



**DAVIDE CAMPARI-MILANO N.V.
EXPLANATORY REPORT OF THE BOARD OF DIRECTORS
PURSUANT TO ARTICLES 114-BIS AND 125-TER TUF**

General Meeting of 13 April 2023

APPROVAL OF THE STOCK OPTION PLAN
PURSUANT TO ARTICLE 114-BIS OF THE TUF

Dear shareholders,

The assignment of stock options relating to shares in Your Company is governed by the relevant '*Regulation for the assignment of stock options*' (the 'Regulation') approved by the Remuneration and Appointment Committee, based on a mandate from the Board of Directors dated 13 May 2014, as subsequently modified and amended.

The Regulation (available on the website www.camparigroup.com) sets out the general terms and principles underlying the assignment of stock options, while the Issuer's general meeting defines for each specific stock option plan:

- (i) the maximum number of options that may be assigned to the categories of Beneficiaries (employees, directors and associates of Campari Group companies);
- (ii) the start and end date of the period during which the options may be exercised; and
- (iii) the time frame within the competent corporate bodies may actually assign the options.

In accordance with the framework set out in the Regulation, the Board of Directors therefore proposes to approve a stock option plan this year:

- for a maximum number of Options equal to the ratio between 6,000,000 Euros and the Exercise Price for the category of Beneficiaries other than the members of the Board of Directors, while no Options shall be assigned to the members of the Board of Directors;
- exercisable in the two-year period following the end of the fifth year following the date of assignment;
- granting all necessary powers to implement the Plan by 30 June 2024 to the competent corporate bodies authorised to implement the Plan, as approved by the Issuer's general meeting.

In the following section of this report, the Board of Directors sets out all the details regarding the stock option plan (the key features of which have just been explained) in accordance with the instructions shown in Schedule 7 of Annex 3A of the Consob Issuer Regulation.

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GLOSSARY

Beneficiaries: the employees and/or directors and/or associates of the Campari Group to whom Options have been assigned;

Board of Directors: the Issuer's board of directors;

Exercise Period: the period set forth in the Plan during which the Beneficiaries have the right to exercise the Options;

Exercise Price: the value equal to the arithmetic average of the official stock exchange price in the 30 days preceding the assignment of the Options;

Issuer: Davide Campari-Milano N.V., the parent company of the Campari Group;

Group: the Campari Group controlled by the Issuer;

Options: the options assigned by the Issuer to the Beneficiaries for the subscription and/or purchase of Shares;

Plan: the stock option plan prepared by the Board of Directors, after consultation with the Remuneration and Appointment Committee, and subsequently approved by the Issuer's general meeting;

Regulation: the Regulation that contains the framework principles and the general regulations governing the Plan and available on the Issuer's website www.camparigroup.com;

Shares: the ordinary shares of the Issuer.

1. THE BENEFICIARIES

1.1. The Beneficiaries of the Options have not been identified yet.

1.1.1. Indeed, pursuant to art. 4 of the Regulation, the identification of the Beneficiaries is performed by the competent corporate bodies authorised to implement the Plan, as approved by the Issuer's general meeting:

- (i) the Board of Directors, following consultation with the Remuneration and Appointment Committee, if the Beneficiary is an Issuer's director or carries out general management duties at the Issuer; or
- (ii) the executive managing directors of the Issuer, if the Beneficiary falls into any other category of Beneficiaries.

1.1.2 Pursuant to art. 4 of the Regulation, for the purposes of identifying the Beneficiaries, the competent corporate bodies take into account the importance of the position held by each Beneficiary in the Group, and the Issuer's interest in scaling long-term incentives as part of its strategy.

1.1.3 The competent corporate bodies shall, in any case, observe any quantitative limits approved by the Issuer's general meeting pursuant to art. 3 of the Regulation, specifically: for a maximum number of Options equal to the ratio between 6,000,000 Euros and the Exercise Price for the abovementioned category of Beneficiaries.

1.1.4 The information relating to the effective recipients of the Options will be disclosed to the public upon implementation of the Plan in accordance with all applicable legal provisions and regulations.

1.2 The Regulation provides that Beneficiaries may belong to one of three categories in the Campari Group: employees, directors or associates.

1.2.1. The Options assigned are governed by the same regulations regardless of the category to which each Beneficiary belongs.

