration paid to Directors that are part to committees established within the Board of Directors is set by the Board of Directors after due consultation with the Board of Statutory Auditors, taking into consideration the additional commitment required.

Non-Executive Directors are not entitled to any long-term cash incentive benefit.

⁴ The items composing the remuneration are shown analytically in Section II, Table 1 on page 27 and following pages.

3.2 *Remuneration of Executive Directors and Managers with Strategic Responsibilities – Fixed and Variable Components*

Consistently with paragraph 2 above, the remuneration of the Executive Directors, the General Manager and the Managers with Strategic Responsibilities consists of the following components.

3.2.1 Fixed Component

- (i) For the Chairperson and Chief Executive Officer and for the individual Executive Directors, the fixed component of the remuneration is made up of the fee decided by the Board of Directors, following consultations with the Board of Statutory Auditors, taking also into account the commitment required of each of them, in any event, within the total amount resolved by the ordinary Shareholders' Meeting pursuant to article 2389, par. 3 of the Italian Civil Code and the By-laws;
- (ii) For the General Manager and the Managers with Strategic Responsibilities, the fixed component is made up of the fixed gross annual remuneration stated in the signed individual contract, in accordance with the applicable collective regulations.

3.2.2 Variable Component

- (i) For the Chairperson and Chief Executive Officer and the other Executive Directors, the General Manager and the Managers with Strategic Responsibilities, the variable component is made up of a medium-long term cash incentive ("**Cash Long Term Incentive**" or "**LTI**" or "**Incentive**") based on the 2018-2020 Incentive Plan and linked to the achievement of specific performance objectives, and more specifically:
 - a. the consolidated Ebitda attained by the Company in each financial year included in the three-year reference period of the Plan, with respect to the corresponding Annual Consolidated Ebitda Target ("**Component A**"),
 - b. the consolidated Free Cash Flow attained by the Company in the three-year reference period of the Plan (cumulative over three years) with respect to the Three-Year Consolidated FCF Target ("**Component B**").

The following applies to both Components (Component A and Component B):

- a. correctives are provided for, and in particular:
 - Component A may be revised (upwards or downwards) based on the percentage change between the consolidated Ebitda/Gross Margin ratio of MZBG during the reference year and the corresponding target figures;
 - Component B may be revised (upwards or downwards) based on the difference between the total shareholder return ("**Total Shareholders Return**" or "**TSR**") of MZBG in the period between January 2, 2018 and December 31, 2020 and the TSR achieved in the same reference period by comparable companies included in a reference index used as a comparison. Calculations shall take place at the end of the three-year cycle specified for the accrual of the results.
- b. three achievement levels for the relevant performance objective (Minimum, Target and Maximum), to which specific values of the relevant Incentive are linked; no Incentive will be paid for results below the Minimum level.

In line with the provisions of the 2018-2020 Incentive Plan, the performance objectives for the payment of the variable component of the remuneration are set by the Board of Directors taking into account the specific business carried out by the Company and the related risk profiles.

The performance objectives are aligned with the Company's medium/long-term strategy and their evaluation is constant in order to guarantee and maintain the sustainability of the financial position.

With reference to the LTI, these objectives are set during the review of the multi-year plan and may be reviewed annually, based on the profitability and cash generation targets at the consolidated level; these objectives are set in such a way so as to avoid that their achievement may result in short-sighted management decisions. Since the variable payment is linked to the above objectives and adjusted on the basis of the Company's share value (and therefore indirectly of the corporate results), both the variable short-term and the medium-long term components are strictly related to the business performance and aim at creating value for shareholders over a medium-long time horizon.

The achievement of performance objectives for the vesting of the annual variable payment and/or annual component thereof is evaluated by the Board of Directors on the basis of the information contained in the reference consolidated financial statements.

In order to ensure greater alignment with national and international best practices and the recommendations of the Corporate Governance Committee, the Company intends to introduce new qualitative and/or sustainable objectives which, once defined and adopted, will be described in the Remuneration Policy referred to in Section I of the Remuneration Report for the year.

In line with the recommendations of the Corporate Governance Code, the payment of a significant portion of the variable component of remuneration (LTI) of the Chairperson and Chief Executive Officer, Executive Directors, General Manager and other Managers with Strategic Responsibilities of MZBG is deferred for an appropriate period of time with respect to time of its accrual, so as to align management interests to creating value for shareholders over the medium-long term.

Specifically:

- a. The Incentive relating to Component A is paid 40% up front, and the remaining 60% in the next two years, on condition that no "*malus condition*" arise;
- b. The Incentive relating to Component B is paid in full after approval of the consolidated financial statements for the last year of the reference three-year period.

A **cap** has been set for the incentive that can be paid, even when the maximum level for the relative performance objective has been exceeded.

Furthermore, the Board of Directors may unilaterally and in good faith amend the value of the performance objectives that were already accepted by the beneficiaries of the 2018-2020 Incentive Plan, when

- a. this should become necessary from a management perspective to make the performance objectives consistent with annual objectives approved after the original definition of the performance objectives; or when
 - b. structural changes occur in the Company and/or the Group and/or the business or when extraordinary and/or unexpected events occur that may affect the markets where the Company and/or the Group operates.
- (ii) For the Managers with Strategic Responsibilities, a variable short-term incentive may also be specified, conditional on the achievement of corporate performance objectives specified on an annual basis ("**MBO**"), such as, for example increased profitability, increased cash generation, higher sales volume, increased Gross Profit per kg.

Variable remuneration is based on the "pay for performance" criterion, i.e. it is closely linked to the achievement of predefined and measurable corporate performance objectives. One-off bonuses are not allowed in order to make up for any negative performance.

3.2.3 Pay-Mix

The Policy provides for a pay-mix consistent with the management responsibilities assigned, focusing, in particular, on the variable component for roles with a greater impact on company results.

Furthermore, the MBO must be structured in such a way that the basic incentive does not exceed 40% of the gross annual remuneration.

For additional information, reference should be made to Table 1, Section II.

3.2.4 Malus Condition and Claw Back

Based on the 2018-2020 Incentive Plan, ex post adjustment mechanisms are in place that enable the Company to withhold amounts subject to deferred payment or to request the return, in whole or in part, of variable remuneration components already paid, and calculated on the basis of data later found to be manifestly incorrect (*Malus Condition and Claw Back* clauses).

Specifically:

(i) Malus Condition

The accrual, and in particular the payment, of 60% of the Incentive relating to Component A referred to in point 3.2(i)a. above, is subject to the condition that, on the relevant payment date, the relevant recipient: (i) has not incurred in any disciplinary actions, based, among other things, on the provisions of the Code of Ethics and the Organization, Management and Control Model under Legislative Decree no. 231/2001 adopted by the Company; (ii) has not taken conducts (including by way of omissions) or committed other breach of legal or regulatory obligations, which have resulted, or may result in the issue of sanctions against the Company by Consob or other Authorities.

