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REPORT ON REMUNERATION POLICY AND COMPENSATION PAID *UNDER*
ART. 123- *TER* TUF AND 84- *QUATER* REG. CONSOB 11971/1999

approved by the Board of Directors at the meeting of 15 March 2021

COURTESY TRANSLATION

INDEX

PREMISE	4
SECTION I - REMUNERATION POLICY	5
1. The bodies or parties involved in the preparation and approval and possible revision of the remuneration policy (letter a)	5
2. Remuneration Committee: composition, responsibilities and operating methods (letter b)	7
3. Compensation and working conditions of its employees (letter c)	8
4. Involvement of independent experts (letter d)	8
5. Purposes pursued with the remuneration policy, underlying principles, duration, description of changes in the remuneration policy submitted to the shareholders' meeting and review criteria compared to the previous financial year (letter e)	9
6. Description of the policies regarding fixed and variable components of remuneration (with particular regard to the indication of the related weight within the overall remuneration and distinguishing between short and medium-long term variable components (letter f)	10
7. Non-monetary benefits (letter g)	13
8. Description of the <i>performance</i> objectives on which the variable components of the medium and long term are based. Relation between the change in results and the change in remuneration (letter h)	13
9. Criteria used to assess the achievement of the <i>performance</i> objectives underlying the assignment of shares, options, other financial instruments or other variable components of the remuneration, specifying the extent of the variable component that is assigned on the basis of the level of achievement of the objectives themselves (letter i)	15
10. Information aimed at highlighting the contribution of the remuneration policy, and in particular of the policy on variable remuneration components, to the corporate strategy, to the pursuit of long-term interests and to the sustainability of the Company (letter j)	16
11. <i>Vesting period</i>, any deferred payment systems, indicating the deferral periods and the criteria used to determine these periods and, if applicable, the <i>ex post</i> correction mechanisms of the variable component (<i>malus</i> or return of "<i>claw-back</i>" variable compensation) (letter k)	16
12. Information on the possible provision of clauses for maintaining the financial instruments in the portfolio after their acquisition, with indication of the holding periods and the criteria used to determine these periods (letter l)	17
13. Policy relating the treatment provided in the event of termination of office or termination of the employment relationship (letter m)	17
14. Any other insurance and social security coverage (letter n)	17

15. Salary policy for independent directors, members of intra-board committees, special offices (letter o)	18
16. Any remuneration policies used as a reference (letter p)	18
17. Exemptions for exceptional circumstances (letter q)	18
SECTION II - COMPENSATION PAID	20
PART ONE	20
1.1. Description of the items included in the remuneration and severance pay.....	20
1.2. Indemnity in the event of early termination of the relationship.	22
1.3. Exemptions applied to the Policy	22
1.4. Application of mechanisms of correction <i>ex-post</i> the variable component (<i>claw back</i>)	22
1.5. Salary change and comparison information	23
1.6. Vote expressed by the Shareholders' Meeting on this Section of the Report	24
PART TWO - TABLES	25

COURTESY TRANSLATION

PREMISE

This report ("the Report") was prepared pursuant to art. 123- *ter* Legislative Decree. February 24, 1998, n. 58 ("TUF") and drawn up in compliance with Annex 3A, Scheme 7- *bis* of the CONSOB Issuers' Regulation 11971/1999 ("Issuers' Regulations"), as required by art. 84- *quater* of the aforementioned Regulation.

The Report illustrates the remuneration policy adopted by El.En. spa ("the Company") with respect to the Board of Directors, to the general manager, to potential strategic managers and, to the extent compatible with the provisions of law, to the members of the supervisory bodies .

In the Section 1 it illustrates the remuneration policy adopted by El.En. spa ("the Policy") with reference to the aforementioned subjects, the procedures envisaged and adopted for the adoption and implementation of the Policy as well as the way in which it contributes to the corporate strategy, the pursuit of long-term interests and the sustainability of Issuer.

In the Section 2, the Report contains, for the components of the administrative and control bodies, general managers and any other managers with strategic responsibilities, the representation of each of the items that make up the actual remuneration, including the treatments provided in case of termination of office or termination of the employment relationship, and, finally, analytically, the compensation paid to the aforementioned subjects in the reference year for any reason and in any form by the company and by its subsidiaries or associates, highlighting their consistency with Policy relating to the reference year.

It was approved by the board of directors of El.En. spa ("the Board") in the meeting of March 15th , 2021, and will be submitted for the approval of the shareholders 'meeting ("the Shareholders' Meeting") called to approve the financial statements 2020 pursuant to art. 123- *ter*, paragraphs 3-*bis* and 6 of the TUF.

As for Section I, - which intends to constitute a definition of the Policy also pursuant to art. 5 of the Code of Corporate Governance for listed companies approved by the Committee for Corporate Governance of spa Italian Stock Exchange (the "Code ") - the Report will be submitted to the approval of the Assembly also to the purposes of art. 9.2 of the *Regulations for the transactions with related parties* of El.En. spa

Pursuant to art. 84-*quater* of the Issuers' Regulation, the Report is made available to the public at the registered office of the Issuer and published on the site *internet* www.elengroup.com in the section " *Investor Relations / Governance / Meetings' Documents / 2021 / Assembly April 27, 2021 - 4 May 2021*" as well as on the authorized storage mechanism eMarketSDIR which can be consulted at www.emarketstorage.com starting from March 31, 2021.

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SECTION I - REMUNERATION POLICY

This section of the report illustrates, in the manner required by current legislation:

- a) the policy regarding the remuneration of the members of the administrative bodies, of the general manager and of executives with strategic responsibilities of El.En. s.p.a. and without prejudice to the provisions of art. 2402 cc, of the members of the board of statutory auditors of El.En. spa ;
- b) the procedures used for the adoption and implementation of this policy.

* * *

A) THE REMUNERATION POLICY OF THE ADMINISTRATIVE BODIES

1. The bodies or parties involved in the preparation and approval and possible revision of the remuneration policy (letter a)

With reference to the Board, art. 21 of the Articles of Association states:

"Article 21 Compensation

The members of the board of directors are entitled to reimbursement of the expenses incurred for reasons of their office. The Shareholders' Meeting can assign them remuneration, profit sharing, rights to subscribe shares to be issued at a predetermined price, end of mandate indemnity as well as stipulate supplementary policies in their favor for the term of office.

The Shareholders' Meeting determines the total amount for the remuneration of all directors, including those vested with special offices.

The overall remuneration of executive directors must be structured in such terms as to ensure that a significant part of it is linked to the economic results achieved by the company and/or to the achievement of specific objectives previously set forth by the board of directors. "

The art. 20 of the Articles of Association, reserves to the Board the "determination of the remuneration of the managing directors, of the Chairman and of the directors vested with particular offices, as well as, if the Shareholders' Meeting has not adopted any resolution, the allocation of the overall remuneration due to the individual members of the Board of Directors and the Executive Committee. "

The bodies involved in the preparation, approval and possible revision of the policy are the Shareholder's Assembly, the Board, the remuneration committee appointed since 2000 ("the Committee"), the managing directors ("the Managing Directors "), the Board of Statutory Auditors (" the Board of Statutory Auditors ").

The preparation of the Policy is performed by the Board with the support of the Committee which is itself regulated in terms of role, composition and functions by a regulation ("the Committee Regulation") approved by the Board of Directors and updated from time to time according to the discipline changes .

The Board submits to the Shareholder's Meeting that appoints the Board of Directors the Policy and the proposed total amount needed to implement the approved Policy.

The Shareholders' Meeting resolves on the total amount of the remuneration of all the members of the Board, both in the fixed and in the variable part, and provides: to divide directly the fixed sum to be allocated in equal parts among all the members; to determine the amount available to the Board for attribution to the Chairmen of the Board committees; to determine the amount available

to the Board for attribution to the Chairman of the Board and the managing directors; and, finally, to quantify the variable amount to be allocated to the incentive remuneration .

The annual general Shareholders' meeting examines and approves the Policy in accordance to which, throughout the period of validity of the same, also the variable part of compensation to the executive directors, including the Chairman, and the directors vested with special offices (hereinafter all "Directors") is assigned and provided.

Following the appointment by the Shareholders' Meeting and during the term of office the Board upon the proposal of the Committee and in accordance with the Policy approved by the Shareholders' Meeting :

- 1) at least every three years, on the occasion of the definition of the structure of the newly appointed Board (delegation of powers; formation of internal Board committees), having heard the opinion of the Board of Statutory Auditors, determines the allocation among the Directors of the remuneration part allocated by the Shareholders' Meeting to this scope;
- 2) on an annual or multi-year basis, having heard the opinion of the Board of Statutory Auditors, approves an incentive remuneration policy and the sum assignable to the Directors as a variable compensation based on the achievement of certain predetermined results or as a *bonus* payable on the occasion of extraordinary transactions or exceptional results that could not be foreseen when the Policy was drawn up;
- 3) on an annual or multi-year basis, it approves the incentive remuneration policy for the General Manager and the Executives upon proposal of the Committee;
- 4) annually on the occasion of the approval of the financial statements for the previous year, having heard the opinion of the Board of Statutory Auditors, assesses the achievement of the assigned objectives and determines the variable remuneration actually due to the Directors .