1.2.2. The category of Beneficiary is only relevant in terms of any total or partial loss of the Options assigned in the event that he/she loses his/her position (as employee, director or associate) by virtue of which the Options were assigned, through his/her own fault or otherwise (see paragraphs 4.7. and 4.8).

2. REASONS FOR ADOPTING THE PLAN.

2.1. The assignment of Options is the main long-term incentive plan used to:

- (i) attract and retain talented managers who hold key positions in the Group;
- (ii) align the interests of management (through adequate remuneration) and shareholders (through adequate financial gain).

2.1.1 The established timeframe – a two-year Exercise Period running from the end of the fifth year following the date of assignment – was determined to prevent short-term strategy from compromising the effectiveness of the management incentive scheme, as the achievement of certain targets can only be measured several years after they are set and implemented.

2.2. Rights to Options do not accrue on the basis of performance indicators. As long as the individual has maintained his/her position as a director, employee or associate – by virtue of which he/she has been assigned the Options – until their natural expiry, such rights shall accrue. If the Beneficiary loses his/her position on the basis of which he/she was assigned the Options, through no fault of his/her own, the number of Options may be reduced on a *pro rata temporis* basis, and he/she has the right (but not the obligation) to exercise the Options early.

- 2.3. Pursuant to art. 4 of the Regulation, for the purposes of determining the number of Options that can be assigned to each Beneficiary, the competent corporate body considers the importance of the position held by each Beneficiary in the Group, and the Issuer's interest in scaling long-term incentives as part of its strategy.
- 2.4. Not applicable.
- 2.5. The approval of the Plan was not influenced by tax or accounting considerations and will be implemented, in the Issuer's interests, in compliance with tax and accounting provisions in force from time to time.
- 2.6. The Plan will not benefit from the support of the *Fondo speciale per l'incentivazione della partecipazione di lavoratori nelle imprese* (the Italian fund to promote employee shareholding).

3. APPROVAL PROCEDURE AND TIMETABLE FOR ASSIGNING SHARES

- 3.1 The regulations underlying the assignment of Options and the general regulations applicable to Options assigned from time to time is embedded in the Regulation. The Regulation, in particular, sets forth the following procedure:
 - after consultation with the Remuneration and Appointment Committee, the Board of Directors prepares a specific stock option plan to be submitted for approval to Issuer's general meeting.
 - the Issuer's general meeting approves the Plan, specifying:
 - (i) the maximum number of Options to be assigned;
 - (ii) the start and end date of the period during which the Options may be exercised; and
 - (iii) the deadline by which the Plan must be implemented;
 - on the proposal of the Remuneration and Appointment Committee, the Board of Directors or the executive managing directors identifies the Beneficiaries and determines the number of Options to be assigned to each of them, in compliance with the limits established by the Issuer's general meeting and according to the criteria set out in paragraphs 1.1.2 and 2.3.
- 3.2 Pursuant to art. 25 of the Regulation, the Plan's operational administration is conducted by the Issuer's Legal Affairs Department, in conjunction with its Human Resources Department and Treasury Department. With regard to the operational administration of its Plans, always in accordance with the above-mentioned art. 25, the Issuer is assisted by BNP Paribas Securities Services, which operates according to a specific management mandate received from the Issuer.
- 3.3 Pursuant to art. 21 of the Regulation, the general regulations applicable to the Options that have already been assigned may be modified, with the Beneficiary's agreement, by the Board of Directors (after consultation with the Remuneration and Appointment Committee) provided that this is in the Issuer's best interests. The Board of Directors, however, is not allowed to assign new Options in excess of the quantitative limits established by the Issuer's general meeting when the Plan was approved. Pursuant to art. 22 of the Regulation, the Regulation itself (*i.e.*, the framework regulations governing the assignment of Options) may be modified by the Board of Directors (after consultation with the Remuneration and Appointment Committee). The modifications only apply to Options assigned subsequently.
- 3.4 Pursuant to art. 5 of the Regulation, the Issuer's competent corporate bodies may acquire and/or issue the Shares to serve the Plan in accordance with applicable legislation and regulations. It is within the discretionary powers of the Board of Directors to decide whether to acquire the Shares on the market when the Options are assigned or to enter into derivatives contracts to hedge the

risk of price fluctuations, or to raise the capital to serve the Options by another means (e.g., a capital increase).

