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# Italy

## Stock Option Plans

### Employment

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#### Labor Concerns

There is a risk of employees claiming that they are entitled to compensation for loss of rights under the Plan where the Plan is amended or discontinued or where their employment is terminated.

There are laws which prohibit discrimination against, and/or less favorable treatment of, employees on certain grounds, including age, gender, disability and part-time status. Companies should be mindful of this when determining the eligibility of employees to participate in a Plan, the benefits being granted and the exercise of any discretion.

#### Communications

A disclaimer should be included in the award agreement, which acknowledges each employee's receipt of the Plan documents and the discretionary nature of the Plan and confirms that termination of employment will result in the loss of unvested rights.

Although there is no legal requirement to do so, it is recommended that the Plan documents be translated.

Government filings must be in Italian.

Electronic execution of award agreements may be acceptable under certain conditions, which are not onerous.

### Regulatory

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#### Securities Compliance

Neither the grant nor the exercise of Options is likely to trigger any prospectus requirements.

#### Foreign Exchange

Employees may have minor reporting obligations for example, for transactions over €1,000).

#### Data Protection

Processing of employee data for purposes directly connected to the employment relationship can generally be justified on the basis that the processing is necessary to fulfill the contract of employment. Purposes outside that category need to be assessed on a case-by-case basis, and opt-in consent may be required in some cases. Generally, an employer must register with Italy's data protection authorities prior to processing employees' personal data.

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# Tax

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<b>Employee Tax Treatment</b>	An employee is generally subject to income tax on the gain on exercise (i.e., the excess of the market value of the Stock acquired over the aggregate exercise price). Capital gains tax is also payable on any gain upon the net proceeds of sale of the Stock.
<b>Social Security Contributions</b>	Social insurance contributions are due from both the Subsidiary and the employee on all income received.
<b>Tax-Favored Program</b>	Any gain up to an annual limit of €2,065 is exempt from tax provided that participation in the Plan is offered to all employees and the Stock is held for at least three years.
<b>Withholding and Reporting</b>	<p>The Subsidiary has an obligation to withhold the income tax and social security contributions due on the excess of the market value of the Stock acquired over the exercise price, when the employee becomes entitled to sell the Stock.</p> <p>Reporting requirements apply to both the Subsidiary and the employee.</p>
<b>Employer Tax Treatment</b>	A deduction is available if the Subsidiary reimburses the Issuer for the costs of the Plan. A written reimbursement agreement is required (setting out the criteria used to establish the amount to be paid by the Subsidiary).

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# Italy

## Restricted Stock and RSUs

### Employment

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#### Labor Concerns

There is a risk of employees claiming that they are entitled to compensation for loss of rights under the Plan where the Plan is amended or discontinued or where their employment is terminated.

There are laws which prohibit discrimination against, and/or less favorable treatment of, employees on certain grounds, including age, gender, disability and part-time status. Companies should be mindful of this when determining the eligibility of employees to participate in a Plan, the benefits being granted and the exercise of any discretion.

#### Communications

A disclaimer should be included in the award agreement, which acknowledges each employee's receipt of the Plan documents and the discretionary nature of the Plan and confirms that termination of employment will result in the loss of unvested rights.

Although there is no legal requirement to do so, it is recommended that the Plan documents be translated.

Government filings must be in Italian.

Electronic execution of award agreements may be acceptable under certain conditions, which are not onerous.

### Regulatory

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#### Securities Compliance

Neither the grant nor the vesting of Restricted Stock or RSUs is likely to trigger any prospectus requirement.

#### Foreign Exchange

Employees may have minor reporting obligations for example, for transactions over €1,000.

#### Data Protection

Processing of employee data for purposes directly connected to the employment relationship can generally be justified on the basis that the processing is necessary to fulfill the contract of employment. Purposes outside that category need to be assessed on a case-by-case basis, and opt-in consent may be required in some cases. Generally, an employer must register with Italy's data protection authorities prior to processing employees' personal data.

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# Tax

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## **Employee Tax Treatment**

For Restricted Stock, an employee is generally subject to income tax on the value of the Restricted Stock when it is granted.