The variable compensation Policy relating defined by the Board contains an incentive remuneration plan for the current year with the assignment of objectives - predetermined , measurable, of both financial and non-financial nature - to the Directors (including the chairman, if he is also a managing director), to the General Manager and to Executives.

Upon approval of the financial statements for the previous year the Board, on proposal of the Committee, after consultation with the Board of Statutory Auditors, assesses the achievement of the assigned objectives, attributes to the recipients of the incentive compensation plan the variable compensation actually accrued according to the degree of achievement of the objectives assigned and within the limits of the overall amount fixed by the Shareholders' Meeting.

With reference to compensation plans based on financial instruments, the Shareholders' Meeting is called to approve, pursuant to art. 114- *bis*, paragraph 3, TUF, the plans, also in favor of Directors, the General Manager and the Executives, defined as of major significance pursuant to art. 84-*bis*, paragraph 2, Issuers' Regulations ("Relevant Plans" or "Plans").

With reference to the Relevant Plans, the Committee is invested in the investigation and preparation phase of the plan and its details (*vesting period*, recipients, limitations for Directors, General Manager and Executives) and submits to the Board the proposal of the Plan to be submitted to the approval of the shareholders. If the Plan provides for a delegation of implementation by the Board, the Committee proceeds with the preparation of the implementation proposal to be submitted to the Board for approval.

Subsequently, the Board implements the Plan in accordance with the resolutions of the Shareholders' Meeting.

The implementation of the Policy is performed by the Board under the supervision of the Board of Statutory Auditors.

No revisions of the current Policy are taking place or expected. Should it become necessary due to unforeseeable and exceptional circumstances, it will take place upon proposal of the Committee, having heard the Board of Statutory Auditors in accordance with what has been described and where needed with the Company's *Regulations for the transactions with related parties*.

* * *

2. Remuneration Committee: composition, responsibilities and operating methods (letter b).

The Committee is an internal body of the Board and has been established by the Board since year 2000, the year in which the Company was listed on the Stock Market managed by Borsa Italiana spa. It has its own Regulations which define its composition, role and responsibilities and rule the methods of appointment of its members and operation.

It is selected by the Board at the first Board meeting following the appointment of the Board and, as a rule, its duration is aligned with the Board's term. It consists of three members, all non-executive directors, at least two of which possess the requisites of independence pursuant to art. 147-ter, paragraph 4, T.U.F. and of the Code.

Currently, and until the appointment of the new Board replacing the one in charge, whose term expires with the approval of the financial statements as of December 31, 2020, the Committee is composed as follows: Dott.ssa Fabia Romagnoli, independent director, chairman of the Committee by virtue of the designation by the other members; Dott. Alberto Pecci, non-executive director; Mr. Michele Legnaioli, independent director.

The Committee carries out the tasks and functions described in art. 9 of the Regulation which states: *" The Committee is entrusted with the tasks referred to in art. 5 of the Corporate Governance Code adopted by the Corporate Governance Committee of Borsa Italiana spa. Therefore, in an advisory and propositional capacity:*

- *assists the board of directors in drawing up the policy for the remuneration of directors and top management ;*
- *submits proposals or expresses opinions to the board of directors on the remuneration of executive directors and other directors who hold particular offices as well as on the setting of performance objectives related to the variable component of the remuneration;*
- *monitors the actual application of the remuneration policy and verifies, in particular, the effective achievement of the performance objectives;*
- *periodically assesses the adequacy, overall consistency and concrete application of the remuneration policy for directors and managers with strategic responsibilities, making use of the information provided by the managing directors in this regard;*
- *on its own initiative or when requested by the Board, performs the necessary preliminary and preparatory activities required for the preparation of the remuneration policy;*
- *reports to the shareholders on the methods of exercising their functions. "*

The Committee convenes whenever circumstances require it or one of the members deems it appropriate and at least once for each financial year, in the first quarter before the approval of the draft financial statements.

The meetings have a duration that varies according to the complexity of the topics to be discussed and are duly minuted by a secretary and transcribed in a special minutes book. In 2016, on the occasion of the preparation of the Stock Option Plan and for other matters relating to the remuneration of Directors and Executives, the Committee met 7 (seven) times and the average duration of the meetings was seventy - six minutes.

In 2017 it met 1 (one) time and the meeting lasted one hour.

In 2018 it met 3 (three) times. The average duration of the meetings was 80 (eighty) minutes, excluding the appointment of the chairman, which had a shorter duration.

In 2019 it met 3 (three) times. The average duration of the meetings was 60 (sixty) minutes.

In 2020 it met 5 (five) times. The average duration of the meetings was 50 (fifty) minutes.

Following the meetings, the Committee proceeds to report, in the first useful Board meeting, or, if it deems it useful or necessary, to request that the Board be convened in order to formulate its own assessments and proposals.

In formulating its proposals for remuneration to the Board, the Committee cares that the remuneration of the Directors and the General Manager is defined so as to align their interests with pursuing the priority objective of creating value for shareholders in a medium-long term and that a significant part of the overall remuneration of Directors who are beneficiaries of management powers or who perform functions relating to the Managing Directors or which carry out the management of the Company is linked to the achievement of specific objectives, including those of a non-financial nature, predetermined and measurable .

In the case of preparation of Relevant Plans - and on the basis of criterion 6.C.2. of the previous Code, it did so also on the occasion of the last approved plan, proposing to the Board to set it in three years - the Committee ensures that, if Directors and the General Manager are within the recipients: an average *vesting* period consistent with the *best practices* implemented by the Code; the *vesting* is subject to the *performance* of predetermined and measurable objectives; they shall keep a portion of the shares purchased through the exercise of the options assigned to them until the end of their term.

In carrying out its tasks and functions, the Committee ensures suitable functional and operational links with the competent corporate structures and, having full and unconditional right, accesses the information and corporate functions it deems necessary. In any case, even if it makes use of the information and support of the Directors or other functions during the investigation phase of its activity, of which it then draws up the remuneration policy proposal, it ensures that these subjects, as potential bearers of conflicting interests, are not present and do not participate in any way in the deliberative phase of the meetings.

3. Compensation and working conditions of its employees (letter c)

The Issuer carries out a Policy that envisages, among the non-financial objectives assigned to both the Directors and the General Manager and any Executives, the inclusion of goals connected both directly and indirectly to the improvement of the working conditions of its employees, including their salary.

4. Involvement of independent experts (letter d)

Until now the Company in the definition of Policy has taken advantage of the resources available within the Company as well as the competence and independence of judgment of the members of the Committee.

At present, the Committee possesses the internal skills and experience adequate to carry out the functions entrusted to it by the Board and, where necessary, it has the power to make use of external consultants, whose independence of judgment it has previously assessed, and to request the company to make available financial resources made available in an adequate amount for the fulfillment of the duties entrusted to it.

5. Purposes pursued with the remuneration policy, underlying principles, duration, description of changes in the remuneration policy submitted to the shareholders' meeting and review criteria compared to the previous financial year (letter e)

In determining the remuneration policy of the Directors, General Manager and Executives of the Company up to now, a decisive role was played both by the fact that the historical shareholders of the company jointly holding a relevant percentage of the share capital sat in the Board for a long time and certainly since the listing, in year 2000, of the shares on the market organized and managed by Borsa Italiana s.p.a., and by the absence, until 31 December 2016, of a General Manager.

For these reasons, the professionalism and dedication shown by the executive directors was constantly considered a sufficient condition for aligning their interests with the pursuit of the priority objective of creating shareholder value in the medium-long term and their commitment has never been conditioned by the consistency and nature of the remuneration attributed or received.

Basically, the alignment with the provisions, first of the Code and, then, of the primary and regulatory legislation has initiated a gradual transformation of the remuneration of the top management, leading to the attribution of an additional compensation component consisting of the variable part and linked to the achievement of predetermined and measurable objectives.

The evolution of the Company and this alignment then led in 2016 for the first time, on the occasion of the approval of the 2016-2025 Stock Option Plan, to the inclusion of the Director among the recipients of the option rights to subscribe newly issued ordinary shares of the Company.

Starting from the 2019 incentive remuneration plan, multi-year non-financial objectives linked to corporate sustainability were introduced in the areas included as material in the 2018-2023 sustainability plan.

The objectives pursued by the variable components, including *stock option* plans, remain those of both incentivizing, retaining and attracting Directors, General Manager and Executives, as well as other employees with key roles, and of aligning the interests of said subjects with the creation of value in the medium-long term also for shareholders who do not participate in Company management.

What evolves are the ways in which these purposes are pursued also with a view to attracting and introducing new figures and different subjects into the management, broadly meant, of the Company.