(ii) Claw Back

If within a period of three years from the date of payment of an Incentive, it turns out that the Incentive was paid on the basis of incorrect or false data, also due to willful misconduct (*dolo*) or gross negligence (*colpa grave*) of the relevant recipient, the Board of Directors shall have the right to request the relevant recipient, and the recipient will be required, to return the full amount of the Incentive to the Company. The obligation to return the Incentive remains valid and effective also in the event of a termination of the relationship of the recipient with the Company.

3.3 Statutory Auditors Remuneration

The Board of Statutory Auditors in office at the date of this Report was appointed by the ordinary Shareholders' Meeting on April 11, 2017 and will remain in office until the Shareholders' Meeting called for the approval of the 2019 financial statements. It consists of the following members: Fabio Facchini (Chairman), Simona Gnudi (Standing Auditor), Franco Squizzato (Standing Auditor), Alberto Piombo (Alternate Auditor) and Cristina Mirri (Alternate Auditor).

Pursuant to article 123-ter, par. 3 of the Consolidated Law on Finance, and without prejudice to the provisions of article 2402 of the Italian Civil Code, in their meeting of April 11, 2017, the Shareholders approved the remuneration of the members of the Board of Statutory Auditors, which consists solely of the fixed component and amounts to Euro 37,500 for the Chairperson and Euro 25,000 for the Standing Auditors. The remuneration takes into account market values and, as recommended by article 8, application criterion 4, of the Corporate Governance Code, the commitment required, the importance of the role held and the size and business characteristics of the company.

4. Non-Monetary Benefits and Insurance Policies

Based on the 2020 Remuneration Policy, the Executive Directors, the General Manager and the other Managers with Strategic Responsibilities are granted non-monetary benefits, on the basis of common practices, and the office and the role covered. These benefits may include the use of a company car, notebook and a cell phone.

Furthermore, the Company entered into insurance, social security and pension plans for Directors, the General Manager and the other Managers with Strategic Responsibilities. With respect to the General Manager and the other Managers with Strategic Responsibilities, these plans supplement those required by the respective individual employment contracts, in accordance with applicable collective regulations.

5. Treatment Applicable in the Event of Termination of Office or Termination of the Employment Relationship

The Company has not entered into nor does it envisage to enter into agreements with Directors for severance pay indemnities or other reasons, in the case of termination of the relevant office. Should end-of-office indemnities be introduced, in line with the recommendations of the Corporate Governance Code (application criterion 6.C.1) and the Corporate Governance Committee, the Company shall set a cap reflecting a predetermined amount or a specific number of years of remuneration and payment mechanisms, providing for the non-payment of said indemnity when the directorship is terminated due to the achievement of objectively inadequate results.

The above is without prejudice, as far as the General Manager and the other Managers with Strategic Responsibilities are concerned, to the provisions under their respective individual employment contracts, in accordance with the collective regulations for sector managers, which stipulate, *inter alia*, a severance indemnity.

6. Independent Experts that Assisted with the Preparation of the Policy and Reference, if any, to the Remuneration Policies of Other Companies

No independent experts were involved in the preparation of the 2020 Remuneration Policy.

The 2019 Remuneration Policy was drafted by the Company without making reference to the policies of other companies. It is nonetheless in line with the policy of other companies of comparable size and financial results.

SECTION II

FEES 2019



SECTION II

FEES RECEIVED IN 2019 BY THE MEMBERS OF THE BOARD OF DIRECTORS AND THE BOARD OF STATUTORY AUDITORS, THE GENERAL MANAGER AND MANAGERS WITH STRATEGIC RESPONSIBILITIES

This Section of the Report details, by name, the fees paid to individuals who during 2019, or a portion thereof, held the position of member of the Board of Directors, member of the Board of Statutory Auditors, General Manager or Manager with Strategic Responsibilities.

Pursuant to article 123-ter, par. 8-bis of the Consolidated Law on Finance, it is noted that PricewaterhouseCoopers S.p.A., which was assigned the engagement to perform the statutory audit of the Company's financial statements, checked that the Directors prepared Section II of this Report.

PART I – ITEMS OF THE REMUNERATION

This Part provides an adequate representation of each item composing the remuneration of the those who, in 2019, held the position of member of the Board of Directors, member of the Board of Statutory Auditors, General Manager or Manager with Strategic Responsibilities⁵.

The items composing the remuneration are shown analytically in Table 1 of Annex 3A, Schedule 7-bis of the Issuer Regulation included in Part II of this Section.

1. BOARD OF DIRECTORS

1.1 Chairman and Chief Executive Officer

The 2019 remuneration for the Chairman and Chief Executive Officer Massimo Zanetti was as follows.

1.1.1 Remuneration from Massimo Zanetti Beverage Group

Fixed remuneration: Euro 650,000.00, as remuneration for the office of Chairman of the Board of Directors, resolved by the Board of Directors' Meeting held on April 13, 2017;

Additional variable remuneration (LTI):

- i) Additional variable remuneration subject to achievement of the performance objective under the 2018-2020 Incentive Plan corresponding to: (i) the consolidated Ebitda attained by the Company in 2019, with respect to the corresponding Annual Consolidated Ebitda Target ("**Component A**") and (ii) the consolidated Free Cash Flow attained by the Company in the three-year 2018-2020 period with respect to the corresponding Cumulative Consolidated FCF Target ("**Component B**"). The Board of Directors checked the achievement of the individual objectives on March 5, 2020, after hearing the Nominating and Remuneration Committee, based on the figures of the 2019 consolidated financial statements approved by the Board itself. Following this check, for 2019, additional remuneration linked to the LTI amounting to Euro 185,669.00 accrued in respect of Component B only. Indeed, given the failure to reach the pre-set performance objectives, the Component A for the current year will not be paid.

⁵ In addition to the provisions set out in this paragraph, it is noted that, in 2019, Euro 21,774.00 was paid to Lawrence L. Quier (who had held the position of Executive Director of the Company until June 17, 2018), equal to the portion of the 2015-2017 Incentive Plan (expired on February 28, 2018) pertaining to 2019.

In accordance with the provisions of the 2018-2020 Incentive Plan, the additional remuneration related to Component B will be paid in one single instalment no later than 90 days from the presentation of the consolidated financial statements at December 31, 2020 to the ordinary Shareholders' Meeting of the Company;

- ii) Disbursement of the share of the 2018-2020 Incentive Plan, equal to 40% of the Component A accrued in 2018 (and pertaining to 2019), after the Board of Directors checked achievement of the individual objectives on February 28, 2019, for Euro 304,372.00;
- iii) Disbursement of the share of the 2015-2017 Incentive Plan (expired on February 28, 2018 and at the date of this Report replaced by the 2018-2020 Incentive Plan) component A (the "**LTI 2015-2017 Component A**") pertaining to 2019, for Euro 100,165.00.

Non-monetary benefits: use of company cell phone, third party liability insurance policy.

No remuneration is provided for in the case of termination of the office.

1.1.2 Remuneration from Subsidiaries

In addition, Massimo Zanetti received⁶:

- a fixed remuneration of Euro 1,419,191.00 as Board member and Chairman of Massimo Zanetti Beverage S.A.;
- a fixed remuneration of Euro 150,000.00 as Board member and Chairman of Meira Oy Ltd..

