

MASSIMO ZANETTI BEVERAGE GROUP S.P.A.

REGULATION OF THE INCENTIVE PLAN CASH LONG TERM INCENTIVE OF MASSIMO ZANETTI BEVERAGE GROUP

This regulation (the "**Regulation**") sets out the terms and conditions of the long-term incentive Plan of Massimo Zanetti Beverage Group S.p.A. (hereinafter referred to as "**MZBG**" or as the "**Company**") for the three-year period 2015-2017 (the "**Plan**").

The Plan transposes the recommendations of the Corporate Governance Code (*Codice di Autodisciplina*) for listed companies approved by the Corporate Governance Committee, as amended from time to time (the "**Corporate Governance Code**").

DEFINITIONS

Unless otherwise specified, the following terms shall have the meaning indicated below, it being understood that the terms and expressions defined as male will also include any female expressions and that the terms and expressions defined in the singular shall be also referred to in the plural, and vice versa.

- **Annual Consolidated EBITDA Target:** means the value of the Company's consolidated Ebitda to be achieved annually over the course of the financial years 2015, 2016 and 2017, as defined by the Board of Directors.
- **Board of Directors:** means the Company's Board of Directors.
- **Company:** means the Company.
- **Executive Directors:** means the Issuer's directors qualifying as "*amministratori esecutivi*" under the Corporate Governance Code.
- **FCF:** Free Cash Flow.
- **Incentives:** means the cash amounts payable under the Plan in accordance with the terms, conditions and in the manners described in the Regulation.
- **Incentives Calculation Method:** means the method of calculation of the Incentives under this Regulation.
- **Individual Form:** means the form sent to a Recipient notifying his/her inclusion in the Plan and setting forth the relevant Performance Targets, the Total Individual Incentive and the Incentives Calculation Method.
- **Key Managers:** means the Issuer's key managers qualifying as "*dirigenti con responsabilità strategiche*" under the Corporate Governance Code.
- **Nominating and Remuneration Committee:** means the nominating and remuneration committee of the Company.
- **Performance Targets or Targets:** means the Annual Consolidated Ebitda Target and the Three-Year Consolidated FCF Target.
- **Plan:** means the long-term incentive Plan governed by this Regulation.
- **Recipients:** shall have the meaning ascribed thereto in Article 2 of this Regulation.

- **Regulation:** means this Regulation.
- **Relationship:** means the management and/or employment and/or self-employment relationship in place between a Recipient and the Company.
- **Three-Year Consolidated FCF Target:** means the Company's consolidated Free Cash Flow value to be achieved during the three year period 2015-2017 (three year cumulative value), as defined by the Board of Directors.
- **Total Individual Incentive:** means the aggregate amount of Incentives accruing in favor of the Recipient under the Plan on the basis of his/her achievement of the Performance Targets, in accordance with the Regulation.

1. PURPOSES AND GENERAL CHARACTERISTICS

The Board of Directors has established the Plan in order to:

- reward the short and long term *performance* of MZBG and strengthen the alignment between the interests of the management and of the shareholders;
- develop *retention* policies aimed at building up loyalty of key resource of the Company and to encourage their staying with MZBG;
- develop *attraction* policies addressed to talented managerial and professional persons.

The terms, conditions and operative rules of the Plan are set forth in this Regulation.

The Plan provides for the granting of incentives on an annual and on a three-year basis upon achievement of predetermined *performance* quantitative targets, as described in Article 5 below.

The authority for administering the Plan rests with the Company's Board of Directors, which may delegate its powers, duties and responsibilities to one or more of its members, in which case, any reference made to the Board of Directors is to be deemed made to such members.

2. RECIPIENTS

The Plan is reserved exclusively to the Executive Directors and to the Key Managers of the Company (hereinafter referred to as the "**Recipients**"), identified by the Board of Directors on a nominative basis, with the abstention of persons concerned, upon proposal of the Managing Director, subject to the favorable opinion of the Nominating and Remuneration Committee, who at the time of their inclusion in the Plan, meet the following requirements:

- 1) have a Relationship with the Company;
- 2) have not notified their intention to terminate the Relationship;
- 3) have not received a communication of the Company concerning the termination of the Relationship for dismissal, withdrawal or revocation;
- 4) have not agreed to the mutual termination of the Relationship.

Each Recipient is notified of his/her inclusion in the Plan by way of delivery of an Individual Form, setting forth the Performance Targets, the Total Individual Incentive and the Incentives Calculation Method. This Regulation governing the Plan is attached to the Individual Form, to

form an integral part thereof.