In fact, with reference to the General Manager appointed effective January 1, 2017 and subject not holding any share of the Company, on December 15, 2016 based on the proposal of the Committee, the Board approved an *ad hoc* remuneration policy valid until December 31, 2020 which provided for a very significant fixed component, compared to any previous executive director, being an external manager with a remuneration already defined within the context of another group company, and a variable component directly related to the current income of the Company for the reference year.

He, as general manager of Quanta System spa until 31 December 2016, was included among the beneficiaries of the 2016-2025 Stock Option Plan. Following the appointment as the Company's General Manager, he retained the assignment of the option rights exercisable as of September 14, 2019, but the Board on the proposal of the Committee resolved that he should be subject to the following additional condition with respect to the other employees or collaborators of the group: the ability to exercise these rights is subject to the fact that he is the recipient, for the calendar year during which he is allowed to exercise the options as determined by the plan's regulations, of an incentive compensation plan approved annually and that, with reference to the previous year, he has reached at least the gate value of one of the objectives related to the variable part of the remuneration assigned by the Board.

The Committee following the consolidation of the relationship between the Company and the General Manager, the evolution of its role and Policy in general also on the basis of evaluation made by the shareholders subsequent to the 2020 Shareholders' meeting, decided to propose to the Board, which approved, an incentive compensation plan 2021-2024 allocated on a multiannual basis and consisting of targets including non-financial and medium-long term objectives.

As for the Directors, the 2020 variable remuneration plan approved on 4 June following the 2020 Shareholders' Meeting, took into account the situation that arose following the spread of the COVID-19 pandemic and the proposal made by the Committee in line with what is expressed in paragraph 7 of the 2020 Report to assign greater weight to the non-financial objectives linked to the targets assigned to the management by the Directors within such exceptional situation. Therefore, having kept unchanged the system described in the 2020 Report approved by the Shareholders' Meeting, the Board proceeded to elaborate and assign objectives that it deemed able to highlight the Company's resilience capacity in the changed economic scenario resulting from the health emergency and were therefore aimed above all at the preservation of the highly qualified company personnel structure.

The Policy described in the Report and submitted to the Shareholders' Meeting has a three-year duration. In case of need for revision or modification, the Board will proceed to submit the new Policy to the approval of the Shareholders' Meeting.

6. Description of the policies regarding fixed and variable components of remuneration (with particular regard to the indication of the related weight within the overall remuneration and distinguishing between short and medium-long term variable components (letter f))

The remuneration of the Board and the General Manager and Executives is as follows.

The members of the Board are recipients of differentiated remuneration upon their executive or non-executive role.

The remuneration of the Chairman and the other Directors is made up of the following items:

- a) a fixed annual part equal for all the directors, defined upon appointment and for the entire duration of the term, by the Shareholders' meeting, pursuant to art. 2389, co. 1 and 3 of the Italian Civil Code;
- b) an additional fixed annual component established by the Board, pursuant to art. 2389, co. 3 of the Italian Civil Code for the entire duration of the term, upon the assignment of management powers and proxies;
- c) a variable part determined with reference to objectives, of economic and non-economic nature, assigned by the Board on an annual and multi-annual basis;
- d) stock options that, at present, relatively to the Stock Option Plan 2016-2025, can only be exercised after three years from the assignment and provided that, with reference to the previous year, they have at least reached the gate value of one of the objectives related to the variable remuneration assigned by the Board.

The remuneration of non-executive directors, although independent, was set until the end of the term of the Board, including a only a fixed annual component equal for all directors, defined upon appointment and for the entire duration of the term by the Shareholders' meeting.

For the Board that will be appointed by the 2021 Shareholders' Meeting with effect from January 1st, 2021, the outgoing Board proposed to assign a modest increase in the fixed remuneration for all directors, including non-executive directors, and an additional remuneration for the directors who are appointed chairmen of the internal board committees. See in this regard, the explanatory report submitted by the Board on March 18, 2021 available on the website of the company www.elengroup.com (section *Investor Relations / Governance / Shareholders documents / 2021 / ORDINARY April 27, 2021 - May 4, 2021*).

The remuneration of the General Manager consists of :

- a) a fixed annual component determined by the Board at the time of the assignment and revisable every four years;
- b) a variable component determined as to composition and mechanism every four years, based on objectives of financial and non-financial objectives, determined by the Board on an annual and multi-year basis, revisable every four years;
- c) stock options that may be exercised if with reference to the previous year, at least the gate value of one of the objectives related to the variable part of the remuneration assigned by the Board has been reached;
- d) an annual remuneration during the relationship for the non-compete agreement.

The Company currently has no other Executives.

With reference to the Chairman and the Directors the variable component is parameterized:

- a) on an annual, two-year and starting from 2021, three-year, growth and income levels of the Company and the Group;
- b) on the achievement, on an annual and multi-year basis (from 3 to 5 years) of measurable objectives in the following areas of sustainability considered material: environmental, human rights, corruption, social issues, personnel;
- c) in *stock options* that can be exercised if at least one of the assigned gate targets has been achieved with reference to the previous year. On an annual or multi-annual basis depending on the nature and objective, specific targets of economic growth (revenue, net profit) are assigned to directors, graduated and objectively measurable, related to the Company and the group that it leads ("Group") and to the achievement of certain objectives in the area of corporate sustainability. In the area of sustainability, the objectives are linked to the implementation of the ESG sustainability plan. As it happened with reference to 2020 – a financial year when due to the health emergency caused by COVID-19, among other things, objectives linked to the conservation of particularly qualified human resources assets were assigned, - also any additional non-financial objectives linked to the sustainability of the group can be assigned.

Based on the degree of achievement of the individual objectives, an overall coefficient is calculated to be applied to the Floor incentive, in cash, provided for each subject ("Floor Incentive")

The total coefficient to be applied to the Floor Incentive is predetermined at the time of assignment of the single objective and is graduated, in advance, at the time of approval of the incentive compensation plan by the Board on a proposal of the Committee ("Compensation Plan") in relation to the level of achievement and/or exceedance of the assigned objective.

In the event of achievement, as part of ordinary business, of unexpected results, as conspicuously higher of the maximum target assigned, the Compensation Plan provides for an increase of up to 50% of the Floor Incentive.

With reference to the objectives of economic nature, in line with the provisions of Borsa Italiana's recommendations expressed in notice no. 8342 of May 6, 2013, the Committee since 2013 has developed and intensified, in relation to the variable part of remuneration, the weight and nature of specific not exclusively short-term objectives. Since 2013, therefore, the Board has included among the economic parameters relating to the variable part of the remuneration specific objectives, including those for longer than one year.

Until 2020, the Policy provided, on a two-year basis, a predetermined increase of the Floor Incentive as described above, when the recipients exceeded to a certain extent the annual objectives assigned for more than one year, even if not consecutive.

Starting from 2021, the incentive remuneration plan of the Directors, similarly to what established for the General Manager, provides that a percentage, 30%, of the accrued variable yearly compensation, shall be paid to the end of the term, potentially reassessed on the basis of the growth of the Company and the Group as determined by the Board of Directors with reference to 2020.

The Policy, moreover, provides for a possible *bonus on a personal basis*, on an exceptional basis with respect to the incentive remuneration policy as described above, on the occasion of extraordinary operation and unforeseen and not predictable, but whose substantial benefit to the Company is measurable and clearly attributable to the activities of the Directors. The Company made use of this attributed capacity only once, by resolution of the Shareholders' meeting, on the occasion of the successful completion of the IPO of the American company held at the time, which involved a substantial capital gain of extraordinary nature.

Non-economic objectives linked to sustainability and linked to the areas identified as material were introduced since 2019. They were defined by the Committee in 2018, in parallel with the definition by the Company of the 2018-2022 Sustainability Plan and are updated and revised based on the degree of implementation of the aforementioned Sustainability Plan in the previous year.

Until 2020 the whole variable component accrued with reference to the annual/multi annual objectives is paid in the following year. From 2021, as described above, part of the accrued annual variable remuneration is paid at the end of the term.

With reference to the weight of the components within the overall remuneration, in relation to the Directors, for the reasons set out in the previous paragraph, the fixed part of the remuneration has always been relatively low when compared to companies of the same size. The variable compensation part relating to the achievement of objectives assigned can get to overcome, in the case of full achievement of all goals, 50% of the salary of the Chairman that is also Managing Director, and 30% of the salary of the Directors.

Specifically, the weight of the variable compensation within the overall remuneration and the short and medium-long term variable components for 2020 represents 53.35% of the overall annual remuneration of the Chairman, and with reference to the Directors, 36.45 % for the Managing Director invested also for internal control, 29.35% for the other Managing Director.

As regards the General Manager, an employee of the Company, he is the recipient of a four-year variable remuneration plan based on the achievement of objectively measurable objectives that were assigned to him at the time of hiring, with effect from 1 January 2017, and which have been revised at the end of 2020 for the four-year period 2021-2024.