1.2 Executive Directors

1.2.1 Leonardo Rossi

1.2.1.1 Remuneration from Massimo Zanetti Beverage Group

Fixed remuneration: Euro 50,000.00 for the office of Director⁷, as resolved by the Board of Directors on June 18, 2018 and subsequently confirmed on April 10, 2019, and Euro 200,000.00 for the position of manager of the Company (Chief Financial Officer), corresponding to the gross annual remuneration provided for in the individual employment contract, in compliance with the collective regulations for food industry managers, which also includes a severance indemnity;

Additional variable remuneration (LTI):

- i) Additional variable remuneration subject to achievement of the performance objective under the 2018-2020 Incentive Plan corresponding to: (i) the consolidated Ebitda attained by the Company in 2019, with respect to the corresponding Annual Consolidated Ebitda Target ("**Component A**") and (ii) the consolidated Free Cash Flow attained by the Company in the three-year 2018-2020 period with respect to the corresponding Cumulative Consolidated FCF Target ("**Component B**"). The Board of Directors checked the achievement of the individual objectives on March 5, 2020, after hearing the Nominating and Remuneration Committee, based on the figures of the 2019 consolidated financial statements approved by the Board itself. Following this check, for 2019, additional remuneration linked to the LTI amounting to Euro 21,577.00 accrued in respect of Component B only. Indeed, given the failure to reach

⁶ Furthermore, in 2019, Massimo Zanetti accrued a fixed fee of Euro 89,329.58 (at the average USD/EUR exchange rate for 2019) as Board member and Chairman of Massimo Zanetti Beverage USA Inc. This amount was paid in January 2020.

⁷ Of which Euro 20,000.00 for the office of SCIGR Director.

the pre-set performance objectives, the Component A for the current year will not be paid.

In accordance with the provisions of the 2018-2020 Incentive Plan, the additional remuneration related to Component B will be paid in one single instalment no later than 90 days from the presentation of the consolidated financial statements at December 31, 2020 to the ordinary Shareholders' Meeting of the Company;

- ii) Disbursement of the share of the 2018-2020 Incentive Plan, equal to 40% of the Component A accrued in 2018 (and pertaining to 2019), after the Board of Directors checked achievement of the individual objectives on February 28, 2019, for Euro 19,091.00;

Non-monetary benefits: use of notebook and company cell phone, use of company car, third party liability insurance policy.

1.2.1.2 Remuneration from Subsidiaries

In 2019, Leonardo Rossi did not receive any fees from the subsidiaries⁸.

1.3 Non-Executive Directors

The remuneration of the other members of the Board of Directors, all of whom non-executive, for 2019, was as follows.

1.3.1 Laura Zanetti

1.3.1.1 Remuneration from Massimo Zanetti Beverage Group

Fixed remuneration: Euro 30,000.00, as remuneration for the office of Director, resolved by the Board of Directors' Meeting held on April 13, 2017.

1.3.1.2 Remuneration from Subsidiaries

In addition, Laura Zanetti received:

- fixed remuneration of Euro 15,000.00 as Board member of Massimo Zanetti Beverage S.A.;
- fixed remuneration of Euro 100,000.00 as Board member of Segafredo Zanetti S.p.A.;
- a fixed remuneration of Euro 30,000.00 as Board member of La San Marco S.p.A.;
- a fixed remuneration of Euro 100,000.00 corresponding to the annual gross remuneration specified in the individual contract signed as Manager of Segafredo Zanetti S.p.A.

1.3.2 Matteo Zanetti

1.3.2.1 Remuneration from Massimo Zanetti Beverage Group

Fixed remuneration: Euro 30,000.00, as remuneration for the office of Director, resolved by the Board of Directors' Meeting held on April 13, 2017.

1.3.2.2 Remuneration from Subsidiaries

In addition, Matteo Zanetti received:

- a fixed remuneration of Euro 15,000.00 as Board member of Massimo Zanetti Beverage S.A.;

⁸ However, in 2019, Leonardo Rossi accrued a fixed fee of Euro 17,866.12 (at the average USD/EUR exchange rate for 2019) as Board member and Chairman of Massimo Zanetti Beverage USA Inc. This amount was paid in January 2020.

- fixed remuneration of Euro 100,000.00 as Board member of Segafredo Zanetti S.p.A.;
- a fixed remuneration of Euro 30,000.00 as Board member of La San Marco S.p.A.;
- a fixed remuneration of Euro 50,000.00 as Chairman of Segafredo Zanetti Coffee System S.p.A.;
- a fixed remuneration of Euro 153,614.00 corresponding to the annual gross remuneration specified in the individual contract signed as Manager of Segafredo Zanetti Coffee System S.p.A.

1.3.3 Massimo Mambelli

1.3.3.1 Remuneration from Massimo Zanetti Beverage Group

Fixed remuneration: Euro 30,000.00, as remuneration for the office of Director, resolved by the Board of Directors' Meeting held on April 13, 2017.

Additional variable remuneration (LTI):

Disbursement of the share of the 2015-2017 Incentive Plan (expired on February 28, 2018 and at the date of this Report replaced by the 2018-2020 Incentive Plan) component A (the "LTI 2015-2017 Component A") pertaining to 2019, for Euro 26,130.00.

1.3.3.2 Remuneration from Subsidiaries

Massimo Mambelli also received:

- a fixed remuneration of Euro 10,000.00 as Board member of Massimo Zanetti Beverage S.A.;
- a fixed remuneration of Euro 100,000.00 as Chief Executive Officer of Segafredo Zanetti S.p.A.;
- fixed remuneration of Euro 50,000.00 as Chairman of the Board of Directors of La San Marco S.p.A.;
- a fixed remuneration of Euro 20,000.00 as Chief Executive Officer of Segafredo Zanetti Coffee System S.p.A.;
- a fixed remuneration of Euro 10,000.00 as Board member of Tiktak/Segafredo Zanetti Nederland BV;
- a fixed remuneration of Euro 10,000.00 as Board member of Segafredo Zanetti France S.A.S.;
- a fixed remuneration of Euro 10,000.00 as Board member of Segafredo Zanetti Australia Pty Ltd.;
- a fixed remuneration of Euro 165,705.00 corresponding to the annual gross remuneration specified in the individual contract signed as Manager of Segafredo Zanetti S.p.A.

1.3.4 Maria Pilar Arbona Palmeiro Goncalves Braga Pimenta

1.3.4.1 Remuneration from Massimo Zanetti Beverage Group

Fixed remuneration: Euro 30,000.00, as remuneration for the office of Director, resolved by the Board of Directors' Meeting held on April 13, 2017.

1.3.4.2 *Remuneration from Subsidiaries*

Maria Pilar Arbona Palmeiro Goncalves Braga Pimenta also received fixed remuneration of Euro 129,677.18 as Managing Director of Brodies Melrose Drysdale & Co Ltd..