In order to perfect participation in the Plan, the Recipient must return a copy of the Individual Form signed for acceptance and a copy of the Regulation initialed on each page within ten calendar days from the day of receipt of the Individual Form under penalty of forfeiture. Execution of the Individual Form implies full and unconditional acceptance of all the provisions, conditions and terms set forth in, and regulated by, the Regulation.

3. INCENTIVES

Payment of the Incentives is commensurate to the degree of achievement of the Performance Targets as specified in the Individual Form.

The amount of the Incentives reserved to a Recipient and payable upon achievement of the Performance Targets is determined by the Board of Directors and communicated to the Recipient by delivery of the Individual Form.

Payment of the Incentives, even if repeated over time, is to be considered a one-off payment and does not give the Recipients any right of a contractual or other nature to receive any additional rewards, incentives or any other replacement benefits in the future.

4. TERM

The Plan has a term of three years from January 1, 2015 to December 31, 2017 (the "**Plan Period**"). The Board of Directors has the power to offer the Plan for further periods of one or three years, identifying the Recipients of the Plan and defining the amount of the incentives and the *performance* targets.

5. PERFORMANCE TARGETS, TOTAL INDIVIDUAL INCENTIVE AND PLAN OPERATIVE RULES

The Performance Targets relevant for the Plan are defined by the Board of Directors at the beginning of the Plan Period and are communicated to the Recipient, at the time of his/her inclusion in the Plan, by way of delivery of the Individual Form.

Achievement of the Performance Targets is verified by the Board of Directors at the end of each reference fiscal year, as far as the Annual Consolidated Ebitda Target is concerned and, at the end of the three year reference period for the Three-Year Consolidated FCF Target.

The Board of Directors has the faculty of amending unilaterally and in good faith the values of the Performance Targets - already accepted by the Recipients - if (i) it is required from a management perspective in order to make the Performance Targets consistent with the annual performance targets approved after the approval of the Plan (e.g. Ebitda targets defined in the context of annual budgeting); or (ii) if any changes occur in the structural conditions of the Company and/or of the group belonging to the Company (the "**Group**") and/or in the business or in case of extraordinary and/or unpredictable events that may affect the markets in which the Company and/or the Group operates.

In the abovementioned cases, the Board of Directors shall immediately inform the Recipients of the changes made to the Performance Targets.

It is understood that, in administering the Plan, the Board of Directors, will act on the basis of "fairness and favor" principles, in order to preserve, in the long run, the incentivizing nature thereof.

The amount of the Total Individual Incentive is determined on the basis of two components:

- (A) depending on the value of the consolidated Ebitda actually achieved by the Company during each fiscal year included in the three year period 2015-2017 compared against the corresponding value of the Annual Consolidated Ebitda Target (the "**Component A**");
- (B) depending on the value of the consolidated Free Cash Flow actually achieved by the Company during the three year period 2015-2017 (three year cumulative value), compared against the corresponding value of the Three-Year Consolidated FCF Target (the "**Component B**").

For the calculation of the Incentives to be paid under the Plan, the following rules apply:

- in relation to both components, three levels of achievement of the relevant Performance Target (Minimum, Target and Maximum) are set, each with a corresponding specific value of the relevant Incentive;
- no incentive will be paid for results below the Minimum level (*Floor*);
- for results above the Maximum level, the Incentive payable will be, in all cases, equal to the Incentive set for the Maximum level (*Cap*);
- each component of the Total Individual Incentives is totally independent from the other component: a failure to achieve the Minimum level or an overstepping of the Maximum level with respect to one component will have no effect on the quantification of the other component;
- the amount of Incentives payable for the achievement of results falling between the Minimum level and the Maximum level of each Performance Target will be determined in a manner directly proportional to the results obtained (linear interpolation).

5.1 Component A) of the Total Individual Incentive

5.1.1 Calculation of the Component A) of the Total Individual Incentive

Upon achievement of the Annual Consolidated Ebitda Target of a reference year, the Recipient will be entitled to receive payment of the relevant Incentive specified in the Individual Form (the "**Component A Incentive**"), in accordance with Article 5.1.3.

If, during the reference year, the Company achieves a consolidated Ebitda value higher or lower than the applicable Annual Consolidated Ebitda Target, but in any case, falling within a predetermined minimum and maximum range (which shall be indicated in the Individual Form), the amount of the Component A Incentive, respectively:

- will be increased linearly, up to a maximum of 130% of the Component A Incentive value (*Cap*);
- will be decreased linearly, up to a minimum of 70% of the Component A Incentive value (*Floor*).

5.1.2 Ebitda/Gross Margin adjustment

Once the amount of the Component A Incentive has been calculated in accordance with the foregoing Article 5.1.1, said amount may vary up or down based on the percentage variation ($\Delta\%$) between the value of the Ebitda/consolidated Gross Margin ratio of the Company in the reference year and the corresponding target value specified in the Individual Form.