- 3.5 In the absence of specific delegation of powers and notwithstanding the ordinary administration of the Plan, each director who is not a member of the Remuneration and Appointment Committee contributes to the implementation of the Plan only in his capacity as a member of the Issuer's management body. If a conflict of interest arises, the general provisions and procedures governing transactions in the event of conflicts of interest shall apply. None of the members of the Issuer's Remuneration and Appointment Committee is a Beneficiary of Options under the Plan.
- 3.6 The Issuer's Remuneration and Appointment Committee proposed the Plan on 17 February 2023 and the Board of Directors approved it on 21 February 2023 in view of its submission to the Issuer's general meeting on 13 April 2023.
- 3.7 See Table 1 attached to this information memorandum.
- 3.8 See Table 1 attached to this information memorandum.
- 3.9 As explained in point 4.19 below, the exercise price for the Options is based on the arithmetic average of the official stock market prices in the 30 days preceding the assignment of the Options neutralizing, in this manner, the effect of any sudden increases or decreases in the price of the Shares close to the assignment date. Moreover, the Options have a medium to long term Exercise Period, which makes short-term fluctuations in the price of the Shares less relevant. The Issuer therefore reserves the right to suspend the exercise of Options in certain situations, including, but not limited to, the approval of the annual or *interim* financial statements; the distribution of dividends; the execution of capital transactions which require the number of Shares constituting the Share capital to be accurately stated at a preliminary stage, or transactions that involve changes to the capital; or substantial changes to the structure of the Company's profit and loss statement or balance sheet.

4. THE FEATURES OF THE ASSIGNED INSTRUMENTS

- 4.1. The Plan is structured as a typical stock option plan. It grants Beneficiaries the right to acquire, during the Exercise Period, the Shares at a price established in advance (equal to the arithmetic average of the official stock market prices in the 30 days prior to the assignment date). The Shares are assigned upon payment of the corresponding price (known as "settlement with physical delivery"). However, if the Beneficiary requires it – and with the Issuer's consent – the Issuer may pay to the Beneficiary the difference between the value of the Shares on the date that the Options are exercised and the corresponding Exercise Price.
- 4.2. The Exercise Period has been set as a two-year period running from the end of the fifth year after the date that the Options were assigned.
- 4.3. The competent corporate bodies may assign Options under the Plan until the deadline of 30 June 2023.
- 4.4. Until the deadline for the Plan (see previous paragraph), the competent corporate bodies may grant: a maximum number of Options equal to the ratio between 6,000,000 Euros and the Exercise Price for the category of Beneficiaries other than the members of the Issuer's Board of Directors.
- 4.5. Rights to Options do not accrue on the basis of performance indicators. As long as the individual has maintained his/her position as a director, employee or associate – by virtue of which he/she

has been assigned the Options – until their natural expiry, such rights shall accrue. If the Beneficiary loses his/her position on the basis of which he/she was assigned the Options, through no fault of his/her own, the number of Options may be reduced on a *pro rata temporis* basis and he/she has the right (but not the obligation) to exercise the Options early.

- 4.6. The Options allocated may not be transferred *inter vivos* and the Shares deriving from the exercise of Options could be subject to lock-up period, as indicated in the Regulation.
- 4.7. The Options lapse in the sole event that the Beneficiary loses his/her position (director, employee or associate) by virtue of which he/she was assigned the Options, before they expire, through his/her own fault. If the individual loses his/her position through no fault of his/her own or by mutual written agreement, the Options are reduced on a *pro rata temporis* basis with the additional right (but not the obligation) to exercise the Options early (see paragraph 4.5.).
- 4.8. If the employment relationship ends due to dismissal or resignation, before the expiry of the Options, the assigned Options automatically lapse. If the employment relationship ends due to retirement, events beyond the individual's control or by mutual written agreement, the number of Options assigned is reduced on a *pro rata temporis* basis and the individual has the right (but not the obligation) to exercise the Options early (see the previous paragraph and paragraph 4.5).
- 4.9. Except as stated in the above paragraphs, there are no grounds for cancelling the Plan approved by the Issuer's general meeting.
- 4.10. The Shares allocated through the exercise of the Options are not redeemable by the Issuer.
- 4.11. No loans or other financial assistance shall be granted to Beneficiaries to acquire the Shares deriving from the exercise of the Options.
- 4.12. The Issuer's expected liability shall be calculated with reference to the actual dates on which the Options are assigned, according to the Black-Scholes method.
- 4.13. Any dilutive effects from the implementation of the Plan will depend on whether the Issuer has chosen to raise capital through purchases on the market or through a capital increase. Notwithstanding the Regulation authorising the Issuer to implement the Plan through either the purchase of Shares that have already been issued or via a capital increase, the Issuer has, to date, always chosen to purchase own Shares on the market (in compliance with applicable legislation) and, therefore, there has been no dilutive effect.
- 4.14. Not applicable.
- 4.15. Not applicable.
- 4.16. Each Option grants the right to purchase one Share. This ratio may be changed only in the event of extraordinary transactions that impact the Issuer's capital (see paragraph 4.23).
- 4.17. See paragraph 4.2.
- 4.18. See paragraph 4.2.
- 4.19. The Exercise Price of the Options is equal to the arithmetic average of the official stock market price during the 30 days prior to the assignment date.
- 4.20. Not applicable.
- 4.21. There are no variations in the exercise price for different Beneficiaries or categories of Beneficiaries.
- 4.22. Not applicable.

