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**REPORT ON THE REMUNERATION POLICY AND REMUNERATION PAID  
PURSUANT TO ARTICLES 123-TER TUF AND 84-QUARTER OF CONSOB REG.  
11971/1999**

Approved by the Board of Directors at its meeting of 15 March 2023

COURTESY TRANSLATION

## INDEX

PREMISE.....	4
SUMMARY TABLE OF ESSENTIAL FEATURES REMUNERATION POLICY 2021-2023.....	5
SECTION I – REMUNERATION POLICY .....	8
1. The bodies or subjects involved in the preparation and approval and possible revision of the remuneration policy (letter a).....	8
2. Remuneration Committee: composition, competences and methods of operation (letter b).....	10
3. Compensation and working conditions of its employees (letter c).....	11
4. Use of independent experts (letter d) .....	11
5. Objectives pursued with the remuneration policy, principles underlying it, duration, description of changes in the remuneration policy submitted to the shareholders' meeting and review criteria compared to the previous financial year (letter e).....	11
6. Description of the policies regarding fixed and variable components of remuneration (with particular regard to the indication of the related weight within the total remuneration and distinguishing between short and medium-long term variable components) (letter f) .....	13
7. Non-monetary benefits (letter g).....	17
8. Description of the <i>performance</i> objectives on the basis of which the medium and long-term variable components are assigned. Link between the change in results and the change in remuneration (letter h). .....	17
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 remuneration, specifying the extent of the variable component to be paid according to the level of achievement of the objectives (letter i) .....	19
10. Information aimed at highlighting the contribution of the remuneration policy, and in particular 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). .....	20
11. Terms of accrual of rights (so-called rights accrual). <i>vesting period</i> , any deferred payment systems, indicating the deferral periods and the criteria used to determine these periods and, if any, the ex-post correction mechanisms of the variable component ( <i>malus</i> or return of variable " <i>claw-back</i> " remuneration) (letter k) .....	20
12. Information on whether there are clauses for the retention of financial instruments after their acquisition, indicating the retention periods and the criteria used to determine these periods (letter l).....	21
13. Processing provided for in the event of termination of office or termination of the employment relationship (letter m).....	22
14. Any other insurance and social security coverage (letter n) .....	22
15. Remuneration policy for independent directors, members of intra-board committees, special offices (letter o).....	22
16. Any remuneration policies used as a reference (letter p).....	23
17. Exceptions for exceptional circumstances (letter q) .....	23
SECTION II - COMPENSATION PAID .....	25

PART ONE .....25

1.1. Description of the items that make up the remuneration and severance pay.....25

1.2. Indemnity in the event of early termination of the relationship .....27

1.3. Exceptions to the Policy .....28

1.4. Application of *ex-post* correction mechanisms of the variable component (claw back).28

1.5. Change in remuneration and comparison information .....28

1.6. Vote expressed by the Assembly on this Section of the Report.....29

SECOND PART – TABLES .....30

COURTESY TRANSLATION

## PREMISE

This report ("the Report") is prepared pursuant to art. 123-ter of Legislative Decree no. 58 of 24 February 1998 ("T.U.F.") and drawn up in compliance with Annex 3A, Scheme 7-bis of CONSOB Issuers' Regulation 11971/1999 ("Issuers' Regulation"), as required by art. 84-*quater* of the aforementioned Regulation.

It explains the remuneration policy adopted by El.En. s.p.a. ("the Company") with reference to the Board of Directors, the General Manager, any strategic managers and, to the extent compatible with the provisions of the law, the members of the control bodies.

In the Section 1 it illustrates the remuneration policy adopted by El.En. s.p.a. ("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 the Issuer.

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

As for Section I, containing the 2021-2023 Remuneration Policy, it had been approved by the Board of Directors of El.En. s.p.a. ("the Board") at the meeting held on 15 March 2021, then confirmed at the meeting held on 15 March 2022, and by the shareholders' meeting ("the Shareholders' Meeting") convened to approve the 2021 financial statements pursuant to art. 123-*ter*, paragraphs 3-*bis* and 6 TUF.

Subsequently, the Board, for the reasons set out in the related explanatory report published in view of the Shareholders' Meeting of 15 December 2022, had approved at the meeting of 27 October 2022, on the proposal of the Remuneration Committee, to amend and supplement the 2021-2023 remuneration policy by introducing, in continuity with the policies adopted since its establishment, a new share incentive plan reserved for members of the Board of Directors, collaborators and employees of the company and its subsidiaries.

The Shareholders' Meeting of 15 December 2022 approved the addition proposed by the Board.

Furthermore, at its meeting on 15 March 2023, the Board resolved to supplement the Policy by introducing a maximum limit on the allocation of the variable portion of remuneration of the Issuer's General Manager.

Section I, - which intends to constitute a definition of the Policy also pursuant to art. 5 of the Corporate Governance Code for listed companies approved by the Corporate Governance Committee of Borsa Italiana s.p.a. ("Code") – submitted for approval by the Shareholders' Meeting also for the purposes referred to in art. 9.2 of the *Regulation for the regulation of transactions with related parties* of El.En. s.p.a.