5.1.3 Payment of the Component A Incentive

The Component A Incentive will be paid as follows:

- 40% will be paid by no later than 90 days of the date of approval by the Shareholders' Meeting of the Company's consolidated financial statement for the year, to which the Component A Incentive refers to;
- the remaining 60% will be paid in *tranches* of equal amount over the subsequent two fiscal years, within and by no later than 90 days of the date of approval by the Shareholder's Meeting of the relevant Company's consolidated financial statements, provided that on the payment date of each *tranche* none of the circumstances referred to in Article 5.4 has occurred (the "**Residual Part of Component A Incentive**"). For all intents and purposes, it is expressly understood that the Residual Part of the Component A Incentive will not be subject to any form of revaluation or the like.

5.2 Component B) of the Total Individual Incentive

5.2.1 Calculation of Component B) of the Total Individual Incentive

Upon achievement of the Three-Year Consolidated FCF Target, the Recipient will be entitled to receive payment of the relevant Incentive specified in the Individual Form (the "**Component B Incentive**").

If the Company achieves a consolidated FCF value on a three year basis higher or lower than the Three-Year Consolidated FCF Target, but in any case, falling within a predetermined minimum and maximum range (which shall be indicated in the Individual Form), the amount of the Component B Incentive, respectively:

- will be increased linearly, up to a maximum of 130% of the Component B Incentive value (*Cap*);
- will be decreased linearly, up to a minimum of 70% of the Component B Incentive value (*Floor*).

5.2.2 Share Price adjustments

Once the amount of the Component B Incentive has been calculated in accordance with the foregoing Article 5.2.1, said amount may vary up or down based on the percentage variation ($\Delta\%$) between the IPO Price of the MZBG shares and the average share Price of the MZBG shares during the last 30 days prior to date of calculation of final balances occurring at the end of the three-year period relevant for the accrual of the Incentive.

In case of grouping and splitting of the MZBG shares, merger or demerger of the Company and/or other equity transactions, which may have a material effect on the share price, the Board of Directors, upon calculating the final balances, will consider the opportunity of rectifying the average price per share for the purposes of a fair and equitable application of the adjustment.

5.2.3 Payment of the Component B Incentive

The Component B Incentive will be paid in full within 90 days of the approval by the Shareholders' Meeting of the Company's consolidated financial statement for the last year included in the three-year reference period.

5.3 General rules for calculation of final balances

The Recipients will be entitled to receive the Incentives to the extent that his/her Performance Targets have been achieved and in accordance with the terms set forth in this Regulation.

Calculation of the final balance of the Performance Targets achieved will be the exclusive competence of the MZBG Board of Directors and will be disclosed to any Recipient of the Plan.

The level of achievement of the Performance Targets will be determined on a constant business perimeter basis i.e., by neutralizing the effects of any acquisitions and/or disposals of companies and/or branches and/or other similar transactions that can materially influence the level of achievement of the Performance Targets.

The final balance of the Performance Targets will be calculated net of corporate costs arising from the payment of the Incentives under the Plan.

5.4. Malus Condition

The accrual, and in particular the payment, of the Residual Part of the Component A Incentive will be subject to the conditions that, on the payment date, the relevant Recipient:

- has not incurred in any disciplinary actions, based, among other things, on the provisions of the Code of Ethics (*Codice Etico*) and of the Organization, Management and Control Model under Legislative Decree 231/2001 adopted by the Company;
- 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.

For the purposes of the foregoing, the Board of Directors, after consultation with the Nominating and Remuneration Committee, will consider, at its undisputable judgment, the severity of the violation, by taking into account, among others:

- the nature and type of violated rules (for this purpose, violations of laws and regulations will assume the highest degree of relevance);
- the risks to which the Company is exposed as a result of such violations;
- the actual relevance of the violation (also in terms of frequency and of good faith of the relevant subject) and the effects (even just potential) on the operations and financial strength of the Company;
- the external relevance of the violation vis-à-vis customers, suppliers, authorities, investors, *stakeholders* and the general public, including potential reputation damages.

5.5 Claw Back Mechanism

If within a period of 3 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 a 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.

6. NON-TRANSFERABILITY

The right to the Incentive is personal and cannot be transferred, assigned, pledged or be subject to disposals of any nature, except under the laws of descent and distribution.

It is understood that in case of death of a Recipient, his/her successors will be entitled to receive a portion of the Incentive as regulated under Article 7.2.3.