Until 2020, the objectives assigned consisted of a minimum annual consolidated operating result threshold.

For the period 2021-2024 the objectives were drawn up taking into account on one hand the long-term profitability growth and on the other the sustainable success of the Company and the Group. Therefore, both annual and multi-year objectives were assigned and the deferred payment of a substantial part of the variable remuneration part, which can be revalued on the basis of the Group's multi-year growth, was envisaged. The objectives are both financial (consolidated income from operations) and non-financial (achievement of sustainability objectives). Remuneration is partly in cash and partly in shares of the Company with a commitment to hold these securities for the following four years. For the General Manager, the fixed part of the remuneration, while being more consistent than that of the Directors, is balanced by an adequate variable part. In particular, currently the variable remuneration of the General Manager in the event of full achievement of all the targets, stands at 50% of the total salary.

The variable remuneration paid to both the Directors, including the Chairman, and the General Manager is subject to a *claw back* clause.

The Board also assigns a variable part of compensation, of an incentive type, to the chairman of the technical-scientific committee, a body of the Company envisaged and governed by art. 24 of the Articles of Association, which although not being a manager but an external collaborator is

considered a figure of strategic importance by virtue of the nature of the company as a research based enterprise.

With reference to *stock options*, they have precise conditions of exercise.

In 2016, the Company approved the 2016-2025 Stock Option Plan in relation to which the following documentation is available on the Company's website in the following respective sections:

- a) minutes of approval of the Shareholders' Meeting on May 12, 2016 of the 2016-2025 Stock Option Plan and accompanying documentation including, within the explanatory report of the Board on the subject, the information document, updated as of March 25, 2016, drawn up pursuant to art. 84-*bis* of the Issuers' Regulations - sect. Investor Relations/Shareholders' Meeting documents/ordinary and special Shareholders' Meeting April 26, 2016 - May 12, 2016;
- b) minutes of the Board meeting on September 13, 2016 for the implementation of the 2016-2025 Stock Option Plan and for the exercise of the proxy, pursuant to art. 2443 of the Italian Civil Code, of the capital increase reserved for the service of said plan with related accompanying documentation - section Investor Relations/corporate documents/2016-2025 Stock Option Plan;
- c) the information document, updated as of September 13, 2016, drawn up pursuant to art. 84-*bis* of the Issuers' Regulations and containing (pages 16 et seq.) Table no. 1 pursuant to 4.24 of Annex 3A, Scheme 7 - section Investor Relations/corporate documents/2016-2025 Stock Option Plan.

7 . Non-monetary benefits (letter g)

The Directors, including the Chairman as Managing Director, and the General Manager are assignees of non-monetary benefits.

The Shareholders' Meeting that appointed the current Board determined the maximum amount of said non-monetary benefits with reference to the Directors.

These benefits consist for the Directors in the assignment of a company car for mixed use and for the General Manager, in addition to the assignment of the car, in the stipulation in his favor of three policies ("FASP" supplementary health insurance; death or disability policy; non-professional accident policy).

The amounts of non-monetary benefits represents for the Directors less than 3% of their individual fixed remuneration, for the General Manager less than 7% of the fixed remuneration, excluding the non-compete agreement compensation.

8 . Description of the *performance* objectives on which the variable components of the medium and long term are based. Relation between the change in results and the change in remuneration (letter h).

The variable components are assigned based on the achievement of annual or multi-year targets set on the ability to generate value and pursue the sustainable success of the Company and the Group.

To the Directors and the General Manager, the objectives of *performance* are both of financial and non-financial nature.

For the Directors, the objectives were as follows:

- 1) of financial nature: consolidated EBIT Company EBIT , consolidated net income, revenue of the Company;
- 2) of non-financial nature: specific parameters related to the sustainability.

With reference to the objectives of financial nature a gate value ("Entry Point") is provided and expressed in terms of percentage of the fulfillment of the *budget* approved for the current year, equal to 90% of the *budget*, an intermediate value ("*Target*") equal to the *budget* and a maximum

value ("Maximum") equal to 110% of the *budget* for each of the above-mentioned objectives. Upon reaching the Entry Point value for each objective the Floor Incentive falls due, in cash, equal to 50% of the predetermined amount as a *bonus*. The Floor Incentive is increasable proportionally to its overcoming each f intermediate values up to 110% in case of achievement or overshooting of the Maximum.

In regard to sustainability, the criteria for the measurability of the objectives have been set by the Committee and then approved by the Board on a four-year basis in the following areas: ESG (environment, human rights and corruption; for social issues; personnel and human resources area). Moreover for the year 2020 only, following the spread of the pandemic by COVID-19, targets of non-financial nature, measurable and predetermined and related to ability of Directors to manage the extraordinary situation were included and weighed more than financial objectives.

Therefore, retained the Policy described in the 2020 report, it was decided to set and assign for 2020 objectives which could highlight the resilience of the Company to the changed economic scenario following the health emergency. These objectives relate to the preservation of the integrity of the company structure with reference to the production and research and development departments and to the issue of safety and health in the workplace with reference to the containment of infections.

For the General Manager, the 2020 target was the achievement of an annual consolidated operating result gate beyond which an increase in fixed remuneration was allowed, equal to 3% of the difference between the annual consolidated EBIT achieved and the gate value.

Starting from 2021, the objectives consist of:

a) annual goals:

- of financial nature: 2.2% of the difference between the annual consolidated EBIT achieved and the annual consolidated EBIT predetermined as the gate value , excluding the income of the cutting systems business unit and the results (profits and losses) resulting from extraordinary transactions;
- non-financial nature : a further 0.8% on the difference defined in the previous point to be assigned based on the achievement of at least 80% of the annual objectives of the Group's sustainability plan approved by the Board of Directors of El.En. spa.

b) mid-term objectives:

deferred payment of 40% of the variable compensation due based on annual targets achievement, to be adjusted based on the trend of the Group results as predetermined by the Board with reference to 2019 and also taking into account the capital invested for the achievement of the abovementioned financial results.

The table below shows the categories of 2021 -2023 objectives to the achievement of which the recipients will be entitled to receive the variable compensation with reference to the relevant objective:

TARGET	% OF VARIABLE COMPENSATION BASED ON THE DEGREE OF ACHIEVEMENT OF THE OBJECTIVE
ACHIEVEMENT OF ANNUAL CONSOLIDATED EBIT TARGET	<ENTRY POINT 0% ENTRY POINT 50% TARGET 100% MAX 110%
ACHIEVEMENT OF ANNUAL OBJECTIVES OF MULTI-ANNUAL SUSTAINABILITY PLAN'	<ENTRY POINT 0% ENTRY POINT 50% TARGET 100% MAX 110%

9 . Criteria used to assess the achievement of the *performance* objectives underlying the assignment of shares, options, other financial instruments or other variable components of the remuneration, specifying the extent of the variable component that is assigned on the basis of the level of achievement of the objectives themselves (letter i)

The evaluation for the achievement of the *performance* objectives takes place:

- a) regarding the economic-financial objectives, on the basis of the annual financial statements approved by the Board of Directors with reference to the relevant financial year and, for the ultrannual objectives, on the basis of the growth rate of the parameter set as measure for the purpose of achieving the objective assigned; the indicators relate to current operations
- b) as it regards to the non-financial objectives, by comparing the assigned objective with the actually achieved results. Assessment is performed by the Committee and then by the entire Board on the basis of the information flows received from the corporate functions responsible for the sector being assessed. For example in the field of sustainability if the goal assigned was the approval by all the companies of the Group of the policies in the field of corruption and human rights, the achievement of the objective is checked through the information delivered to the Committee by the functions of the various Group's companies, and through the annual *audit of* the information contained in the NFS, that this approval has actually taken place within the deadline by all the companies. So as if part of the objective about human resources was the execution of a certain level of training, the achievement of the objective is assessed through the information flows delivered to the Committee, and verified through the *audit* of the information contained in NFS , by the relevant functions of the various Group's companies on the number of hours of training provided and the number of subjects attending.

The quality objectives are measurable on the basis of criteria established by the Board on a proposal from the Committee at the time of assignment of the objectives. The achievement of the quantity objectives allocated to parameters relevant to sustainability is verified by evidence published in the annual NFS subject to audit by the auditing firm.

The extent of the variable component for which annual payment is envisaged based on the achievement of the objectives varies from 0% in case of missing of the Entry Point (90% *budget*) to 10% more than the *bonus* provided for of the achievement of the Maximum target (110% *budget*). The deferred variable compensation is payable as well based on the annual objectives related to the predetermined plurennial growth objectives to be adjusted up or down at the end of the term based on the trend of Group results.

As for the incentive compensation plans based on financial instruments, the Directors and the General Manager, as effect of the September 13, 2016 assignment , were granted with the options to subscribe as of September 14, 2019 common shares newly issued by the Company.