1.3.5 Mara Vanzetta

1.3.5.1 *Remuneration from Massimo Zanetti Beverage Group*

Fixed remuneration: Euro 55,000.00 of which Euro 30,000.00 as remuneration for the office of Director; Euro 10,000.00 as remuneration for the office of member and Chairwoman of the Audit and Risk Committee; Euro 10,000.00 as remuneration for the office of member and Chairwoman of the Related Parties Committee; Euro 5,000.00 as remuneration for the office of member of the Nominating and Remuneration Committee, all this resolved by the Board of Directors on April 13, 2017.

1.3.6 Giorgio Valerio

1.3.6.1 *Remuneration from Massimo Zanetti Beverage Group*

Fixed remuneration: Euro 50,000.00, of which Euro 30,000.00 as remuneration for the office of Director; Euro 10,000.00 as remuneration for the office of member and Chairman of the Nominating and Remuneration Committee; Euro 5,000.00 as remuneration for the office of member of the Related Parties Committee; Euro 5,000.00 as remuneration for the office of member of the Audit and Risk Committee, all this resolved by the Board of Directors on April 13, 2017.

1.3.7 Sabrina Delle Curti

1.3.7.1 *Remuneration from Massimo Zanetti Beverage Group*

Fixed remuneration: Euro 45,000.00, of which Euro 30,000.00 as remuneration for the office of Director; Euro 5,000.00 as remuneration for the office of member of the Nominating and Remuneration Committee; Euro 5,000.00 as remuneration for the office of member of the Related Parties Committee; Euro 5,000.00 as remuneration for the office of member of the Audit and Risk Committee, all this resolved by the Board of Directors on April 13, 2017.

All Board members referred to above benefit from third party civil liability insurance for their term of office.

No economic treatment is provided for in the case of termination of their office as Directors of the Massimo Zanetti Beverage Group.

1.4 **Board of Statutory Auditors**

The remuneration for the members of the Board of Statutory Auditors for 2019, was as follows.

1.4.1 Fabio Facchini

1.4.1.1 *Remuneration from Massimo Zanetti Beverage Group*

Euro 37,500.00 for the office of Chairman of the Board of Statutory Auditors, as resolved by the Shareholders' Meeting held on April 11, 2017.

1.4.2 Simona Gnudi

1.4.2.1 *Remuneration from Massimo Zanetti Beverage Group*

Euro 25,000.00 for the office of member of the Board of Statutory Auditors, as resolved by the Shareholders' Meeting held on April 11, 2017.

1.4.2.2 *Remuneration from Subsidiaries*

In addition, Simona Gnudi received:

- a remuneration of Euro 8,100.00 as member of the Board of Statutory Auditors of Segafredo Zanetti S.p.A. for the period from April 9, 2019 to December 31, 2019;
- a remuneration of Euro 8,000.00 as member of the Board of Statutory Auditors of Segafredo Zanetti Coffee System S.p.A.;
- a remuneration of Euro 9,000.00 as member of the Board of Statutory Auditors of La San Marco S.p.A.

1.4.3 Franco Squizzato

1.4.3.1 *Remuneration from Massimo Zanetti Beverage Group*

Euro 25,000.00 for the office of member of the Board of Statutory Auditors, as resolved by the Shareholders' Meeting held on April 11, 2017.

1.4.3.2 *Remuneration from Subsidiaries*

Franco Squizzato also received Euro 12,000.00 as Chairman of the Board of Statutory Auditors of Segafredo Zanetti Coffee System S.p.A.

1.5 **General Manager**

The remuneration for the General Manager, Pascal Héritier, for 2019 was as follows.

1.5.1 *Remuneration from Massimo Zanetti Beverage Group*

Fixed Remuneration: Euro 200,000.00, corresponding to the gross annual remuneration provided for in his individual employment contract, in compliance with the collective regulations for food industry managers, which also includes a severance indemnity.

Additional variable remuneration (LTI):

- i) Additional variable remuneration subject to achievement of the performance objective under the 2018-2020 Incentive Plan corresponding to: (i) the consolidated Ebitda attained by the Company in 2019, with respect to the corresponding Annual Consolidated Ebitda Target ("**Component A**") and (ii) the consolidated Free Cash Flow attained by the Company in the three-year 2018-2020 period with respect to the corresponding Cumulative Consolidated FCF Target ("**Component B**"). The Board of Directors checked the achievement of the individual objectives on March 5, 2020, after hearing the Nominating and Remuneration Committee, based on the figures of the 2019 consolidated financial statements approved by the Board itself. Following this check, for 2019, additional remuneration linked to the LTI amounting to Euro 29,992.00 accrued in respect of Component B only. Indeed, given the failure to reach the pre-set performance objectives, the Component A for the current year will not be paid.

In accordance with the provisions of the 2018-2020 Incentive Plan, the additional remuneration related to Component B will be paid in one single instalment no later than 90 days from the presentation of the consolidated financial statements at December 31, 2020 to the ordinary Shareholders' Meeting of the Company;

- ii) Disbursement of the share of the 2018-2020 Incentive Plan, equal to 40% of Component A accrued in 2018 (and pertaining to 2019) after the Board of Directors checked achievement of the individual objectives on February 28, 2019, for Euro 49,166.00;
- iii) Disbursement of the share of the 2015-2017 Incentive Plan (expired on February 28, 2018 and at the date of this Report replaced by the 2018-2020 Incentive Plan) component A (the “LTI 2015-2017 Component A”) pertaining to 2019, for Euro 23,952.00.

Non-monetary benefits: use of notebook and company cell phone, third party liability insurance policy.

1.5.2 Remuneration from Subsidiaries

Pascal Héritier also received the following remuneration:

- Euro 52,500.00, for the office of Chief Executive Officer of Massimo Zanetti Beverage S.A.;
- Euro 25,000.00, for the office of Chief Executive Officer of Segafredo Zanetti Espresso Worldwide Ltd.;
- Euro 12,566.00 for the office of President of Segafredo Zanetti Japan Inc.;
- Euro 11,252.00 for the office of President of Boncafe International Pte Ltd.;
- Euro 5,000.00 for the office of General Manager of Segafredo Zanetti Austria GmbH;
- Euro 5,000.00 for the office of Board member of Massimo Zanetti Beverage (Thailand) Ltd.;
- Euro 5,000.00 for the office of Board member of Segafredo Zanetti (Thailand) Ltd.;
- Euro 10,000.00 for the office of Board member of Segafredo Zanetti Australia Pty Ltd.;
- Euro 10,000.00 for the office of Board member of Bean Alliance Group PTY Ltd..

1.6 Managers with Strategic Responsibilities

1.6.1 Giorgio Boggero

The remuneration of Giorgio Boggero, Managing Director Southern Europe and Managing Director Northern Europe⁹ for 2019 was as follows.

1.6.1.1 Remuneration from Massimo Zanetti Beverage Group

Fixed remuneration: Euro 362,856.00, corresponding to the gross annual remuneration provided for in his individual employment contract, in compliance with the collective regulations for food industry managers, which also includes a severance indemnity.