7. TERMINATION OF EMPLOYMENT

7.1 General provisions on termination of the employment relationship

Without prejudice to Article 7.2 below, a Recipient's rights arising from the Regulation will be automatically forfeited on the date of termination of the Relationship between the Recipient and the Company, for any reason.

In all cases, the accrual of any rights arising under the Regulation (even on a pro-quota basis) is expressly excluded if, on the date of payment of an Incentive, the relevant Recipient is in any notice period (either worked or not), or in other similar circumstances as applicable under the law or by contract.

7.2 Termination of the Relationship under special circumstances

7.2.1 This Article applies where the Relationship between a Recipient and the Company terminates due to:

- (i) termination by mutual consent;
- (ii) admission of the Recipient to any pension treatment due to old-age, seniority contribution or disability, provided that this results in the termination of the Relationship;
- (iii) transfer of the business or of part of the business, in which the Recipient works to an entity not controlled by MZBG.

7.2.2 In case Article 7.2.1 applies, any right of the Recipient to receive payment of Incentives under the Plan will continue to be governed by the provisions of this Regulation, except as provided under Article 7.2.3.

7.2.3 i) - Component A of the Individual Incentive

- termination in 2015: loss of any right to payment of the Component A Incentive throughout the Plan Period;
- termination in 2016 or in 2017: loss of 50% of the Residual Part of the Component A Incentive; payment *pro-quota* of any amount accruing upon achievement of the Annual Consolidated Ebitda Target of MZBG as regulated in Article 7.2.3 ii); and payment of the remaining 50% of the Residual Part of the Component A Incentive;

- termination in 2018: no loss of entitlement to payment of any Component A Incentive accrued under the Plan.

7.2.3 ii) - Component B of the Individual Incentive

If any of the circumstances referred to in Article 7.2.1 occurs:

- termination in 2015: loss of any right to payment of the Component B Incentive;
- termination in 2016 or in 2017 before the last day of the three-year reference period: the Component B Incentive shall be determined in accordance with the following formula:

$$a * b/c$$

where:

a = Incentive awarded to the Recipient under the Plan.

b= total number of calendar months comprised between the starting date of the Plan Period until the date of termination of the Relationship.

c = total number of calendar months comprised between the start date of the Plan Period until the last day of the Plan Period.

In all cases, the calculation of the Component B Incentive will be determined on the basis of the Target result level.

- termination in 2018: no loss of rights to the payment of the Component B Incentive accrued under the Plan

8. APPLICABLE LAW

The Regulation is governed and regulated by the Italian law.

By signing this Regulation, the Recipient expressly consents that any dispute arising out of, or relating to, the interpretation and the performance of the Plan and of the Regulation will be of the exclusive jurisdiction of the Court of Treviso.

9. MISCELLANEOUS PROVISIONS

9.1 Relevance of the Plan on contractual terms

For reasons of convenience in the administration of the Plan, the Incentives paid under the Plan shall be deemed already inclusive of the economic effect thereof on any indirect legal or contractual applicable scheme (and thus, without limitation, on the indemnity in lieu of notice, on the supplementary allowance, on the severance indemnity, on the allowance in lieu of leave not taken, on thirteenth monthly paycheck and on holidays) and will not be part of the taxable amount used to calculate the amounts payable under any integrative assistance plan of the Company.

Nothing contained in this Regulation will, for any reason, be interpreted or regarded as creating an obligation for MZBG to continue or preserve the Relationship between the Recipient and the Company for the period of validity of the Plan or will it limit in any way, in whole or in part, the right of MZBG to terminate the Relationship between the Company and the Recipient with or without just cause.

9.2 Amendments to the Regulation

The Board of Directors may at any time amend the Regulation as it deems appropriate, in order to (i) conform the Plan to the legislation in force from time to time; or (ii) to ensure that the Recipient and/or the Company may benefit or continue to benefit from favorable legislation. The Board of Directors will promptly inform the Recipients of the above amendments within 30 (thirty) business days from their adoption.

The existence of the Plan, the Regulation, and of the rights awarded hereunder shall not limit in any way the right of the Company - or of any subsidiary thereof - to make or authorize any type of variation, recapitalization, reorganization or other alteration to the capital structure, merger or consolidation, dissolution or winding-up or any sale or transfer of all or part of the goods or assets, or any other corporate action or process.

In the event that any provision of the Regulation is or becomes invalid, such circumstance shall not affect the validity of the other provisions. Any invalid provision in accordance with the law shall be replaced by a provision which best reflects the economic reason pursued by the invalid provision.

9.3 Taxation and Contributions

The amounts paid under the Plan constitute employment income (or assimilated income for all directors that may be included in the Plan) and as such are subject to the relevant social security and tax contributions and already include the economic effect thereof on any direct and indirect compensation scheme.

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