This assignment took place during the implementation of the 2016-2025 Stock Option Plan approved by the Shareholders' meeting on 12 May 2016 and implemented by the Board on 13 September 2016 on the proposal of the Committee.

In particular: *vesting* is envisaged for all recipients starting from the third year following the assignment; for the Directors and the General Manager it is envisaged that the exercise of the assigned options can take place only if they achieved in the relevant year at least the Entry Point of the objectives assigned by the Board; for the Directors only, it is envisaged that they hold at least 5% of the shares deriving from the exercise of the options assigned until the end of their term.

All the details of the 2016-2025 Stock Option Plan are available on the Company's website.

In particular:

- a) minutes of approval of the Shareholders' Meeting held on May 12, 2016 of the 2016-2025 Stock Option Plan and accompanying documentation including, within the explanatory report of the administrative body on the subject, the information document, updated as of March 25, 2016, drawn up pursuant to art. 84-bis of the Issuers' Regulations - sec. *Investor Relations/shareholders' meeting documents/ordinary and special shareholders' meeting April 26, 2016 - May 12, 2016*
- b) minutes of the Board meeting on September 13, 2016 for the implementation of the 2016-2025 Stock Option Plan and for the exercise of the proxy, pursuant to art. 2443 of the Italian Civil Code, of the capital increase reserved for the service of said plan with related accompanying documentation - section *Investor Relations/corporate documents/2016/2025 Stock Option Plan*;
- c) the information document, updated as of September 13, 2016, drawn up pursuant to art. 84-bis of the Issuers' Regulations and containing (pages 16 et seq.) Table no. 1 pursuant to paragraph 4.24 of Annex 3A, Scheme 7 - section *Investor Relations/corporate documents/2016/2025 Stock Option Plan*.

For the General Manager, the 2021-2024 incentive remuneration plan provides that a part of the variable remuneration (20% of the remuneration due to the achievement of the annual objectives) is to be paid in shares of the Company subject to a four-year *lock-up* starting from the date of assignment.

* * *

10. Information aimed at highlighting the contribution of the remuneration policy, and in particular of the policy on variable remuneration components, to the corporate strategy, to the pursuit of long-term interests and to the sustainability of the Company (letter j) .

The Board believes that the remuneration policy contributes to the corporate strategy to varying degrees depending on the subjects to which it is directed.

With reference to the General Manager, his current the remuneration plan , and in any case, more generally, similar plans that were intended for subjects involved in the company management unrelated to the historical shareholders, allows for the achievement of an objective of stability in covering the role for the consistent achievement of strategic objectives mainly of financial nature and positioning on markets characterized by a limited number of players.

With reference to the Directors, in addition to the achievement of these objectives, their current remuneration plan is also relevant in terms of pursuing the long-term interests of the Company and the Group as the objectives are structured in such a way as to avoid the achievement through short-term management choices that could potentially undermine the sustainability of the Company and therefore its and the Group's ability to generate profit and create value in the long term.

* * *

11. *Vesting period*, any deferred payment systems, indicating the deferral periods and the criteria used to determine these periods and, if applicable, the *ex post* correction mechanisms of the variable component (*malus* or return of "*claw-back*" variable compensation) (letter k)

In addition to what has been said in relation to paragraph 9 above in relation to the *vesting period* of the options exercise right within the 2016-2025 Stock Option Plan and the four-year transfer lock up to which the shares assigned to the General Manager are subject as part of the variable remuneration of the same, the Policy provides also the following.

The variable part of the remuneration of the Directors is paid, until the year 2020, in the year following that for which the objectives have been assigned. For the financial years 2021-2023 70% of the accrued variable component, only, shall be paid in the financial year following the one in relation to which the objectives were assigned, while the residual 30%, possibly revalued as described in paragraph 8 above, is to be paid at the end of the term.

20 % of the variable compensation of the General Manager accrued in relation to annual targets is subjected to deferred payment as follows:

- i) 60% of the amounts accrued until then, following the approval of the 2023 financial statements, with the salary of the month following the approval of the financial statements by the Shareholders' Meeting;
- ii) the balance of accrued amounts, following the approval of the 2024 financial statements, with the salary of the month following the approval of the financial statements by the Shareholders' Meeting.

Finally, both the Directors and the General Manager are recipient and have subscribed claw back clauses by virtue of which they will be required to return the sums they have received pursuant to incentive compensation plans also based on financial instruments approved during the term of office, if it will occur that the achievement of objectives set out in the aforementioned plans have been distorted by data then revealed as manifestly and objectively incorrect by the end of the second financial year following the one in which the respective sums were received.

* * *

12. Information on the possible provision of clauses for maintaining the financial instruments in the portfolio after their acquisition, with indication of the holding periods and the criteria used to determine these periods (letter l)

There is no further information in addition to the hereinabove mentioned in paragraph 9 in relation to the Stock Option Plan 2016-2025 and in paragraph 10 in relation to the lock up of shares that may be granted by virtue of the incentive compensation plan of the Director General.

* * *

13. Policy relating the treatment provided in the event of termination of office or termination of the employment relationship (letter m).

For Directors, who are not employees of the Company, an end-of-term indemnity equal to Euro 6,500.00 for each year of term is envisaged.

The provision of these sums is made mainly through the stipulation of a specific insurance policy.

Liquidation of the indemnity is expected upon the end of the term.

The current Board expires with the approval of the 2020 financial statements.

As for the General Manager, there are no particular provisions other than the reference to the relevant collective bargaining agreements.

14. Any other insurance and social security coverage (letter n)

In line with best practices, a D&O (*Directors & Officers*) Liability insurance policy is envisaged for civil liability towards third parties of the corporate bodies, general managers, executives with strategic responsibility in the exercise of their functions aimed at keep harmless the Group and the corporate bodies from the charges deriving from the related damages compensation, pursuant to the

provisions established on the matter by the applicable national collective labor agreement and the rules on mandate, excluding cases of willful misconduct and gross negligence. In addition to the provisions of the law in the case of an employment relationship, there are no other insurance coverages, or social security or pension, in favor of corporate bodies. The General Manager is the beneficiary of what is described in paragraph 7.

15. Salary policy for independent directors, members of intra-board committees, special offices (letter o).

All Directors, including independent directors, are entitled to a fixed predetermined remuneration approved by the Shareholders' Meeting.

Therefore, independent directors and non-executive directors do not receive any further remuneration.

Until the end of the term of the current Board, no further consideration is envisaged for participation in board committees.

For the Board that will be appointed by the 2021 Shareholders' Meeting, the outgoing Board proposed to grant a modest increase in the fixed remuneration for non-executive directors, including independent ones, who are appointed chairmen of the internal board committees. In this regard, see the explanatory report filed by the Board on March 18, 2021 which can be consulted on the company's website www.elengroup.com (*Investor Relations/governance/shareholders' meeting documents/2021/ORDINARY SHAREHOLDERS' MEETING April 27, 2021 - May 4, 2021 section*).

The payment of further remuneration is linked to the performance of functions with delegated powers on an ongoing basis.

In this context, the Chairman, as he is also a managing director, receives a higher fixed remuneration component than the non-executive directors as well as a variable remuneration component, as described in the relevant previous paragraphs.

16. Any remuneration policies used as a reference (letter p)

There are no particular remuneration policies used as a specific reference.

The Board before proposing to the determination of the compensation of the administrative and control bodies proceeds to an examination of the compensation paid in the related organs of other companies in the sector and comparable size .

17. Exemptions for exceptional circumstances (letter q)

In connection with the "exceptional circumstances" that allow to derogate, temporarily, to Policy approved by the Shareholders' Meeting please note that these are related to situations in which the exemption is necessary for the purposes of the long-term interests of the pursuit of the Company and the sustainability of the Group as a whole or to ensure its ability to stay on the market.

By way of example, they may refer to the need to quickly attract, retain or motivate figures with the skills and qualifications appropriate to situations that require to be managed dynamically and quickly in order to successfully manage contingent situations not foreseen at the time of approval of the Policy.

The procedure that will be applied is that relating to the elaboration of the general policy and of any revisions, therefore when this becomes necessary due to unforeseen and exceptional circumstances it will be proposed by the Committee, having heard the Statutory Auditors in accordance with what has been described and where necessary to the *Regulations for the transactions with related parties* of the Company.

The elements of the Policy that may be waived may concern, among others, the extent of the fixed remuneration, the objectives and the extent of the variable remuneration, the methods and timing of payment.

At present, the Company did not need to derogate from the Policy .

* * *

B) THE REMUNERATION POLICY OF THE CONTROL BODIES

Pursuant to art. 2402 of the Italian Civil Code, the remuneration of the Board of Statutory Auditors is determined at a fixed rate upon appointment by the Shareholders' Meeting on the proposal of the Board. In this regard, the Board formulates its proposal on the basis of the following elements:

- a) the current sector tariffs;
- b) the comparison with the remuneration paid to the supervisory bodies of other companies in the sector and comparable size;
- c) the commitment required and the relevance of the role covered by each of them.