Additional variable remuneration (MBO): subject to the achievement of performance objectives set on an annual basis, at both the corporate and the individual level, and specified according to the position held. The Chief Executive Officer and the Chief Financial Officer checked the achievement of the objectives underlying the additional variable remuneration (MBO), based on (i) the figures of the 2019 consolidated financial statements approved by the Board of Directors on March 5, 2020 and (ii) the 2019 management accounts of the companies within the area of competence. Given

⁹ Managing Director Northern Europe since April 10, 2019.

the failure to reach the pre-set performance objectives, the MBO for the current year will not be paid.

Additional variable remuneration (LTI):

- i) Additional variable remuneration subject to achievement of the performance objective under the 2018-2020 Incentive Plan corresponding to: (i) the consolidated Ebitda attained by the Company in 2019, with respect to the corresponding Annual Consolidated Ebitda Target (“**Component A**”) and (ii) the consolidated Free Cash Flow attained by the Company in the three-year 2018-2020 period with respect to the corresponding Cumulative Consolidated FCF Target (“**Component B**”). The Board of Directors checked the achievement of the individual objectives on March 5, 2020, after hearing the Nominating and Remuneration Committee, based on the figures of the 2019 consolidated financial statements approved by the Board itself. Following this check, for 2019, additional remuneration linked to the LTI amounting to Euro 16,183.00 accrued in respect of Component B only. Indeed, given the failure to reach the pre-set performance objectives, the Component A for the current year will not be paid.

In accordance with the provisions of the 2018-2020 Incentive Plan, the additional remuneration related to Component B will be paid in one single instalment no later than 90 days from the presentation of the consolidated financial statements at December 31, 2020 to the ordinary Shareholders’ Meeting of the Company;

- ii) Disbursement of the share of the 2018-2020 Incentive Plan, equal to 40% of Component A accrued in 2018 (and pertaining to 2019) after the Board of Directors checked achievement of the individual objectives on February 28, 2019, for Euro 26,529.00;
- iii) Disbursement of the share of the 2015-2017 Incentive Plan (expired on February 28, 2018 and at the date of this Report replaced by the 2018-2020 Incentive Plan) component A (the “**LTI 2015-2017 Component A**”) pertaining to 2019, for Euro 7,954.00.

Non-monetary benefits: use of notebook and company cell phone, third party liability insurance policy.

1.6.1.2 Remuneration from Subsidiaries

Giorgio Boggero also received the following remuneration:

- Euro 30,000.00 for the office of Chairman of the Board of Directors of Massimo Zanetti Beverage Iberia S.A.;
- Euro 1,000.00 for the office of Board member of Segafredo Zanetti Hellas S.A.;
- Euro 15,000 for the office of Board member of Segafredo Zanetti Poland Sp.z.o.o., for the period from April 1, 2019 to December 31, 2019.

1.6.2 Francesco Cantini (in office until March 17, 2019)

The remuneration of Francesco Cantini, Managing Director Northern Europe, for 2019¹⁰, was as follows.

1.6.2.1 Remuneration from Massimo Zanetti Beverage Group

¹⁰ January 1, 2019 – March 17, 2019.

Fixed Remuneration: Euro 105,976.00, corresponding to the gross annual remuneration provided for in his individual employment contract, in compliance with the collective regulations for food industry managers, which also included a severance indemnity.

Additional variable remuneration (LTI):

Francesco Cantini acted as the Company's Managing Director Northern Europe until March 17, 2019. Since these are voluntary resignations, in accordance with art. 7.1 of the 2018-2020 Incentive Plan Regulation and the 2015-2017 Incentive Plan Regulation, the rights arising from the Regulations are automatically forfeited on the termination date of the employment relationship.

Non-monetary benefits: use of notebook and company cell phone, use of company car, third party liability insurance policy.

1.6.2.2 *Remuneration from Subsidiaries*

Francesco Cantini also received the following remuneration:

- Euro 5,000.00 for the office of Board member of Meira Oy Ltd., for the period from January 1, 2019 to March 31, 2019;
- Euro 4,667.00 for the office of Board member of Segafredo Zanetti Poland Sp.z.o.o., for the period from January 1, 2019 to March 25, 2019.

1.6.3 Leonardo Rossi

For information about the remuneration received by Leonardo Rossi as Manager with Strategic Responsibilities (Chief Financial Officer) in 2019, reference is made to paragraph 1.2.1 above.

1.7 **Agreements Providing for Indemnities in the Event of Early Termination**

In 2019, no agreement was signed providing for indemnities in the case of early termination of the working relationship between the Company and its Directors, the Statutory Auditors and General Manager, except in the case of the latter and Leonardo Rossi, where the relevant collective regulations find application.

1.8 **Cash Long Term Incentive**

On February 28, 2018, after consultations with the Nominating and Remuneration Committee, the Board of Directors approved the 2018-2020 Incentive Plan.

For additional information about the 2018-2020 Incentive Plan, reference should be made to Section I, paragraph 3.2.

The 2018-2020 Incentive Plan regulation is available on the Company's website www.mzb-group.com under the section "IR/Corporate Governance/Procedures and Regulations".

* * * * *

Villorba, March 5, 2020

For the Board of Directors
Chairman and Chief Executive Officer
(Massimo Zanetti)

PART II - TABLES

The tables below detail the remunerations paid for any reason and in any form by MZBG and its subsidiaries and associates for the 2019 FY, to members of the Board of Directors and Board of Statutory Auditors, the General Manager and the Managers with Strategic Responsibilities.



TABLE 1

Fees paid to, and/or accrued by the members of the administrative and control bodies,
the General Manager and the Managers with Strategic Responsibilities
(remuneration expressed in Euro)



Name and surname	Office	Period in which office was held	Expiration of office	Fixed remuneration		Remuneration for participation in committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Fair value of equity-based remuneration	Total	Proportion fixed to variable component		End-of-office-or employment termination entitlement
							Bonuses and other incentives (*)	Profits sharing					Fixed	Variable	
Massimo Zanetti	Chairman of the Board of Directors and CEO	1.1.2019-31.12.2019	Shareholders' Meeting to approve 2019 Financial Statements	MZBG remuneration	650,000	-	185,669	-	-	-	-	835,669	-	-	-
				Remuneration from subsidiaries and associates ⁽¹⁾	1,569,191	-	-	-	-	-	1,569,191	-	-	-	
				Total	2,219,191	-	185,669	-	-	-	2,404,860	92%	8%	-	
Matteo Zanetti	Director	1.1.2019-31.12.2019	Shareholders' Meeting to approve 2019 Financial Statements	MZBG remuneration	30,000	-	-	-	-	-	-	30,000	-	-	-
				Remuneration from subsidiaries and associates ⁽²⁾	348,614	-	-	-	-	-	348,614	-	-	-	
				Total	378,614	-	-	-	-	-	378,614	100%	-	-	
Laura Zanetti	Director	1.1.2019-31.12.2019	Shareholders' Meeting to approve 2019 Financial Statements	MZBG remuneration	30,000	-	-	-	-	-	-	30,000	-	-	-
				Remuneration from subsidiaries and associates ⁽³⁾	245,000	-	-	-	-	-	245,000	-	-	-	
				Total	275,000	-	-	-	-	-	275,000	100%	-	-	

(*) variable remuneration accrued (but not yet paid) for objectives achieved in 2019.

