



# STARBUCKS

## 2005 Long-Term Equity Incentive Plan

# 2005 Long-Term Equity Incentive Plan

---

The «2005 Long-Term Equity Incentive Plan» stock incentive plan provides for that:

- ✓ In November of each year (prior approval by the Board) will be assigned so-called Bean Stocks (in the form of Restricted Stock Unit or RSU) to the eligible partners;
  - ✓ These Bean Stocks will transform into Starbucks Shares within two years;
  - ✓ After one year the partner receives the first 50% of the Bean Stocks allocation, after a further year the partner receives the remaining 50%;
  - ✓ Once the shares are available, the partner can retain them or sell them freely.
- 
- ! In light of the Italian legislation, participation to the plan entails some fiscal obligations that are illustrated in the following sections of this document.
-

## 2005 Long-Term Equity Incentive Plan – Some definitions

---

The Bean Stocks are characterized by:



Grant Date: date in which they are assigned to the partner



Vesting Period: the period between the Grant Date and the Vesting Date



Vesting Date: date in which the Bean Stocks «vests», that is, the date on which the Partner becomes the owner of the shares and acquires all the related rights (dividends, right to sell the shares, etc.)



Fair Market Value/Normal Value: average value of the listing prices of Starbucks shares in the month preceding the Vesting Date.

---

# Obligations deriving from participation in the Plan

---

Adherence to the 2005 Long-Term Equity Incentive Plan may generate the following income for the Partner:



Employment income



Foreign-source income



Other income

Furthermore, there will be additional obligations:



Fiscal monitoring



Taxation of assets held abroad (outside Italian territory)

---

# Income tax obligations

Filing of the income tax return  
panels: RC - RM - RT

Cost

Produ

8/19  
T. Teat  
7.63  
M.MONA  
1.75% (a)

53,490  
40,640  
61,929

Growth funds

12,93  
7,23  
7,89  
10,36  
70  
1

0.1256  
0.5001  
28.400

11/2015  
11/2018

# Employment income – RC Panel

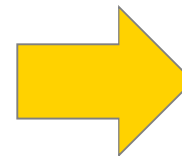


Only when the Partner receives the ownership of the Bean Stocks (Vesting Date) an employment income arises.

Taxable income is determined based on the so-called Fair Market Value «Normal Value» and the number of Bean Stocks accrued:

$$\begin{array}{ccccc} \text{Bean Stocks} & & & & \\ \text{accrued} & \times & \text{Average closing price of the share in} & = & \text{Employment income} \\ & & \text{the month prior to the Vesting Date} & & \end{array}$$

This amount will be shown directly in the payslip of the relevant month (November) and included in the "CU" – Certificazione Unica (Employer Statement) issued by Starbucks for the relevant year



The Partner will only have to report in the annual income tax return (Modello 730 or Modello Redditi) the total value indicated in the «CU» issued by Starbucks







# Fiscal Monitoring Obligations

Filing of the income tax return RW

Panel



# Obligation of fiscal monitoring and wealth tax – RW Panel



Starting from when the Partner becomes the owner of the Starbucks Shares (Vesting Date) and decides not to sell all the shares immediately, he will be obliged to fill in the RW Panel of Modello Redditi income tax return for tax monitoring and wealth tax (IVAFE) purposes.

The amounts to be indicated in the RW Panel will be: the listing value of the Starbucks shares at the Vesting Date and the value at December 31<sup>st</sup> of the same year or, if the shares are sold before that date, the value at the date of sale.

In addition, the Partner will have to pay a wealth tax (IVAFE) equal to 0.2% on the market value of the shares at 31/12 (or on the date of sale).

Example:

Shares held from 14/11/2018 to 31/12/2018

Possession days: 47

Value at the Vesting Date (14/11): Eur 800

Value at 31/12: Eur 850

IVAFE due: Eur 1,7 (=850\*0,2%\*47/365)

Attention: The IVAFE is due only if higher than 12 E.

Codice titolo possesso	Vedere istruzioni	Codice individuaz. bene	Codice Stato ostero	Quota di possesso	Criterio determin. valore	Valore iniziale	Valore finale
1	2	3	4	5	6	7	8
1		2	069	100,000	1	800 ,00	850 ,00
Valore massimo c/c paesi non collaborativi		Giorni (IVAFE)		IVAFE		Mesi (IVIE)	
9		10	47	11		12	13
	,00				,00		,00
Credito d'imposta		IVAFE dovuta		Detrazioni		IVIE dovuta	
14		15		16		17	
	,00		,00		,00		,00
Codice fiscale società o altra entità giuridica in caso di titolare effettivo				Codice fiscale altri cointestatori			
21				22			
				23			
				24			

# FAQ

---

## Who is required to pay taxes in relation to the allocation of Starbucks shares?

The shares assigned to the Partner represent an element of the salary and therefore taxable as employment income. On an operational level, the employer (Starbucks Italy) is required to make a withholding tax as for any other income (salary, overtime, benefits, etc.) by applying the progressive personal tax rate (from a minimum of 23% up to 43% plus the additional regional and municipal taxes). Likewise, the employer will pay the withholding tax and will pay such withholdings to the INPS (Italian Social Security Administration).

## When will taxes and social security withholding be applied to the employee's Bean Stocks?

Starbucks Italy will apply tax and social security withholdings, as indicated above, when the Partner becomes the owner of the Starbucks shares (Vesting Date).

---

# FAQ

---

## What other taxes are due?

The Partner will have to pay any dividend taxes on dividends distributed by Starbucks (if any) in relation to their shares and, in the event that the Partner decides to sell all or part of the shares held, she will have to pay taxes on any realized capital gains.

Furthermore, if the shares are not immediately sold (i.e. on the same allotment day - Vesting Date), the Partner will have to pay a property tax (IVAFE) for the possession of the shares.

## When are these taxes due?

Taxes arising from any dividends distribution, from any capital gains and from the possession of the shares, must be paid through the F24 payment models within the month of June of the year following the one in which the income has been produced (e.g. June 2019 for the income produced in 2018).

Please note that with regard to wealth tax (IVAFE), there are also advance payments for the following year in the amount of 40% of the total tax due (to be paid within the month of June) and 60% (to be paid within the month of November).

---

# FAQ

---

## Which income tax return should I prepare?

- ❖ If the Partner does not have any further income in addition to the employment income received from Starbucks Italy and does not intend to take advantage of any tax deduction for charges or expenses, she will not be required to submit any income tax return (except what will be said below in the hypothesis of additional income from the Bean Stocks).
  - ❖ The Partner may present Modello 730 income tax return in the hypothesis in which he intends to take advantage of tax deductions for charges or expenses or in the hypothesis in which, during the tax year, she has also worked for other Italian employers who have issued special « CU » - Certificazione Unica (employer statement).
  - ❖ In the event that in the tax year the Partner has received additional income related to the Bean Stocks as described above (dividends, capital gains) or, has maintained the Starbucks shares for at least 1 day after the Vesting Date, she will be required to present a Modello Redditi income tax return (in addition to the Modello 730 income tax return, which can still be used for all other personal income of the Partner).
-

EY | Assurance | Tax | Transactions | Advisory

#### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [ey.com](http://ey.com).

© 2019 Ernst & Young S.p.A.  
All Rights Reserved.

ED None

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither EYGM Limited nor any other member of the global EY organization can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.

[ey.com](http://ey.com)