4.23. The effects of transactions on the Issuer's capital are set out in art. 17 of the Regulation, which establishes the following provisions:

- a) *paid capital increase*: in the event that the Issuer approves a paid capital increase via the issue of new Shares, while there are still unexercised Options, the Beneficiary shall not have any rights.
- b) *mergers or de-mergers*: in the event of extraordinary transactions such as mergers (excluding the absorption by the Issuer of wholly-owned companies) and de-mergers that have an effect on the Issuer's nominal capital, Beneficiaries have the right to exercise Options early, but only in respect of a number of Options reduced on a *pro rata temporis* basis; if the Options are not exercised early, they shall be deemed to have expired, except where the plan for the extraordinary transaction includes (i) the right of Beneficiaries to maintain the Options until their natural expiry (with a change to the exercise price and/or the ratio of Options to Shares, where necessary, to take into account the economic effects of the extraordinary transaction) and/or (ii) the replacement of the Options assigned with new Options that grant the right to purchase Shares after the extraordinary transaction has been completed (to take into account the economic effects of the extraordinary transaction);
- c) *bonus share issue and capital reduction due to losses*: in the event of a capital increase through the conversion of reserves or of a capital reduction due to losses, the ratio of the number of Options assigned and the number of Shares servicing them will be changed correspondingly (e.g., if the capital is doubled, each Option shall grant the right to purchase two Shares);
- d) *voluntary capital reduction*: in the event of a voluntary capital reduction, Beneficiaries are granted the right of early exercise of all Options in a number reduced on a *pro rata temporis* basis (however, for sake of clarity, with no application of what set forth in paragraph 4.2 above). If the Options are not exercised early, they shall continue to be exercisable, in total, until their natural expiry;
- e) *share splits or reverse share splits*: in the event of share splits or reverse share splits, the ratio of the number of Options assigned to the number of Shares servicing them shall be adjusted accordingly;

4.24. Table 1 is attached, with the relevant fields completed.

COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS

Table 1, Schedule 7, Annex 3A of Regulation 11971/1999

Name or category	Position	CHART 2							
		<i>Stock option</i>							
		Section 1 Options relating to plans currently being validated, approved on the basis of previous resolutions by shareholders' meeting							
		Date of general meeting resolution	Description of instrument	Options held at the end of 2021	Exercised options	Date of assignment	Exercise Price	Market price of the underlying shares on the assignment date	Period of possible exercise
Bob Kunze-Concewitz	Managing Director	23/04/2018	Options on Campari shares with physical settlement	960.000	0	09/05/2018	6,25	6,26	Two years, starting from fifth year after allocation
		27/03/2020	Options on Campari shares with physical settlement	1.092.043	0	08/04/2020	6,41	6,60	Two years, starting from fifth year after allocation
		12/04/2022	Options on Campari shares with physical settlement	777.453	0	12/04/2022	10,29	10,64	Two years, starting from fifth year after allocation
Paolo Marchesini	Managing Director	23/04/2018	Options on Campari shares	720.000	0	09/05/2018	6,25	6,26	Two years, starting from fifth year after allocation