Pursuant to art. 84-*quater* of the Issuers' Regulation, the new Report is made available to the public at the registered office and published on the website [www.elengroup.com](http://www.elengroup.com) in the section "Investor Relations/Governance/Shareholders' Meeting documents/2023/ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING 27 April 2023 – 15 May 2023" as well as on the authorized storage mechanism eMarketSDIR available at [www.emarketstorage.com](http://www.emarketstorage.com) as of 6 April 2023.

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## SUMMARY TABLE OF ESSENTIAL FEATURES REMUNERATION POLICY 2021-2023

FIXED AND VARIABLE REMUNERATION							
Addressee	Fixed annual component 2021-2023	2021 variable component and percentage of global compensation	2022 variable component and percentage of global compensation	Objectives 2021-2023	Lens weight 2021-2023	Variable Part Matching	Severance pay
CHAIRMAN	Euro 17.000,00 pursuant to art. 2389, paragraph 1, cc  Euro 150.000,00 pursuant to art. 2389, paragraph 3, c.c.	Euro 300,000.00 (65,41%)	Euro 258,529.00 (60.75%)	FINANCIAL: consolidated operating result (EBIT)	70%	IN CASH  70% in the financial year following the year of achievement of the objectives  30% at the end of the mandate revalued on the basis of the medium-term performance of the Group's result	Euro 6.500,00 per year
				NON-FINANCIAL: achievement of the annual target of the multiannual sustainability plan, measurable	30%		
MANAGING DIRECTOR (ALSO INVESTED WITH INTERNAL CONTROL, FGIP, EMPLOYER SUSTAINABILITY ETC.)	Euro 17.000,00 pursuant to art. 2389, paragraph 1, cc  Euro 150.000,00 pursuant to art. 2389, paragraph 3, c.c.	Euro 150,000.00 (48,60%)	Euro 129,265.00 (43.63%)	FINANCIAL: Consolidated operating result (EBIT)	70%	IN CASH  70% in the financial year following the year of achievement of the objectives  30% at the end of the mandate revalued on the basis of the medium-term performance of the Group's result	Euro 6.500,00 per year
				NON-FINANCIAL: achievement of the annual objective of the multi-year sustainability plan, measurable	30%		

MANAGING DIRECTOR	Euro 17.000,00 pursuant to art. 2389, paragraph 1, cc	Euro 108,750.00 (40,67%)	Euro 93.715,00 (35.95%)	FINANCIAL: consolidated operating result (EBIT)	70%	IN CASH 70% in the financial year following the year of achievement of the objectives  30% at the end of the mandate, revalued on the basis of the medium-term performance of the Group's result	Euro 6.500,00 per year
	Euro 150.000,00 pursuant to art. 2389, paragraph 3, c.c.			NON-FINANCIAL: achievement of the annual objective of the multi-year sustainability plan, measurable	30%		
<b>Addressee</b>	<b>Annual fixed component 2021-2024 paid</b>	<b>2021 variable component and percentage of global compensation</b>	<b>2022 variable component and percentage of global compensation</b>	<b>Objectives 2021-2024</b>	<b>Target weight 2021-2024</b>	<b>Variable Part Matching</b>	<b>Severance pay</b>
GENERAL MANAGER	Euro 350.750,00 compensation	Euro 1.018.504,00 (69,32%)	Euro 1.397.030,00 (74,57%)	FINANCIAL: CONSOLIDATED EBIT (net of a deductible, the cutting branch of the industrial sector and the result of extraordinary operations)	73,33%	60% in the financial year following the year of achievement of the objectives  20% in kind (in shares with four-year lock-up) in the year following that of achievement of the objectives  20% deferred (60% in 2024, 40% in 2025) revalued on the basis of the medium-term performance of the Group's result – the revaluation may not exceed 50%	CCNL
	Euro 100,000.00 Non-compete clause			NON-FINANCIAL achievement of the annual objective of the multi-year sustainability plan, measurable	26,67%		

PLANS BASED ON LONG-TERM FINANCIAL INSTRUMENTS				
RECIPIENTS'	PLAN	FORTRESS	OPERATING CONDITIONS	OTHER CONDITIONS
CHAIRMAN, MANAGING DIRECTORS, GENERAL MANAGER	Stock Option Plan 2016-2025	<ul style="list-style-type: none"> <li>- exercise at least three years after the allocation (allocation 13 September 2016: first exercise window 14 September 2019-31 December 2025)</li> <li>- division of the options assigned into two <i>tranches</i>, the second of which exercisable one year after the exercise of the first (allocation 13 September 2016: second window 14 September 2020- 31 December 2025)</li> </ul>	<ul style="list-style-type: none"> <li>- be the recipients of an incentive remuneration plan for the year</li> <li>- have reached the basic value of the objectives assigned for the previous financial year</li> </ul>	- obligation to maintain until the end of their mandate at least 5% of the shares resulting from the exercise of the options allocated.
GENERAL MANAGER	Stock Option Plan 2016-2025	<ul style="list-style-type: none"> <li>- exercise at least three years after the allocation (allocation 13 September 2016: first exercise window 14 September 2019-31 December 2025)</li> <li>- division of the options assigned into two <i>tranches</i>, the second of which exercisable one year after the exercise of the first (allocation 13 September 2016: second window 14 September 2020- 31 December 2025)</li> </ul>	<ul style="list-style-type: none"> <li>- be the recipients of an incentive remuneration plan for the year</li> <li>- have reached the basic value of the objectives assigned for the previous financial year</li> </ul>	
CHAIRMAN, MANAGING DIRECTORS, GENERAL MANAGER	Stock Option Plan 2026-2031	<ul style="list-style-type: none"> <li>- exercise at least three years after the allocation (allocation 15 March 2023: first exercise window 1 April 2026-31 December 2031)</li> <li>- division of the options assigned into two <i>tranches</i> , the second of which exercisable one year after the exercise of the first (allocation 15 March 2023: second window 1 April 2027- 31 December 2031)</li> </ul>	<ul style="list-style-type: none"> <li>- be the recipients of an incentive remuneration plan for the year</li> <li>- have reached the basic value of the objectives assigned for the previous year or, in the case of the General Manager, of the objectives assigned for the exercise of the options accrued</li> </ul>	- obligation to maintain until the end of their term of office, and in any case for a minimum period of five years between the deed of assignment and the possible sale of the shares resulting from the exercise of the options, at least 10% of the shares deriving from the exercise of the options assigned.