For RSUs, an employee is generally subject to income tax on the value of the Stock received on vesting.

Capital gains tax is also payable on any gain upon the net proceeds of the sale of the Restricted Stock or Stock.

## **Social Security Contributions**

Social security contributions are due from both the Subsidiary and the employee on all income.

## **Tax-Favored Program**

Any gain up to an annual limit of €2,065 is exempt from tax provided that participation in the Plan is offered to all employees and the Stock is held for three years from: (i) in the case of Restricted Stock, the date of grant and (ii) in the case of RSUs, the date of vesting.

## **Withholding and Reporting**

The Subsidiary has an obligation to withhold the income tax and social security contributions due on the excess of the market value of the Restricted Stock or Stock acquired over the exercise price, when the employee becomes entitled to sell the Restricted Stock or Stock.

Reporting requirements apply to both the Subsidiary and the employee.

## **Employer Tax Treatment**

A deduction is available if the Subsidiary reimburses the Issuer for the costs of the Plan. A written reimbursement agreement is required (setting out the criteria used to establish the amount to be paid by the Subsidiary).

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# Italy

## Employee Stock Purchase Plans

### Employment

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#### Labor Concerns

There is a risk of employees claiming that they are entitled to compensation for loss of rights under the Plan where the Plan is amended or discontinued or where their employment is terminated.

There are laws which prohibit discrimination against, and/or less favorable treatment of, employees on certain grounds, including age, gender, disability and part-time status. Companies should be mindful of this when determining the eligibility of employees to participate in a Plan and the exercise of any discretion.

#### Communications

A disclaimer should be included in the award agreement, which acknowledges each employee's receipt of the Plan documents and the discretionary nature of the Plan and confirms that termination of employment will result in the loss of unvested rights.

Although there is no legal requirement to do so, it is recommended that the Plan documents be translated.

Government filings must be in Italian.

Electronic execution of award agreements may be acceptable under certain conditions, which are not onerous.

### Regulatory

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#### Securities Compliance

It is possible that a prospectus will be required for participation in the Plan to be offered to employees in Italy. However, certain exemptions, exclusions and interpretations may be applicable and, in practice, a prospectus is rarely required. For example, offers made to no more than 150 persons in any one Member State are exempt and certain Issuers (including those incorporated or listed in a Member State) are required only to publish summary information about the Plan and the Stock in substitution for a prospectus. Where a prospectus is required, the Issuer may be able to take advantage of a short form regime under which certain requirements for the prospectus' contents are waived. Any prospectus must be approved by the relevant regulatory authority in the Issuer's Home Member State and filed under the passporting system with the relevant regulatory authority of each Member State in which participation in the Plan is being offered.

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**Foreign Exchange**

Employees may have minor reporting obligations for example, for transactions over €1,000.

**Data Protection**

Processing of employee data for purposes directly connected to the employment relationship can generally be justified on the basis that the processing is necessary to fulfill the contract of employment. Purposes outside that category need to be assessed on a case-by-case basis, and opt-in consent may be required in some cases. Generally, an employer must register with Italy's data protection authorities prior to processing employees' personal data.

## Tax

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**Employee Tax Treatment**

An employee is generally subject to income tax on the value of any discount when the Stock is purchased.

Capital gains tax is also payable on any gain upon the net proceeds of sale of the Stock.

**Social Security Contributions**

Social security contributions are due from both the Subsidiary and the employee on all income.

**Tax-Favored Program**

Any gain up to an annual limit of €2,065 is exempt from tax provided that participation in the Plan is offered to all employees and the Stock is held for at least three years.

**Withholding and Reporting**

The Subsidiary has an obligation to withhold the income tax and social security contributions due on the excess of the market value of the Stock acquired over the exercise price, when the employee becomes entitled to sell the Stock.

Reporting requirements apply to both the Subsidiary and the employee.

**Employer Tax Treatment**

A deduction is available if the Subsidiary reimburses the Issuer for the costs of the Plan. A written reimbursement agreement is required (setting out the criteria used to establish the amount to be paid by the Subsidiary).