Name and surname	Office	Period in which office was held	Expiration of office	Fixed remuneration		Remuneration for participation in committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Fair value of equity-based remuneration	Total	Proportion fixed to variable component		End-of-office or employment termination entitlement	
							Bonuses and other incentives (*)	Profits sharing					Fixed	Variable		
Leonardo Rossi	Executive Director	1.1.2019-31.12.2019	Shareholders' Meeting to approve 2019 Financial Statements	MZBG remuneration	50,000	-	-	-	-	-	-	50,000	-	-	-	
				Remuneration from subsidiaries and associates	-	-	-	-	-	-	-	-	-	-	-	-
				Total	50,000	-	-	-	-	-	-	-	50,000	100%	-	-
Massimo Mambelli	Director	1.1.2019-31.12.2019	Shareholders' Meeting to approve 2019 Financial Statements	MZBG remuneration	30,000	-	-	-	-	-	-	30,000	-	-	-	
				Remuneration from subsidiaries and associates ⁽⁴⁾	375,705	-	-	-	-	-	-	-	375,705	-	-	-
				Total	405,705	-	-	-	-	-	-	-	405,705	100%	-	-
Maria Pilar Arbona Palmeiro Gonçalves Braga Pimenta	Director	1.1.2019-31.12.2019	Shareholders' Meeting to approve 2019 Financial Statements	MZBG remuneration	30,000	-	-	-	-	-	-	30,000	-	-	-	
				Remuneration from subsidiaries and associates ⁽⁵⁾	129,677	-	-	-	-	-	-	-	129,677	-	-	-
				Total	159,677	-	-	-	-	-	-	-	159,677	100%	-	-

(*) variable remuneration accrued (but not yet paid) for objectives achieved in 2019.

Name and surname	Office	Period in which office was held	Expiration of office	Fixed remuneration		Remuneration for participation in committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Fair value of equity-based remuneration	Total	Proportion fixed to variable component		End-of-office-or employment termination entitlement	
							Bonuses and other incentives (*)	Profits sharing					Fixed	Variable		
Mara Vanzetta	Independent Director	1.1.2019-31.12.2019	Shareholders' Meeting to approve 2019 Financial Statements	MZBG remuneration	30,000	25,000 ⁽⁶⁾	-	-	-	-	-	55,000	-	-	-	
				Remuneration from subsidiaries and associates	-	-	-	-	-	-	-	-	-	-	-	-
				Total	30,000	25,000	-	-	-	-	-	55,000	100%	-	-	
Giorgio Valerio	Independent Director	1.1.2019-31.12.2019	Shareholders' Meeting to approve 2019 Financial Statements	MZBG remuneration	30,000	20,000 ⁽⁷⁾	-	-	-	-	-	50,000	-	-	-	
				Remuneration from subsidiaries and associates	-	-	-	-	-	-	-	-	-	-	-	
				Total	30,000	20,000	-	-	-	-	-	50,000	100%	-	-	
Sabrina Delle Curti	Independent Director	1.1.2019-31.12.2019	Shareholders' Meeting to approve 2019 Financial Statements	MZBG remuneration	30,000	15,000 ⁽⁸⁾	-	-	-	-	-	45,000	-	-	-	
				Remuneration from subsidiaries and associates	-	-	-	-	-	-	-	-	-	-	-	
				Total	30,000	15,000	-	-	-	-	-	45,000	100%	-	-	

(*) variable remuneration accrued (but not yet paid) for objectives achieved in 2019.

Name and surname	Office	Period in which office was held	Expiration of office	Fixed remuneration		Remuneration for participation in committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Fair value of equity-based remuneration	Total	Proportion fixed to variable component		End-of-office-or employment termination entitlement
							Bonuses and other incentives (*)	Profits sharing					Fixed	Variable	
Fabio Facchini	Chairman of the Board of the Statutory Auditors	1.1.2019-31.12.2019	Shareholders' Meeting to approve 2019 Financial Statements	MZBG remuneration	37,500	-	-	-	-	-	-	37,500	-	-	-
				Remuneration from subsidiaries and associates	-	-	-	-	-	-	-	-	-	-	-
				Total	37,500	-	-	-	-	-	-	37,500	100%	-	-
Simona Gnudi	Standing Auditor	1.1.2019-31.12.2019	Shareholders' Meeting to approve 2019 Financial Statements	MZBG remuneration	25,000	-	-	-	-	-	-	25,000	-	-	-
				Remuneration from subsidiaries and associates ⁽⁹⁾	25,100	-	-	-	-	-	-	25,100	-	-	-
				Total	50,100	-	-	-	-	-	-	50,100	100%	-	-
Franco Squizzato	Standing Auditor	1.1.2019-31.12.2019	Shareholders' Meeting to approve 2019 Financial Statements	MZBG remuneration	25,000	-	-	-	-	-	-	25,000	-	-	-
				Remuneration from subsidiaries and associates ⁽¹⁰⁾	12,000	-	-	-	-	-	-	12,000	-	-	-
				Total	37,000	-	-	-	-	-	-	37,000	100%	-	-

(*) variable remuneration accrued (but not yet paid) for objectives achieved in 2019.

Name and surname	Office	Period in which office was held	Expiration of office	Fixed remuneration		Remuneration for participation in committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Fair value of equity-based remuneration	Total	Proportion fixed to variable component		End-of-office-or employment termination entitlement
							Bonuses and other incentives (*)	Profits sharing					Fixed	Variable	
Pascal Héritier	General Manager	1.1.2019-31.12.2019	n/a	MZBG remuneration	200,000	-	29,992	-	-	-	-	229,992	-	-	-
				Remuneration from subsidiaries and associates ⁽¹¹⁾	136,318	-	-	-	-	-	136,318	-	-	-	
				Total	336,318	-	29,992	-	-	-	366,310	92%	8%	-	
Leonardo Rossi	Manager with Strategic Responsibilities (Chief Financial Officer)	1.1.2019-31.12.2019	n/a	MZBG remuneration	200,000	-	21,577	-	-	-	-	221,577	-	-	-
				Remuneration from subsidiaries and associates	-	-	-	-	-	-	-	-	-		
				Total	200,000	-	21,577	-	-	-	221,577	90%	10%	-	
Giorgio Boggero	Manager with Strategic Responsibilities	1.1.2019-31.12.2019	n/a	MZBG remuneration	362,856	-	16,183	-	-	-	-	379,039	-	-	-
				Remuneration from subsidiaries and associates ⁽¹²⁾	46,000	-	-	-	-	-	46,000	-	-	-	
				Total	408,856	-	16,183	-	-	-	425,039	96%	4%	-	

(*) variable remuneration accrued (but not yet paid) for objectives achieved in 2019.