## SECTION I – REMUNERATION POLICY

This section of the report explains, on the basis of the requirements of current legislation, the following:

- a) the Policy with reference to the members of the administrative bodies, the general manager, the managers with strategic responsibilities of El.En. s.p.a. and without prejudice to the provisions of art. 2402 of the Italian Civil Code, to the members of the Board of Statutory Auditors of El.En. s.p.a.;
- b) the procedures used for the adoption and implementation of the Policy.

\* \* \*

### **A) THE REMUNERATION POLICY OF THE ADMINISTRATIVE BODIES**

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

With reference to the Board, Article 21 of the Company's Articles of Association states:

**"Article 21**  
**Compensation**

*The members of the Board of Directors are entitled to reimbursement of expenses incurred for reasons of their office. The Shareholders' Meeting may attribute to the same remuneration, profit sharing, rights to subscribe at a predetermined price shares for future issue, end-of-term remuneration as well as stipulate supplementary policies in their favor for the period of term in office.*

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

*The total remuneration of executive directors must be structured in such a way 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 indicated by the board of directors."*

*Art. 20 of the Articles of Association, then reserves to the Board the "determination of the remuneration of the managing directors, of the Chairman and of the directors vested with special offices, as well as, if the Shareholders' Meeting has not adopted any resolution, the subdivision 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 established within the Board 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 carried out by the Board with the support of the Committee, which is regulated in terms of role, composition and functions by a regulation ("the Committee Regulations") approved by the Board of Directors and adapted over the years to the changed discipline.

The Board submits to the Shareholder's Meeting Assembly, which appoints the administrative body, the Policy and the proposal for the total amount necessary to implement it.

The Shareholders' Meeting resolves on the total amount for the remuneration of all the members of the Board, both in the fixed and in the variable part, then providing: to divide directly into the meeting the fixed sum to be allocated to the distribution in equal parts among all the members; to determine the one that the Board will have available for the assignment to the chairmen of the infra-board committees; to determine the one that the Board will have available for attribution to the



Chairman and the Managing Directors; and, finally, to quantify the variable amount to be allocated to incentive remuneration.

The annual general Shareholders' Meeting examines and resolves on the Policy in accordance with which, with regard to the period of validity of the same, the variable part of remuneration is also recognized and paid to executive directors, including the chairman, to directors vested with special offices (hereinafter all "Directors").

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

- 1) at least every three years, when defining the structure of the newly appointed Board (allocation of delegation of powers; formation of the internal Board Committees), after hearing the opinion of the Board of Statutory Auditors, it determines the division among the Directors of the part of the remuneration allocated by the Shareholders' Meeting for this purpose;
- 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 attributable to the Directors as a variable part of remuneration due to the achievement of certain pre-established results or as a *bonus* payable on the occasion of extraordinary transactions or exceptional results that cannot be foreseen at the time of drafting the Policy;
- 3) on an annual or multi-annual basis, approves, on the Committee's proposal, the incentive remuneration policy for the General Manager of the Company ("General Manager") and any other strategic managers of the Company ("Managers");
- 4) annually, on the occasion of the approval of the financial statements for the previous year, after hearing the opinion of the Board of Statutory Auditors, it assesses the achievement of the objectives assigned and determines the variable remuneration actually due to the Directors, the General Manager and the Managers.

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

When approving the draft financial statements for the previous year, the Board, on the Committee's proposal, having heard the opinion of the Board of Statutory Auditors, having assessed the achievement of the objectives set, assigns to the recipients of the incentive remuneration plan the variable part of compensation actually accrued according to the degree of achievement of the objectives assigned and, with reference to the Directors, within the limits of the total amount established by the Shareholders' Meeting. It also establishes the part payable.

With reference to compensation plans based on financial instruments, the Shareholders' Meeting is called to approve, pursuant to art. 114-*bis*, paragraph 3, T.U.F. the plans that can be defined as relevant 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 preliminary investigation and preparation phase of the plan and its details (*vesting period*, recipients, limitations to be borne by Directors, General Manager and Managers) and submits to the Board the proposal of the Plan for submission to the approval of the Shareholders' Meeting. Where the Plan provides for a delegation of implementation by the Board, the Committee shall prepare the proposal for implementation to be submitted to the Board for approval.