			with physical settlement						
		27/03/2020	Options on Campari shares with physical settlement	1.092.043	0	08/04/2020	6,41	6,60	Two years, starting from fifth year after allocation
		12/04/2022	Options on Campari shares with physical settlement	777.453	0	12/04/2022	10,29	10,64	Two years, starting from fifth year after allocation
Fabio Di Fede	Executive Director	29/04/2016	Options on Campari shares with physical settlement	161.551	0	04/08/2017	6,19	6,12	Two years, starting from fifth year after allocation
		23/04/2018	Options on Campari shares with physical settlement	720.000	0	09/05/2018	6,25	6,26	Two years, starting from fifth year after allocation
		27/03/2020	Options on Campari shares with physical settlement	1.092.043	0	08/04/2020	6,41	6,60	Two years, starting from fifth year after allocation
		12/04/2022	Options on Campari shares with physical settlement	777.453	0	12/04/2022	10,29	10,64	Two years, starting from fifth year after allocation
Giovanni Berto	Employee	23/04/2018	Options on Campari shares with physical settlement	25.419	0	09/05/2018	6,25	6,26	Two years, starting from fifth year after allocation

Altri	Various	30/04/2013	Options on Campari shares with physical settlement	0	591.008	13/05/2013	3,04	3,02	Two years, starting from seventh year after allocation. The option is given to bring forward the exercise period to run from the end of the fifth year to the end of the seventh year (with a consequent reduction of 20% in options assigned) or to bring forward the exercise period to run from the end of the sixth year to the end of the eighth year (in this case with a reduction of 10% in options assigned)
		30/04/2013	Options on Campari shares with physical settlement	0	455.614	06/08/2013	2,87	3,09	Two years, starting from seventh year after allocation. The option is given to bring forward the exercise period to run from the end of the fifth year to the end of the seventh year (with a consequent reduction of 20% in options assigned) or to bring forward the exercise period to run from the end of the sixth year to the end of the eighth year (in this case with a reduction of 10% in options assigned)
		30/04/2014	Options on Campari shares with physical settlement	4.766.469	10.992.859	01/07/2014	3,14	3,12	Two years, starting from seventh year after allocation. The option is given to bring forward the exercise period to run from the end of the fifth year to the end of the seventh year (with a consequent reduction of 20% in options assigned) or to bring forward the exercise period to run from the end of the sixth year to the end of the eighth year (in this case with a reduction of 10% in options assigned)

	30/04/2014	Options on Campari shares with physical settlement	228.271	169.734	3/6/2015	3,53	3,50	Two years, starting from seventh year after allocation. The option is given to bring forward the exercise period to run from the end of the fifth year to the end of the seventh year (with a consequent reduction of 20% in options assigned) or to bring forward the exercise period to run from the end of the sixth year to the end of the eighth year (in this case with a reduction of 10% in options assigned)
	29/04/2016	Options on Campari shares with physical settlement	3.239.646	7.426.493	11/05/2016	4,28	4,30	Two years, starting from fifth year after allocation
	29/04/2016	Options on Campari shares with physical settlement	585.028	109.268	04/08/2017	6,19	6,12	Two years, starting from fifth year after allocation
	23/04/2018	Options on Campari shares with physical settlement	6.852.023	346.540	09/05/2018	6,25	6,26	Two years, starting from fifth year after allocation
	23/04/2018	Options on Campari shares with physical settlement	330,493	5.117	09/05/2019	8,85	9,22	Two years, starting from fifth year after allocation
	27/03/2020	Options on Campari shares with physical settlement	8.000.646	85,123	08/04/2020	6,41	6,60	Two years, starting from fifth year after allocation
	27/03/2020	Options on Campari shares with physical settlement	579.682	0	04/05/2021	9,91	10,18	Two years, starting from fifth year after allocation
	12/04/2022	Options on Campari shares with physical settlement	6.192.499	0	12/04/2022	10,29	10,64	Two years, starting from fifth year after allocation

TABLE 1, SECTION 2 OF SCHEDULE 7, ANNEX 3A OF REGULATION 11971/1999

Not applicable.

Sesto San Giovanni, 21 February 2023

Davide Campari-Milano N.V.
Chairman of the Board of Directors

This is a non-binding English courtesy translation of the explanatory report. The Italian version of the explanatory report is the only official document having legal effects. In case of any discrepancies or differences between the official document in Italian and the English translation, as well as in case of any dispute on the content of the document, the document in Italian shall always prevail.