The remuneration, in accordance with the provisions of the law and in line with the supervisory role of the Statutory Auditors, remains unchanged until the termination of the office and is paid on an annual basis.

The Board of Statutory Auditors is not receiving any variable compensation .

SECTION II - COMPENSATION PAID

PART ONE

1.1. Description of the items included in the remuneration and severance pay

In coherence with Section I, the Directors during the year 2020 have been remunerated as follows. The Shareholders' Meeting which on April 27, 2018 appointed the Board established, up to new and different Shareholders' general meeting resolutions, in EUR 1.468.000,00 (one million four hundred sixty-eight thousand/00) the total maximum annual allowance attributed to 6 (six) members of the Board and to be divided as follows:

- a) with respect to total EUR 90.000,00 (ninety thousand/00) per annum in equal parts among all the members of the Board of Directors;
- b) for a total of 378,000.00 (three hundred and seventy-eight thousand/00) per year in equal parts, also through the attribution of non-monetary benefits, between the Chairman of the Board of Directors and the managing directors;
- c) as to a total gross annual amount of € 1,000,000.00 (one million/00), as a variable part of the remuneration to be attributed to the Chairman of the Board of Directors, managing directors and directors vested with special offices by way of *bonuses* based on the achievement objectives set by the Board of Directors as well as extraordinary transactions and/or extraordinary results for the year.

Consequently each of the Directors has received over 2020 a fixed salary of EUR 15.000,00 per year.

None of the components of the Board committees has received anything for such participation. None of the non-executive directors was the recipient of additional remuneration with respect to that mentioned above.

The Chairman of the Board, Gabriele Clementi, also ad managing director and the other two managing directors Andrea Cangoli and Barbara Bazzocchi, were paid, in 2020, as a fixed component, an additional 126,000.00 euros each in accordance with the resolution of the Shareholders' Meeting inclusive of the fringe benefit consisting of the assignment to each of them of a company car for mixed use that can also be used by their family members within the limits of 5,000.00 gross per year each as established by the Board.

Furthermore, in relation to the Chairman and the two Managing Directors, the Shareholders' Meeting held on April 27, 2018 confirmed the annual amount of € 6,500.00 each, pursuant to art. 17 TUIR 917/1986, as end-of-term indemnity: these sums are set aside through a specific insurance policy.

With regard to the variable component relating to the achievement of the predetermined objectives referred to in the first section of this report, the recipients of the variable or compensation plan have accrued the following overall amounts for the year 2020 (summarized in table 1, column "3") :

- Gabriele Clementi - chairman and managing director: euro 161,130.00
- Andrea Cangoli - managing director: euro 80,565.00
- Barbara Bazzocchi - managing director: euro 58,593.00

The proportion between the fixed and variable component of the Directors is as follows:

Clementi variable 53,35 %

Cangoli variable 36,45%

Bazzocchi variable 29.35 % .

The variable compensation component accrued was determined by the Board at its meeting on March 15, 2021 on a proposal of the Compensation Committee in light of the evaluation of results of the 2020 financial statements and NFS that will be submitted to the approval of Shareholders'

Meeting, as well as of the flow of information received from the various relevant functions in relation to sustainability goals not strictly ESG.

The variable compensation component benefits, also, for all subjects included in the plan, of the predetermined increase, matured during the year by virtue of exceeding for two years the assigned objectives.

In particular, with reference to the annual objectives achieved with respect to those assigned, the Company by virtue of reasons due to the processing and disclosure of relevant corporate information, intends to disclose the percentage of achievement of the assigned objectives, only and not explicitly disclose the consistency of the objectives. For all financial and non-financial objectives, the gate value (Entry Point) and the *target* have been exceeded and:

- a) With reference to objectives of financial nature: the achievement is positioned above the Target, equivalent to the *budget*, and just below the Maximum;
- b) With reference to the non-financial objectives:
 - ESG : achievement of the maximum assigned objective;
 - other sustainability: achievement of the maximum assigned objective.

Some of the Directors of the Company receive remuneration as members of the administrative bodies of subsidiaries. These fees, summarized in table 1, column "1", are paid directly by the controlled company under administration.

The General Manager, Paolo Salvadeo, receives an overall higher remuneration than the higher overall remuneration attributed to the subjects indicated in lett. a) (Chairman and Managing Directors).

The Company has entered into a non-compete agreement with the General Manager for the entire duration of the relationship and for the two years following the termination. Against the assumption of this commitment, he receives, in constant relationship, an annual indemnity equal to Euro 100,000.00 (one hundred thousand / 00) gross.

During the 2020 financial year, following a voluntary and exceptional reduction of his income in the constant health emergency due to COVID-19, he received as a fixed component a total of 293,648.00 euros instead of the 305,000.00 euros contractually provided for, in addition to 21,294.00 euros of non-monetary benefits.

With regard to the variable component relating to the achievement of the predetermined objectives referred to in the first section of this report, the General Manager as recipient of the variable compensation plan (table 1, column "3" letter (I)) has accrued in relation to year 2020 a total sum of € 359,560.00, having exceeded the assigned gate limit.

The Directors, the General Manager, as well as other employees and collaborators of the Group, are recipients, following the assignment on September 13, 2016, of options for the subscription, starting from 14 September 2019, of newly issued ordinary shares of the Company.

This assignment took place during the implementation of the 2016-2025 Stock Option Plan approved by the shareholders' meeting on May 12, 2016 and implemented by the Board on September 13, 2016 on the proposal of the Committee.

In particular: *vesting* is envisaged for all recipients starting from the third year following the assignment; for the Directors and the General Manager it is envisaged that the exercise of the assigned options can take place only if they have achieved in the relevant year at least the Entry Point of the objectives assigned by the Board; for the Directors only, it is envisaged that they hold at least 5% of the shares deriving from the exercise of the options assigned until the end of their term.

All the details of the 2016-2025 Stock Option Plan are available on the Company's website.

In particular:

- a) minutes of approval of the Shareholders' Meeting on May 12, 2016 of the 2016-2025 Stock Option Plan and accompanying documentation including, within the explanatory report of the administrative body on the subject, the information document, updated as of March 25, 2016, drawn up pursuant to art. 84- *bis* of the Issuers' Regulations - *sec. Investor Relations/shareholders' meeting documents / ordinary and extraordinary shareholders' meeting April 26, 2016 - May 12, 2016*
- b) minutes of the Board meeting on 13 September 2016 for the implementation of the 2016-2025 Stock Option Plan and for the exercise of the proxy, pursuant to art. 2443 of the Italian Civil Code, of the capital increase reserved for the service of said plan with related accompanying documentation - section *Investor Relations / corporate documents / Stock Option Plan 2016 - 2025* ;
- c) the information document, updated as of September 13, 2016, drawn up pursuant to art. 84-*bis* of the Issuers' Regulations and containing (pages 16 et seq.) Table no. 1 pursuant to paragraph 4.24 of Annex 3A, Scheme 7 - *section Investor Relations / corporate documents / 2016 - 2025 Stock Option Plan* .

As for the Board of Statutory Auditors, it received the remuneration established by the Shareholders' Meeting at the time of the appointment of the body on May 15, 2019 which resolved to "determine, for the entire term of office, the annual remuneration of the effective members of the Board of Statutory Auditors in accordance with the amounts paid in recent years, in a total of Euro 30,000.00 (thirty thousand point zero zero) for the Chairman and in a total of Euro 20,000.00 (twenty thousand point zero zero) for each of the effective auditors ".

The remuneration actually received by the Chairman and by the effective members are described in the following tables.

In addition, some effective members of the company's Board of Statutory Auditors receive remuneration, approved by the relevant Shareholders' Meetings, also as members of the board of statutory auditors of the subsidiaries. This remuneration, summarized in table 1, column "1", is paid directly to the recipients by the relevant subsidiary.

One of the statutory auditors, as a member of the supervisory body appointed pursuant to Legislative Decree 231/2001 of the Company and of some subsidiaries, receives the relative additional remuneration (summarized in table 1, column "5").

1.2. Indemnity in the event of early termination of the relationship.

The Chairman and the two Managing Directors, it has been said, are only entitled to a predetermined end-of-term indemnity of € 6,500.00 per year pursuant to art. 17 TUIR 917/1986.

No agreements have been stipulated that provide for indemnities in the event of early termination of the relationship with the General Manager.

During the 2020 financial year, no indemnities or benefits were awarded for the termination of the office or for the termination of the employment relationship.

1.3. Exemptions applied to the Policy

During the 2020 financial year, no exceptions to the Policy described in the 2020 report were applied .

It should be noted that, as anticipated in the 2020 Report, the usual objectives were integrated with those linked to the exceptional situation that arose following the health emergency still in progress and described in the first part.

1.4. Application of mechanisms of correction *ex-post* the variable component (*claw back*)

During the 2020 financial year, no *ex post* correction mechanisms were applied .