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

The implementation of the Policy as a whole is therefore carried out by the Board under the

supervision of the Board of Statutory Auditors.

If the conditions for the revision of the Policy are met, it is again submitted to the approval of the Shareholders' Meeting.

\* \* \*

## **2. Remuneration Committee: composition, competences and methods of operation (letter b).**

The Committee is an internal body of the Board of Directors and has been established by the Board since 2000, the year in which the Company was admitted to trading on the market managed by Borsa Italiana s.p.a.. It has its own Rules of Procedure which define its composition, role and competences and regulates its appointment and functioning procedures.

It is elected by the Board at the first Board meeting following the appointment and, as a rule, the duration is aligned with the expiry of the Board's mandate. It consists of three members, all non-executive directors, at least two of whom meet the independence requirements pursuant to art. 147-ter, paragraph 4, Legislative Decree no. 58 of 24 February 1998 and of the Code.

Currently and until the appointment of the new Board in place of the one in office whose mandate expires with the approval of the financial statements at 31 December 2023, it is composed as follows: Mrs. Fabia Romagnoli, independent director, who chairs it by virtue of the designation of the other members; Alberto Pecci, non-executive director; Mr Michele Legnaioli, independent director.

The Committee carries out the tasks and functions described by art. 9 of the Rules of Procedure which provides:

*"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 s.p.a.. Therefore, in a consultative and proactive capacity:*

- *assists the Board of Directors in defining the remuneration policy for directors, members of the supervisory body and managers with strategic responsibilities;*
- *periodically assesses the adequacy and overall consistency of the remuneration policy for directors and executives with strategic responsibilities;*
- *submit proposals or express opinions to the board of directors on the remuneration of executive directors and other directors holding particular offices and on the setting of performance targets related to the variable component of such remuneration;*
- *monitors the concrete application of the remuneration policy adopted by the Board itself, verifying, in particular, the effective achievement of performance objectives.*
- *reports to shareholders on how to perform their duties. "*

It shall meet whenever circumstances so require or when one of the members deems it appropriate and at least once for each financial year, during the first months of the year preceding the adoption of the draft budget.

The meetings have a duration that varies according to the complexity of the topics to be dealt with and are regularly recorded by a secretary and transcribed in a special record book. In 2016, on the occasion of the preparation of the *Stock Option Plan* and for other issues 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 (once) 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.

In 2021 it met 5 (five) times. The average duration of the meetings was 45 (forty-five) minutes taking into account the brevity of the meeting relating to the appointment of the chairman.

In 2022 it met 4 (four) times. The average duration of meetings was 47.5 (forty-seven point five) minutes.

Following the meetings, the Committee proceeds to report, at 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 evaluations and proposals.

In formulating its remuneration proposals to the Board, the Committee ensures that the remuneration of the Directors, the General Manager and the Managers is defined in such a way as to align their interests with the pursuit of the priority objective of creating value for shareholders in the medium to long term and that a significant part of the total remuneration of Directors who are the recipients of management powers or who perform functions related to the management of the Company is linked to the achievement of specific objectives, including non-financial ones, predetermined and measurable.

In the case of preparation of Relevant Plans, ensure that, in the event of inclusion among the recipients of Directors, the General Manager and Managers: an average *vesting* period consistent with the *best practices* implemented by the Code is ensured; *vesting* is subject to *performance* of objectives predetermined and measurable; they maintain at least until the end of their term of office a part of the shares acquired through the exercise of the options allocated to them.

In carrying out its duties and functions, the Committee ensures appropriate functional and operational links with the competent corporate structures and, having full and unconditional power, accesses the information and corporate functions it deems necessary. In any case, even if it avails itself in the preliminary phase of its activity of the information and support also of the Directors or other functions of which it then elaborates the proposal for remuneration policy, it ensures that these subjects as potential stakeholders in conflict 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 pursues a Policy that provides among the non-financial objectives assigned to both the Directors and the General Manager and any Managers the inclusion of targets related both directly and indirectly to the pursuit of improving the working conditions of its employees, including remuneration.

### **4. Use of independent experts (letter d)**

Until now, in defining the Policy, the Company has made use of the resources available within the Company itself as well as the competence and independence of judgment of the members of the Committee.

At present, the Committee has within it the skills and experience appropriate 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 dispose of the financial resources made available by the Company to an extent adequate for the fulfillment of the responsibilities entrusted to it.

### **5. Objectives pursued with the remuneration policy, principles underlying it, 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 Managers of the Company, a decisive role has played both the fact that they had been sitting on the Board for a long time and certainly since the admission, in 2000, of the shares to the market organized and managed by Borsa Italiana s.p.a., the historical shareholders of the company who together have always had a

substantial share of the share capital, until 31 December 2016, the absence of a General Manager. For this reason, the professionalism and dedication demonstrated by the Directors has been constantly assessed as a sufficient condition for aligning their interests with the pursuit of the priority objective of creating value for shareholders in the medium to long term and 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 progressive transformation of the remuneration of top management, leading to the attribution of an additional component of remuneration 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, during 2016, for the first time, on the occasion of the approval of the 2016-2025 Stock Option Plan, to the inclusion of the Directors among the recipients of the option rights for the subscription of 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 2018-2022 sustainability plan.