Name and surname	Office	Period in which office was held	Expiration of office	Fixed remuneration		Remuneration for participation in committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Fair value of equity-based remuneration	Total	Proportion fixed to variable component		End-of-office-or employment termination entitlement
							Bonuses and other incentives (*)	Profits sharing					Fixed	Variable	
Francesco Cantini	Manager with Strategic Responsibilities	1.1.2019-17.03.2019	n/a	Compensi MZBG	105,976	-	_(13)	-	-	-	-	105,976	-	-	-
				Compensi società controllate e collegate ⁽¹⁴⁾	9,667	-	-	-	-	-	9,667	-	-	-	
				Totale	115,643	-	-	-	-	-	115,643	100%	-	-	

(*) variable remuneration accrued (but not yet paid) for objectives achieved in 2019.

- (1) Of which: Euro 1,419,191 as Board member and Chairman of Massimo Zanetti Beverage SA and Euro 150,000 as Board member and Chairman of Meira OY Ltd..
- (2) Of which: Euro 15,000 as Board member of Massimo Zanetti Beverage S.A., Euro 100,000 as Board member of Segafredo Zanetti S.p.A., Euro 30,000 as Board member of La San Marco S.p.A., Euro 50,000 as Chairman of Segafredo Zanetti Coffee System S.p.A. and Euro 153,614 as manager of Segafredo Zanetti Coffee System S.p.A..
- (3) Of which: Euro 15,000 as Board member of Massimo Zanetti Beverage SA, Euro 100,000 as Board member of Segafredo Zanetti S.p.A., Euro 30,000 as Board member of La San Marco S.p.A. and Euro 100,000 as manager of Segafredo Zanetti S.p.A.
- (4) Of which: Euro 10,000 as Board member of Massimo Zanetti Beverage SA, Euro 100,000 as Chief Executive Officer of Segafredo Zanetti S.p.A., Euro 50,000 as Chairperson of the Board of Directors of La San Marco S.p.A., Euro 20,000 as Chief Executive Officer of Segafredo Zanetti Coffee System S.p.A., Euro 10,000 as Board member of Tiktak/Segafredo Zanetti Nederland BV, Euro 10,000 as Board member of Segafredo Zanetti France S.A.S., Euro 10,000 as Board member of Segafredo Zanetti Australia Pty Ltd. and Euro 165,705 as manager of Segafredo Zanetti S.p.A.
- (5) As Managing Director of Brodies Melrose Drysdale & Co Ltd.
- (6) Of which: Euro 10,000 as fixed remuneration as a member and Chairperson of the Audit and Risk Committee, Euro 5,000 as fixed remuneration as a member of the Nominating and Remuneration Committee and Euro 10,000 as fixed remuneration as a member and Chairperson of the Related Parties Committee.
- (7) Of which: Euro 5,000 as fixed remuneration as a member of the Audit and Risk Committee, Euro 10,000 as fixed remuneration as a member and Chairperson of the Nominating and Remuneration Committee and Euro 5,000 as fixed remuneration as a member of the Related Parties Committee.
- (8) Of which: Euro 5,000 as fixed remuneration as a member of the Audit and Risk Committee, Euro 5,000 as fixed remuneration as a member of the Nominating and Remuneration Committee and Euro 5,000 as fixed remuneration as a member of the Related Parties Committee.
- (9) Of which Euro 8,100 as member of the Board of Statutory Auditors of Segafredo Zanetti S.p.A. (April 9, 2019 - December 31, 2019), Euro 8,000 as member of the Board of Statutory Auditors of Segafredo Zanetti Coffee System S.p.A. and Euro 9,000 as member of the Board of Statutory Auditors of La San Marco S.p.A..
- (10) As Chairperson of the Board of Statutory Auditors of Segafredo Zanetti Coffee System S.p.A..

- (11) Of which: Euro 52,200 as Chief Executive Officer of Massimo Zanetti Beverage S.A.; Euro 25,000 as Chief Executive Officer of Segafredo Zanetti Espresso Worldwide Ltd.; Euro 12,567 as President of Segafredo Zanetti Japan Inc.; Euro 11,252 as President of Boncafe International Pte Ltd; Euro 5,000 as General Manager of Segafredo Zanetti Austria GmbH; Euro 5,000 as Board member of Massimo Zanetti Beverage (Thailand) Ltd; Euro 5,000 as Board member of Segafredo Zanetti (Thailand) Ltd; Euro 10,000.00 as Board member of Segafredo Zanetti Australia Pty Ltd. and Euro 10,000.00 as Board member of Bean Alliance Group PTY Ltd.
- (12) Of which: Euro 30,000 as Chairperson of the Board of Directors of Massimo Zanetti Beverage Ibéria S.A.; Euro 1,000 as Board member of Segafredo Zanetti Hellas S.A. and Euro 15,000 as Board member of Segafredo Zanetti Poland Sp.z.o.o. (April 1, 2019 – December 31, 2019).
- (13) Mr. Cantini acted as the Company's Managing Director Northern Europe until March 17, 2019. Since these are voluntary resignations, in accordance with art. 7.1 of the 2018-2020 Incentive Plan Regulation, the rights arising from the Regulation are automatically forfeited on the termination date of the relationship.
- (14) Of which Euro 5,000 as Board member of Meira Oy Ltd. (January 1, 2019 – March 31, 2019) and Euro 4,667 as Board member of Segafredo Zanetti Poland Sp.z.o.o. (January 1, 2019 – March 17, 2019).

TABLE 2

Cash incentive plans for the members of the administrative body,
General Managers and other Managers with Strategic Responsibilities
(remuneration expressed in Euro)



Name and surname	Office		Plan	Bonus for the year			Bonuses for previous years			Other bonuses
				Payable/ Paid	Deferred	Deferral period	No longer payable	Payable/ Paid	Still deferred	
Massimo Zanetti	Chairman of the Board of Directors Chief Executive Officer	MZBG remuneration	LTI 2018-2020	-	185,669 ⁽¹⁵⁾	2021	-	304,372	941,713 ⁽¹⁶⁾	-
			LTI 2015-2017	-	-	-	-	100,165	42,724 ⁽¹⁷⁾	-
		Remuneration from subsidiaries and associates	-	-	-	-	-	-	-	-
		Total		-	185,669	-	-	404,537	984,437	-
Massimo Mambelli	Director (**)	MZBG remuneration	LTI 2015-2017	-	-	-	-	26,130	11,146 ⁽¹⁸⁾	-
		Remuneration from subsidiaries and associates	-	-	-	-	-	-	-	-
		Total		-	-	-	-	26,130	11,146	-
Leonardo Rossi	Manager with Strategic Responsibilities (Chief Financial Officer)	MZBG remuneration	LTI 2018-2020	-	21,577 ⁽¹⁹⁾	2021	-	19,091	59,066 ⁽²⁰⁾	-
		Remuneration from subsidiaries and associates	-	-	-	-	-	-	-	-
		Total		-	21,577	-	-	19,091	59,066	-

(**) Executive Director until June 17, 2018.