1.5. Salary change and comparison information

The comparison between the annual changes is shown below for the financial years 2017-2018-2019-2020 :

i) of the total remuneration of Board members, the Board of Auditors and the General Manager

			2017	2018	2019	2020
Gabriele Clementi	Chairman and Chief Executive Officer		260.115	153,266	285.524	302.130
		Var. %		-41.08	86.29	5.82
Barbara Bazzocchi	Managing Director		182.406	144,854	193,554	199,593
		Var. %		-20.59	33.62	3.12
Andrea Cangoli	Managing Director		199,058	146,656	213.262	221.565
		Var. %		-26.32	45.42	3.89
Alberto Pecci	Director		12,000	14,047	15,000	15,000
		Var. %		17.06	6.78	0.00
Michele Legnaioli	Director		12,000	14,047	15,000	15,000
		Var. %		17.06	6.78	0.00
Fabia Romagnoli	Director		12,000	14,047	15,000	15,000
		Var. %		17.06	6.78	0.00
Vincenzo Pilla	Chairman of the Board of Statutory Auditors		31.200	31.200	31.200	31.200
		Var. %		0.00	0.00	0.00
Paolo Caselli	Effective Auditor		30,160	30,160	30,160	30,160
		Var. %		0.00	0.00	0.00
Rita Pelagotti	Effective Auditor		20,800	20,800	20,800	20,800
		Var. %		0.00	0.00	0.00
Paolo Salvadeo	General manager		883.705	816.959	1,043,489	776.457
		Var. %		-7.55	27.73	-25.59

ii) and of the Company's results (annual% change)

	2020	2019	Var. %
Revenues	64.216.274	67.737.199	-5.20%
Operating income	801.330	1,656,567	-51.63%

	2019	2018	Var. %
Revenues	67.737.199	62.137.220	9.01%
Operating income	1,656,567	482.894	243.05%

	2018	2017	Var . %
Revenues	62.137.220	54.060.616	14.94%
Operating income	482.894	-980.271	

iii) of the average gross annual remuneration, based on full-time employees, of employees other than the subjects referred to in the table under i)

		2017	2018	2019	2020
Average number of employees	Var . %	Base	6.67	0.84	8.10
Average gross annual remuneration	Var . %	Base	-5.65	-0.20	-13.45

The average gross annual salary was calculated by dividing the total taxable amount for social security purposes by the average number of full-time employees in the relevant year .

1.6. Vote expressed by the Shareholders' Meeting on this Section of the Report

The Shareholders' Meeting on June 4, 2020 approved this Section II of the Report relating to the 2019 financial year as follows:

	Number of shares	% of the share capital with voting rights	% of shares represented at the meeting
Shares represented at the meeting	13,875,645	70.808%	100,000%
Shares for which a vote has been expressed	13,875,645	70.808%	100,000%
Favorable	12,669,097	64.651%	91.305%
Opposites	1,206,548	6.157%	8.695%
Abstained	0	0.000%	0.000%
Not voting	0	0.000%	0.000%
Total	13,875,645	70.808%	100,000%

* * *

PART TWO - TABLES

Below is the information on the equity investments held and on the remuneration paid in the reference year.

COURTESY TRANSLATION

TABLE 1: Compensation paid to members of the administrative and auditing bodies, to general managers and to other executives with strategic responsibilities.

(A) Name and surname	(B) Office	(C) Period for which office was held		(D) Office expiry	(1) Fixed compensation	(2) Compensation for committee participation	(3) Variable non-equity compensation		(4) Non-monetary benefits	(5) Other remuneration	(6) Total	(7) Fair value of equity compensation	(8) Severance indemnity for end of office or termination of employment
		From	To				Bonuses and other incentives	Profit sharing					
Gabriele Clementi	Chairman and Chief Executive Officer	01/01/2020	31/12/2020	Approval 2020 FS									
(I) Compensation in the company preparing the financial statements					137.176,00		161.130,00		3.824,00		302.130,00	16.426,00	6.500,00
(II) Compensation from subsidiaries and associates note (A)					12.311,00						12.311,00		
(III) Total					149.487,00		161.130,00		3.824,00		314.441,00	16.426,00	6.500,00
Barbara Bazzocchi	Managing Director	01/01/2020	31/12/2020	Approval 2020 FS									
(I) Compensation in the company preparing the financial statements					137.176,00		58.593,00		3.824,00		199.593,00	5.579,00	6.500,00
(II) Compensation from subsidiaries and associates note (B)					24.000,00						24.000,00		
(III) Total					161.176,00		58.593,00		3.824,00		223.593,00	5.579,00	6.500,00
Andrea Cangioli	Managing Director	01/01/2020	31/12/2020	Approval 2020 FS									
(I) Compensation in the company preparing the financial statements					137.366,00		80.565,00		3.634,00		221.565,00	10.847,00	6.500,00
(II) Compensation from subsidiaries and associates note (C)					12.311,00						12.311,00		
(III) Total					149.677,00		80.565,00		3.634,00		233.876,00	10.847,00	6.500,00
Alberto Pecci	Director	01/01/2020	31/12/2020	Approval 2020 FS									
(I) Compensation in the company preparing the financial statements					15.000,00						15.000,00		
(II) Compensation from subsidiaries and associates													
(III) Total					15.000,00						15.000,00		
Michele Legnaioli	Director	01/01/2020	31/12/2020	Approval 2020 FS									
(I) Compensation in the company preparing the financial statements					15.000,00						15.000,00		
(II) Compensation from subsidiaries and associates													
(III) Total					15.000,00						15.000,00		
Fabia Romagnoli	Director	01/01/2020	31/12/2020	Approval 2020 FS									
(I) Compensation in the company preparing the financial statements					15.000,00						15.000,00		
(II) Compensation from subsidiaries and associates													
(III) Total					15.000,00						15.000,00		

note A: remuneration received as a member of the Board of Directors of the subsidiary With us

note B: remuneration received as a Chairman of the subsidiary Ot-las srl (€ 12,000) and as Sole Director of the subsidiary Esthelogue srl (€ 12,000)

note C: remuneration received as a member of the Board of Directors of the subsidiary With us

continued -

TABLE 1: Compensation paid to members of the administrative and auditing bodies, to general managers and to other executives with strategic responsibilities.

- continued

(A) Name and surname	(B) Office	(C) Period for which office was held		(D) Office expiry	(1) Fixed compensation	(2) Compensation for committee participation	(3) Variable non-equity compensation		(4) Non-monetary benefits	(5) Other remuneration	(6) Total	(7) Fair value of equity compensation	(8) Severance indemnity for end of office or termination of employment
		From	To				Bonuses and other incentives	Profit sharing					
Vincenzo Pilla (*)	Chairman of the Board of Statutory Auditors	01/01/2020	31/12/2020	Approval 2021 FS									
(I) Compensation in the company preparing the financial statements					31.200,00						31.200,00		
(II) Compensation from subsidiaries and associates note (D)					25.298,00						25.298,00		
(III) Total					56.498,00						56.498,00		
Paolo Caselli (*)	Effective Auditor	01/01/2020	31/12/2020	Approval 2021 FS									
(I) Compensation in the company preparing the financial statements (note E)					20.800,00					9.360,00	30.160,00		
(II) Compensation from subsidiaries and associates note (F)					34.196,24					13.308,00	47.504,24		
(III) Total					54.996,24					22.668,00	77.664,24		
Rita Pelagotti (*)	Effective Auditor	01/01/2020	31/12/2020	Approval 2021 FS									
(I) Compensation in the company preparing the financial statements					20.800,00						20.800,00		
(II) Compensation from subsidiaries and associates					0						0,00		
(III) Total					20.800,00						20.800,00		
Gino Manfriani (*)	Alternate Auditor	01/01/2020	31/12/2020	Approval 2021 FS									
(I) Compensation in the company preparing the financial statements					0,00						0,00		
(II) Compensation from subsidiaries and associates (note G)					38.826,32						38.826,32		
(III) Total					38.826,32						38.826,32		
Paolo Salvadeo	General Manager	01/01/2020	31/12/2020										
(I) Compensation in the company preparing the financial statements (note H)					393.648,00		359.560,00		21.294,00	1.955,00	776.457,00	16.426,00	
(II) Compensation from subsidiaries and associates					0								
(III) Total					393.648,00		359.560,00		21.294,00	1.955,00	776.457,00	16.426,00	

(*) the amounts include professional pension funds contributions and expense reimbursements

Note D: amounts received as Presidente of the Statutory Auditing Committee of Quanta System spa and Lasit Spa

Note E: in the "other remuneration" column we listed the remuneration received as President of the El.En. Spa Surveillance Body

Note F: in the "fixed compensation" column we show the compensation received as Sole Statutory Auditor of Deka M.E.L.A. srl and of Statutory auditor of Quanta System Spa and Lasit spa - in the "other remuneration" column we summarize the compensation received as member of the Surveillance bodies of Quanta System spa and Deka M.E.L.A. srl

Note G: in the "fixed compensation" column we summarize the compensation received as Sole Statutory Auditor of Esthologue srl, Cutlite Penta srl e Ot-las srl and of Statutory Auditor of Quanta System spa

Note H: The "fixed compensation" item includes € 100.000,00 as non compete agreement compensation accruing and being paid during the employment - the item "non monetary benefits" includes fringe benefits received as employee the item "other remuneration" includes allowances for business trips performed as employee

TABLE 2: Stock options assigned to the members of the administrative body, to general managers and other executives with strategic responsibilities.