The purposes pursued by the variable components, including stock option plans, remain those both to incentivize, retain and attract Directors, General Manager and Managers, as well as other employees with key roles, and to align the interests of these subjects with the creation of value in the medium to long term also for shareholders who do not participate in Company management.

What evolves are the ways in which these purposes are pursued also in the perspective of attracting and introducing new figures and different subjects into the management, broadly understood, of the Company.

In fact, with reference to the General Manager appointed with effect from 1 January 2017 and a person outside the shareholding structure, the Board, on the Committee's proposal, approved on 15 December 2016 an *ad hoc* remuneration policy valid until 31 December 2020 which provided for a fixed component, relevant compared to those of the past as an external figure with a remuneration already defined within another group company, and a variable component parameterized to the current income of the Company for the reference period.

He, as general manager of Quanta System s.p.a. until 31 December 2016, was included among the recipients of the 2016-2025 Stock Option Plan. Following the appointment of General Manager of the Company, he retained the assignment of the option rights exercisable as of 14 September 2019, but the Board, on the proposal of the Committee, considered that he should be subject to the following additional condition with respect to the other employees or collaborators of the assignee group: the exercisability of these rights was subject to the fact that he was the recipient, for the calendar year during which the options accrued in accordance with the Plan Regulations, incentive remuneration plans approved annually and which, with reference to the previous year, had reached the gate value of one of the objectives related to the variable part of its remuneration assigned by the Board itself.

Following the consolidation of the relationship between the Company and the General Manager, the evolution of its role and the Policy in general, also on the basis of evaluation made by shareholders after the 2020 Shareholders' Meeting, the Committee decided to propose to the Board, which then approved it, a 2021-2024 incentive remuneration plan allocated to it on a multi-year basis and consisting of targets including non-financial and medium-long term objectives.

In addition, the Board, on the proposal of the Committee and when assigning the 2023 annual targets, proceeded to provide for a maximum limit on the allocation of the variable component of the General Manager's remuneration with effect from 1 January 2023.

As for the Directors, the 2020 variable remuneration plan approved on 4 June following the Shareholders' Meeting took into account the situation created following the spread of the COVID-19 pandemic and the proposal formulated by the Committee in line with paragraph 7 of the 2020 Report to give greater weight to the non-financial objectives linked to the results of the management

by the Directors of the exceptional situation. Therefore, having kept intact the system described in the 2020 Report approved by the Shareholders' Meeting, the Board proceeded to elaborate and assign objectives that could be able to highlight the Company's resilience to the changed economic scenario resulting from the health emergency and were therefore aimed above all at maintaining the qualified corporate structure at full capacity.

As for 2021, the Directors were the recipients of a 2021 variable remuneration plan confirmed by the Board at its meeting on 14 May, following the appointment and approval by the Shareholders' Meeting of the Policy described herein, which restored the weights of the financial (70%) and non-financial (30%) objectives, remaining with a view to assigning objectives that are aimed at pursuing the sustainable success of the Company and the Group.

For 2022, they were the recipients of a 2022 variable remuneration plan with objectives set by the Board at its meeting on 15 March, which retains the weights of financial (70%) and non-financial (30%) objectives, remaining with a view to assigning objectives that are aimed at pursuing the sustainable success of the Company and the Group.

For 2023, they are the recipients of a 2023 variable remuneration plan with objectives approved by the Board at its meeting on 15 March, which maintains the weights of financial (70%) and non-financial (30%) objectives, remaining with a view to assigning objectives that are aimed at pursuing the sustainable success of the Company and the Group.

The Policy described in the Report expires with the approval of the financial statements at 31 December 2023.

With respect to the Policy approved by the Shareholders' Meeting of 15 December 2022, this report contains updates in relation to the implementation of the 2026-2031 Stock Option Plan (see what is described in paragraphs 6 and 9), the introduction of a maximum limit to the variable component of the remuneration of the General Manager starting from 1 January 2023. This report has also been revised in some parts to which clarifications have been made in order to better explain the remuneration mechanisms applied.

In view of the election of the new administrative body, the Board will submit a new Policy to the Shareholders' Meeting that will be convened to approve the financial statements for the year 2023.

## **6. Description of the policies regarding fixed and variable components of remuneration (with particular regard to the indication of the related weight within the total 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 a differentiated remuneration depending on whether they are executive or non-executive.

The remuneration of the Chairman and the other Directors consists of the following items:

- a) a fixed annual part equal for all Directors quantified, for the entire duration of the mandate, by the Shareholders' Meeting, pursuant to art. 2389, co. 1 and 3 of the Italian Civil Code, at the time of appointment;
- b) a further annual fixed component established by the Board, pursuant to art. 2389, co. 3 of the Italian Civil Code for the entire duration of the mandate, upon conferral of management powers;
- c) a variable part which is determined on the basis of objectives, of an economic and non-economic nature, allocated by the Board on an annual and multiannual basis;
- d) *stock options* that, with regard to both the 2016-2025 Stock Option Plan and the 2026-2031 Stock Option Plan, can be exercised only three years after the assignment, if at least one of the Base objectives (as defined below) assigned has been achieved with reference to the previous year.