Name and surname	Office		Plan	Bonus for the year			Bonuses for previous years			Other bonuses
				Payable/ Paid	Deferred	Deferral period	No longer payable	Payable/ Paid	Still deferred	
Pascal Héritier	General Manager	MZBG remuneration	LTI 2018-2020	-	29,992 ⁽²¹⁾	2021	-	49,166	152,119 ⁽²²⁾	-
			LTI 2015-2017	-	-	-	-	23,952	10,217 ⁽²³⁾	-
		Remuneration from subsidiaries and associates	-	-	-	-	-	-	-	-
		Total	-	29,992	-	-	73,118	162,336	-	
Giorgio Boggero	Manager with Strategic Responsibilities	MZBG remuneration	LTI 2018-2020	-	16,183 ⁽²⁴⁾	2021	-	26,529	82,079 ⁽²⁵⁾	-
			LTI 2015-2017	-	-	-	-	7,954	4,458 ⁽²⁶⁾	-
			MBO 2019	-	-	-	-	-	-	-
		Remuneration from subsidiaries and associates	-	-	-	-	-	-	-	
		Total	-	16,183	-	-	34,483	86,537	-	

Name and surname	Office		Plan	Bonus for the year			Bonuses for previous years			Other bonuses
				Payable/ Paid	Deferred	Deferral period	No longer payable	Payable/ Paid	Still deferred	
Francesco Cantini	Manager with Strategic Responsibilities	MZBG remuneration	LTI 2018-2020	-	_(27)	-	-	-	-	-
			LTI 2015-2017	-	-	-	-	-	_(28)	-
			MBO 2019	-	-	-	-	-	-	-
		Remuneration from subsidiaries and associates	-	-	-	-	-	-	-	
		Total	-	-	-	-	-	-	-	

(15) Equal to 100% of the 2019 share of Component B (payable on the achievement of the Cumulative Consolidated FCF Target for the three-year period).

(16) Of which Euro 456,558, equal to 60% of the 2018 share of Component A (payable in two tranches of equal amount in 2020 and in 2021) and Euro 485,155 equal to 100% of the 2018 share of Component B (payable on the achievement of the Cumulative Consolidated FCF Target for the three-year period).

(17) LTI 2015-2017 payable in 2020.

(18) LTI 2015-2017 payable in 2020.

(19) Equal to 100% of the 2019 share of Component B (payable on the achievement of the Cumulative Consolidated FCF Target for the three-year period).

(20) Of which Euro 28,636, equal to 60% of the 2018 share of Component A (payable in two tranches of equal amount in 2020 and in 2021) and Euro 30,430 equal to 100% of the 2018 share of Component B (payable on the achievement of the Cumulative Consolidated FCF Target for the three-year period).

(21) Equal to 100% of the 2019 share of Component B (payable on the achievement of the Cumulative Consolidated FCF Target for the three-year period).

(22) Of which Euro 73,350, equal to 60% of the 2018 share of Component A (payable in two tranches of equal amount in 2020 and in 2021) and Euro 78,369 equal to 100% of the 2018 share of Component B (payable on the achievement of the Cumulative Consolidated FCF Target for the three-year period).

(23) LTI 2015-2017 payable in 2020.

(24) Equal to 100% of the 2019 share of Component B (payable on the achievement of the Cumulative Consolidated FCF Target for the three-year period).

(25) Of which Euro 39,794, equal to 60% of the 2018 share of Component A (payable in two tranches of equal amount in 2020 and in 2021) and Euro 42,285 equal to 100% of the 2018 share of Component B (payable on the achievement of the Cumulative Consolidated FCF Target for the three-year period).

(26) LTI 2015-2017 payable in 2020.

- (27) Mr. Cantini acted as the Company's Managing Director Northern Europe until March 17, 2019. Since these are voluntary resignations, in accordance with art. 7.1 of the 2018-2020 Incentive Plan Regulation, the rights arising from the Regulation are automatically forfeited on the termination date of the relationship.
- (28) Mr. Cantini acted as the Company's Managing Director Northern Europe until March 17, 2019. Since these are voluntary resignations, in accordance with art. 7.1 of the 2015-2017 Incentive Plan Regulation, the rights arising from the Regulation are automatically forfeited on the termination date of the relationship.

SECTION III

INFORMATION ON SHAREHOLDINGS HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS, GENERAL MANAGERS AND MANAGERS WITH STRATEGIC RESPONSIBILITIES

In accordance with Art. 84-*quater* of the Issuer Regulation, the table below provides the names of the members of the Board of Directors and Board of Statutory Auditors, the General Manager and, on an aggregate basis, of the Managers with Strategic Responsibilities holding shareholdings in MZBG and its subsidiaries.

Name and surname	Office	Period in which office was held	Shareholding in company	Number of shares held at the end of the 2018 FY	Number of shares purchased	Number of shares sold	Number of shares held at the end of the 2019 FY
Massimo Zanetti	Chairman of the Board of Directors and CEO	1.1.2019-31.12.2019	Massimo Zanetti Beverage Group S.p.A. ⁽¹⁾	23,339,963	0	0	23,339,963
Pascal Héritier	General Manager	1.1.2019-31.12.2019	Massimo Zanetti Beverage Group S.p.A.	1,400	2,000	0	3,400
Managers with Strategic Responsibilities				0	0	0	0

(1) Indirect shareholding held through the subsidiary MZ. Industries S.A.

Information index

Issuer Regulation, Annex 3A, Schedule 7-bis, Section I

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C	Name of the independent experts that assisted with the preparation of the remuneration policy	14	6
D	The aims pursued through the remuneration policy, the underlying principles and any changes in the remuneration policy compared to the previous year	9 - 10	2
E	Description of the policies regarding fixed and variable components of remuneration, particularly with regard to the relative weightings within the overall remuneration, with distinction between short and medium-to-long term variable components	10 - 13	3
F	Policy applied with regard to non-monetary benefits	14	4
G	With respect to variable components, a description of the performance objectives on the basis of which they are assigned, distinguishing between short and medium-to-long-term variable components, and information on the link between the change in results and the change in remuneration	11 - 13	3.2
H	Criteria used to evaluate performance objectives forming the basis of the allocation of shares, options, other financial instruments or other variable components of remuneration	11 - 13	3.2
I	Information intended to demonstrate that the remuneration policy is consistent with pursuing the company's long-term interests and with the risk management policy, where formalized	10 - 13	3
J	Vesting periods, deferred payment systems, if any, with indications of deferral periods and criteria used to determine these periods and ex-post correction mechanisms, where applicable	11 - 13	3.2

Schedule	Information	Page	Paragraph
K	Information on any provisions for maintaining financial instruments in portfolio after their acquisition, with an indication of the holding periods and the criteria used to determine these periods	n.a.	n.a.
L	Policy on the remuneration due in the event of termination of office or termination of the employment relationship, specifying in which circumstances the right arises and any link between this remuneration and the performance of the company	14	5
M	Information on any insurance, social security or pension plans, other than obligatory schemes	14	4
N	Remuneration policy, if any, with regard to (i) independent directors, (ii) committee membership and (iii) the performance of specific duties (chairperson, deputy chairperson, etc.)	10	3.1
O	Information on the use of the remuneration policies of other companies and, if so, the criteria used for the selection of these companies.	14	6