(A)	(B)	(1)	Options held at the beginning of the year			Options assigned during the year						Options exercised during the year			Options vested during the year	Options held at the end of the year	Options of the year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)=(2)+(5)-(11)-(14)	(16)
Name and surname	Office	Plan	Number of options	Exercise Price	Period of possible exercise (from-to)	Number of options	Exercise Price	Period of possible exercise (from-to)	Fir value on assignment date	Assignment date	Market value of underlying shares on the assignment date	Number of options	Exercise Price	Market price of underlying shares on the exercise date	Number of options	Number of options	Fair Value
Gabriele Clementi	Chairman and Chief Executive Officer																
(I) Compensation in the company preparing the financial statement		Stock Option Plan 2016/2025 - Shareholders' resolution 12/05/2016 - BoD resolution 13/09/2016	26.500	12,72	From 14/09/19 to 31/12/25							26.500	12,72	17,98		0	0,00
		Stock Option Plan 2016/2025 - Shareholders' resolution 12/05/2016 - BoD resolution 13/09/2016	26.500	12,72	From 14/09/20 to 31/12/25												26.500
(II) Compensation from subsidiaries and associates	N/A																
(III) Total			53.000													26.500	16.426,00
Andrea Cangioli	Managing Director																
(I) Compensation in the company preparing the financial statement		Stock Option Plan 2016/2025 - Shareholders' resolution 12/05/2016 - BoD resolution 13/09/2016	7.500	12,72	From 14/09/19 to 31/12/25							1000 3500	12,72	17,52 20,40		3.000	0,00
		Stock Option Plan 2016/2025 - Shareholders' resolution 12/05/2016 - BoD resolution 13/09/2016	17.500	12,72	From 14/09/20 to 31/12/25												17.500
(II) Compensation from subsidiaries and associates	N/A																
(III) Total			25.000													20.500	10.847,00

continued -

TABLE 2: Stock options assigned to the members of the administrative body, to general managers and other executives with strategic responsibilities.

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(A)	(B)	(1)	Options held at the beginning of the year			Options assigned during the year						Options exercised during the year			Options vested during the year	Options held at the end of the year	Options of the year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)=(2)+(5)-(11)-(14)	(16)
Name and surname	Office	Plan	Number of options	Exercise Price	Period of possible exercise (from-to)	Number of options	Exercise Price	Period of possible exercise (from-to)	Fir value on assignment date	Assignment date	Market value of underlying shares on the assignment date	Number of options	Exercise Price	Market price of underlying shares on the exercise date	Number of options	Number of options	Fair Value
Barbara Bazzocchi	Managing Director																
(I) Compensation in the company preparing the financial statement		Stock Option Plan 2016/2025 - Shareholders' resolution 12/05/2016 - BoD resolution 13/09/2016	9.000	12,72	From 14/09/19 to 31/12/25							9.000	12,72	17,98		0	0,00
		Stock Option Plan 2016/2025 - Shareholders' resolution 12/05/2016 - BoD resolution 13/09/2016	9.000	12,72	From 14/09/20 to 31/12/25											9.000	5.579,00
(II) Compensation from subsidiaries and associates		N/A															
(III) Total			18.000													9.000	5.579,00
Paolo Salvadeo	General manager																
(I) Compensation in the company preparing the financial statement		Stock Option Plan 2016/2025 - Shareholders' resolution 12/05/2016 - BoD resolution 13/09/2016	0	12,72	From 14/09/19 to 31/12/25											0	0,00
		Stock Option Plan 2016/2025 - Shareholders' resolution 12/05/2016 - BoD resolution 13/09/2016	26.500	12,72	From 14/09/20 to 31/12/25								54 446	22,70 22,20		26.000	16.426,00
(II) Compensation from subsidiaries and associates		N/A															
(III) Total			26.500													26.000	16.426,00

TABLE 3A: Incentive plans based on financial instruments other than *stock options*, for members of the administrative body, general managers and other executives with strategic responsibilities

A	B	Financial instruments assigned during previous years and not vested during the year		Financial instruments assigned during the year						Financial instruments vested during the year and not assigned	Financial instruments vested during the year and able to be assigned		Financial instruments of the year
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name and surname	Office	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value on assignment date	Vesting period	Assignment date	Market price on the assignment date	Number and type of financial instruments	Number and type of financial instruments	Value on the vesting date	Fair Value
(I) Compensation in the company preparing the financial statement		N/A											
(II) Compensation from subsidiaries and associates		N/A											
(III) Total													
Other executives with strategic responsibilities		Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value on assignment date	Vesting period	Assignment date	Market price on the assignment date	Number and type of financial instruments	Number and type of financial instruments	Value on the vesting date	Fair Value
(I) Compensation in the company preparing the financial statement		N/A											
(II) Compensation from subsidiaries and associates		N/A											
(III) Total													

TABLE 3B: Monetary incentive plans for members of the administrative body, general managers and others executives with strategic responsibilities

(A) Name and surname	(B) Office	(1) Plan	(2)			(3)			(4)
			Bonus of the year			Bonuses of previous years			Other bonuses
			(A) Payable / paid	(B) Deferred	(C) Deferral period	(A) Not payable anymore	(B) Payable / paid	(C) Still deferred	
Gabriele Clementi	Chairman and Chief Executive Officer								
(I) Compensation in the company preparing the financial statement		Remuneration policy 2020 - BoD resolution 04/06/2020	161.130,00						
(II) Compensation from subsidiaries and associates									
(III) Total			161.130,00						
Barbara Bazzocchi	Managing Director								
(I) Compensation in the company preparing the financial statement		Remuneration policy 2020 - BoD resolution 04/06/2020	58.593,00						
(II) Compensation from subsidiaries and associates									
(III) Total			58.593,00						
Andrea Cangjoli	Managing Director								
(I) Compensation in the company preparing the financial statement		Remuneration policy 2020 - BoD resolution 04/06/2020	80.565,00						
(II) Compensation from subsidiaries and associates									
(III) Totale			80.565,00						
Paolo Salvadeo	General manager								
(I) Compensation in the company preparing the financial statement		Remuneration policy - BoD resolution 15/12/2016	359.560,00						
(II) Compensation from subsidiaries and associates									
(III) Total			359.560,00						

TABLE 1: Investments of the members of the administrative and auditing bodies and general managers

Surname and name	Office	Investee company	Number of shares held at the end of the previous year (par value 0,13)	Number of shares acquired	Number of shares sold	Number of shares held at the end of the current year (par value 0,13)
Andrea Cangioli (*)	Managing Director	El.En. Spa	2.937.688	4.500		2.942.188
Gabriele Clementi (*)	Chairman and Chief Executive Officer	El.En. Spa	1.885.122	26.500		1.911.622
Barbara Bazzocchi (*)	Managing Director	El.En. Spa	988.496	9.000		997.496
Barbara Bazzocchi (spouse) (*)	Managing Director	El.En. Spa	0	9.000		9.000
Alberto Pecci	Director	El.En. Spa	2.078.456			2.078.456
Alberto Pecci (spouse)	Director	El.En. Spa	1.200			1.200
Michele Legnaioli	Director	El.En. Spa	640			640
Vincenzo Pilla	Chairman Board of Statutory Auditors	El.En. Spa	1.200			1.200
Daniela Moroni	Alternate Auditor	El.En. Spa	8.400			8.400
Paolo Salvadeo (**)	General Manager	El.En. Spa	0	500	500	0
(Immobiliare del Ciliegio Srl) (***)		El.En. Spa	1.449.648			1.449.648

(*) All the shares listed in the "Number of shares acquired" column were bought with a partial exercise of the options received within the 2016-2025 SOP

(**) The shares listed in the "Number of shares acquired" and "Number of shares sold" columns were bought and sold with a partial exercise of the options received within the 2016-2025 SOP

(***) The Managing Director Andrea Cangioli holds 25% of the shares of the Company

TABLE 2: Investments of the other executives with strategic responsibilities

Partecipazioni degli altri dirigenti con responsabilità strategica					
Number of executives with strategic responsibilities	Investee company	Number of shares held at the end of the previous year (par value 0,13)	Number of shares acquired	Number of shares sold	Number of shares held at the end of the current year (par value 0,13)
N/A					

N/A

Calenzano, 15 March 2021

For the Board of Directors
The President
Ing. Gabriele Clementi



COURTESY TRANSLATIO