The remuneration of non-executive directors, including independent directors, consists of:

- a) the fixed annual component equal for all directors quantified, for the entire duration of the mandate, by the Shareholders' Meeting at the time of appointment.
- b) additional remuneration for directors appointed as chairmen of the internal board committees.

The remuneration of the General Manager consists of:

- a) in a fixed annual component determined by the Board at the time of the assignment and reviewable every four years;
- b) in a variable component determined in composition and mechanism every four years and on the basis of economic objectives and non-financial objectives, determined by the Board on an annual and multiannual basis, which may be reviewed every four years;
- c) in *stock options* that can be exercised if at least one of the Entry Point objectives (as defined below) assigned in this regard has been achieved with reference to the previous year;
- d) in an annual fee in the course of the relationship for the non-competition agreement.

Currently the Company has no other Managers.

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

- a) on an annual, biennial and starting from 2021, three-year levels, of growth and income of the Company and the Group;
- b) the achievement, on an annual and multiannual 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 Entry Point targets (as defined below) assigned has been achieved with reference to the previous year.

Therefore, on an annual or multi-year basis, depending on the nature and objective, the Directors are assigned specific, graduated and objectively measurable objectives of economic growth (operating result) of the industrial group it leads ("Group") and of achieving certain objectives in the field of corporate sustainability. In the field of sustainability, the objectives linked to the implementation of the ESG Sustainability Plan are constant. As happened with reference to 2020 – a year in relation to which, due to the COVID-19 health emergency, any additional non-financial targets related to the sustainability of the group were considered appropriate, among others, may also be assigned.

Every year, the Board, on the proposal of the Committee, establishes a basic incentive, in cash, provided for each subject ("Basic Incentive").

Based on the degree of achievement of the individual objectives, an overall coefficient is calculated to be applied to the Basic Incentive.

The total coefficient to be applied to the Basic Incentive is determined on the basis of the coefficients associated with the individual objectives at the time of their assignment, graduated at the time of approval of the incentive remuneration plan by the Board on the proposal of the Committee ("Remuneration Plan") in relation to the level of achievement and/or exceeding of each assigned objective.

In the event of achievement, as part of ordinary activities, of unexpected results, as they are significantly higher than the maximum target assigned, the Remuneration Plan provides for an increase of up to 50% of the Basic Incentive. With reference to 2021, this increase was applied as the result achieved exceeded the assigned Target (as defined below) by more than 50%.

With reference to the economic objectives, in line with the provisions of the recommendations of Borsa Italiana s.p.a. expressed in notice no. 8342 of 6 May 2013, the Committee since 2013 has elaborated and intensified them, with regard to the variable part of remuneration, the weight and nature of the specific objectives that are not exclusively short-term. Since 2013, therefore, the Board has included specific objectives including those of the last annual term among the economic parameters relating to the variable part of remuneration. In fact, the Policy, up to and including 2020, provided for a two-year increase in the Basic Incentive described above, when the recipients

exceeded the annual objectives assigned by a given measure for several years, even non-consecutive. Starting from 2021, the Directors' Remuneration Plan, similarly to that established for the General Manager, provides that a percentage, 30%, of the part of variable remuneration accrued annually will be paid on a deferred basis at the end of the mandate, possibly revalued on the basis of the performance of the Company and the Group as predetermined by the Board of Directors based on 2019.

The Policy also provides for the possibility of awarding *bonuses ad personam*, exceptionally with respect to the incentive remuneration policy as described above, on the occasion of extraordinary transactions not foreseen and not foreseeable, but whose substantial benefit for the Company is measurable in terms of assets and clearly attributable to the activities of the Directors. The Company availed itself of this attribution only once, in 2006, moreover with a Shareholders' resolution, on the occasion of the successful completion of the IPO of the American company then investee which resulted in a substantial capital gain of an extraordinary nature.

Non-economic objectives related to sustainability and linked to the areas identified as materials, have been introduced since 2019. They were drawn up by the Committee in 2018, in parallel with the Company's definition of the 2018-2022 Sustainability Plan and are updated and revised according to the degree of implementation of the aforementioned Sustainability Plan in the previous year.

From 2023, since the 2018-2022 Sustainability Plan was completed on 31 December 2022, predetermined and measurable objectives have been identified and assigned which will be the subject of the 2023-2027 Sustainability Plan, which will be approved in detail during 2023 given the regulatory evolution. These are preparatory activities for the implementation of the 2023-2027 Plan linked to the assessment of the supply chain, the reduction and measurement of emissions and finally the incentive of personnel in achieving the objectives that aim at the sustainable success of the Company and the Group.

Until 2020, all the variable component accrued with reference to the annual and/or multi-year objectives was paid in the year following that of accrual or reference. From 2021, as described above, a part of the accrued annual variable remuneration is paid, on a deferred basis, at the end of the mandate.

With reference to the weight of the components in the total 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 compared to companies of the same size. The variable remuneration relating to the achievement of the assigned objectives may exceed, in the event of full achievement of all the goals, 50% of the remuneration of the Chairman who is also a Managing Director, 30% of that of the Directors.

Specifically, the weight of variable remuneration for 2020 represented 53.35% of the total annual remuneration of the Chairman, with reference to the Directors, 36.45% for the Managing Director also for internal control, 29.35% for the other Managing Director.

For 2021, these percentages were respectively 65.41% for the Chairman, 48.60% for the Managing Director invested also for internal control, 40.67% for the other Managing Director.

For 2022, these percentages were respectively 60.75% for the Chairman, 43.63% for the Managing Director invested also for internal control, and 35.95% for the other Managing Director.

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

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

For the four-year period 2021-2024, these objectives have been developed taking into account on the one hand the growth of profitability in the medium to long term and on the other the sustainable success of the Company and the Group. Both annual and multi-year targets were therefore assigned

and provision was made for the deferred payment of a substantial part of the variable remuneration that can be revalued on the basis of the Group's long-term growth. The objectives are both financial (consolidated operating result, excluding the laser cutting segment) and non-financial (achievement of sustainability objectives). The remuneration takes place partly in cash and partly in shares of the Company with a commitment to maintain these securities for the following four years. For the General Manager, the fixed part of the remuneration, although more substantial than that of the Directors, is balanced by an adequate variable part. In particular, until 2020, the variable remuneration of the General Manager in the event of full achievement of all the goals, stood at around 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 assigns a variable part of remuneration, of an incentive type, if appointed, also to the chairman of the technical-scientific committee, the body of the Company provided for and governed by art. 24 of the Articles of Association.

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

#### Stock Option Plan 2016-2025

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 www.elengroup.com](http://www.elengroup.com) in the following respective sections:

- a) minutes of approval of the Shareholders' Meeting on 12 May 2016 of the 2016-2025 *Stock Option Plan* and accompanying documentation including, in the explanatory report of the Board on the subject, the information document, updated on 25 March 2016, drawn up pursuant to art. 84-bis Issuers' Regulation – *Investor Relations Section/Shareholders' Meeting documents/ordinary and extraordinary Shareholders' Meeting 26 April 2016 – 12 May 2016*;
- b) minutes of the Board meeting on 13 September 2016 implementing the 2016-2025 *Stock Option Plan* and exercising the delegation, pursuant to art. 2443 of the Italian Civil Code, of the capital increase reserved to service this plan with related accompanying documentation - *Investor Relations Section/Corporate documents/Stock Option Plan 2016-2025*;
- c) the information document, updated on 13 September 2016, drawn up pursuant to art. 84-bis of the Issuers' Regulation and containing (pages 16 et seq.) Table no. 1 provided for in paragraph 4.24 of Annex 3A, Scheme 7 - *Investor Relations Section/Corporate documents/Stock Option Plan 2016-2025*.

#### Stock Option Plan 2026-2031

The Shareholders' Meeting of 15 December 2022 approved the 2026-2031 *Stock Option Plan* in relation to which the following documentation is available on the Company's website [www.elengroup.com](http://www.elengroup.com) in the following respective sections:

- a) explanatory report of the Board on the Company's website *Investor Relations Section/governance/Shareholders' Meeting documents/2022/ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING 15 DECEMBER 2022*.
- b) the information document, updated on 15 November 2022, drawn up pursuant to art. 84-bis of the Issuers' Regulations and containing the tables provided for in paragraph 4.24 of Annex 3A, Schedule 7, and in *Investor Relations Section/governance/shareholders' meeting documents/2022 /ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING 15 DECEMBER 2022* and in sec. *Investor Relations/Corporate Documents/Stock Option Plan 2026-2031*;
- c) minutes of approval of the Shareholders' Meeting on 15 December 2022 of the 2026-2031 *Stock Option Plan* and accompanying documentation including the opinion expressed by the independent auditors E&Y s.p.a. on the criteria for determining the exercise price of the options drawn up pursuant to art. 2441, VI, co., c.c. in sec. *Investor Relations/governance/shareholders' meeting*



documents/2022/ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING 15 DECEMBER 2022;

d) minutes of the Board meeting on 15 March 2023 implementing the 2026-2031 *Stock Option Plan* and partially exercising the delegation, pursuant to art. 2443 of the Italian Civil Code, of a capital increase reserved to service this plan with related accompanying documentation – sect. *Investor Relations/Corporate Documents/Stock Option Plan 2026-2031*;

e) the information document, updated on 15 March 2023, drawn up pursuant to art. 84-bis of the Issuers' Regulations and containing the tables provided for in paragraph 4.24 of Annex 3A, Schedule 7 – sect. *Investor Relations/Corporate Documents/Stock Option Plan 2026-2031*.

## 7. Non-monetary benefits (letter g)

The Directors, including the Chairman with proxies, and the General Manager are recipients of non-monetary benefits.

The Shareholders' Meeting that appointed the current Board determined the maximum amount of these 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 (FASI supplementary health insurance; policy in the event of death or disability; non-professional accident policy).

The amounts of non-monetary benefits represent a share for the Directors of less than 3% of the fixed remuneration of each, for the General Manager less than 7% of the fixed remuneration, excluding the non-competition agreement.

## 8. Description of the performance objectives on the basis of which the medium and long-term variable components are assigned. Link between the change in results and the change in remuneration (letter h).

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

For the Directors and the General Manager, the *performance* targets are both financial and non-financial.

For Directors, the objectives can be:

- 1) of a financial nature: consolidated operating result;
- 2) of a non-financial nature: specific parameters concerning sustainability.

With reference to the financial objectives, a gate value ("Base") equal to 90% of the budget, an intermediate value ("Target") equal to the budget and a maximum value ("Maximum") equal to 120% of the budget are foreseen and expressed in percentage terms of the realization of the approved *budget* for the current year. Upon reaching the Base value, the Basic Incentive is assigned, in cash, equal to 50% of the predetermined sum as a *bonus*, which can be increased according to the extent of its overcoming according to a linear progression between each of the intermediate values up to 110% in the event of reaching or exceeding the Maximum. On a three-year basis, the variable compensation portion (30% of the remuneration accrued for each year), paid on a deferred basis in two *tranches* to be paid by the end of the mandate, is re-evaluated, according to the improvement in financial results over time. With regard to sustainability were developed by the Committee and then approved by the Board certain criteria for measurability of the objectives on a four-year basis (2018-2022) in the following areas: ESG (environment, human rights and corruption; for social issues; personnel and human resources area).

In addition, for the 2020 financial year alone, following the spread of the COVID19 pandemic, measurable and predetermined non-financial targets linked to the results of the management by the Directors of the exceptional situation were included and more weighted.

Therefore, having kept intact the Policy described in the 2020 Report, we proceeded for 2020 to elaborate and assign objectives that would highlight the Company's resilience to the changed economic scenario resulting from the health emergency. These objectives related to the preservation of the integrity of the company structure with reference to production and research and development department and to the issue of safety and health in the workplace with reference to the containment of infections.

For the financial years 2021 and 2022, the previous objectives linked to the implementation of the 2018-2022 Sustainability Plan have been restored.

Since the Sustainability Plan was concluded within the deadline (31 December 2022), starting from 2023, the Board, on the Committee's proposal, identified further predetermined and measurable non-financial objectives as part of the assessment of the supply chain, reduction and measurement of direct and indirect emissions, implementation of personnel incentive systems to achieve the set objectives.

For the General Manager, the 2020 objective was the achievement of a consolidated operating result (excluding the laser cutting sector) annual Base beyond which an increase in fixed remuneration equal to 3% of the difference between the relevant annual consolidated operating result achieved and the gate value was triggered.

Starting from 2021, the objectives consist of:

- a) Annual objectives:
  - financial: 2.2% of the difference between the consolidated operating result achieved and the consolidated operating result predetermined as an allowance ("Base"), excluding the result achieved with reference to the cut segment and the results (profits and losses) that are a consequence of extraordinary transactions.
  - non-financial: an additional 0.8% on the difference defined in the previous point to be allocated depending on the achievement of at least 80% of the annual objectives of the Group's sustainability plan approved by the Board;
- b) over the year objectives:
  - b1- 20% of the remuneration due on the basis of the annual objectives will be paid on a deferred basis and revalued on the basis of the growth of the Group's results based on 2019 compared to the growth of invested capital to achieve them.
  - b2 - 20% of the remuneration due on the basis of the annual objectives will be paid through the assignment of El.En. Spa, in number equal to the aforementioned amount divided by the average of the prices in the 60 days prior to the approval of the annual financial statements, rounded up to the ten. The assignment will take place every year by July 31 and the General Manager will be subject to *lock up* for 4 years.

The following table shows the categories of 2021-2023 targets to which recipients will be entitled to receive the percentage of variable remuneration envisaged for the related objective:

OBJECTIVE	% OF VARIABLE COMPENSATION DUE ACCORDING TO THE DEGREE OF ACHIEVEMENT OF THE OBJECTIVE
ACHIEVEMENT OF THE ANNUAL AND MULTI-YEAR OBJECTIVE OF CONSOLIDATED OPERATING RESULT	< BASE 0% BASE 50% TARGET 100% MAXIMUM 110%
ACHIEVEMENT OF THE ANNUAL OBJECTIVE OF THE MULTIANNUAL SUSTAINABILITY PLAN	< BASE 0% BASE 50% TARGET 100%

	MAXIMUM 110%
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**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 remuneration, specifying the extent of the variable component to be paid according to the level of achievement of the objectives (letter i)**

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

- a) as regards economic and financial objectives on the basis of the annual financial statements approved by the Board of Directors with reference to the year concerned and, for the objectives over the year, on the growth rate of the parameter taken as a measure for the purpose of achieving the assigned objective; The indicators are related to current management.
- b) as regards non-financial objectives, comparing the assigned objective with the result actually achieved. Assessment is carried out by the Committee and then by the entire Board on the basis of the information flows received from the company departments responsible for the sector being evaluated. For example, in the field of sustainability, if the objective assigned was the approval by all the companies of the Group of the *policy* on corruption and human rights, it is verified through the information flows received from the functions of the various Group companies, and by the annual *audit* to which the information contained in the NFR is subjected, that this approval has actually intervened within the terms of all the companies. Just as if the objective was to carry out a certain level of training within the personnel sector, the achievement of the objective is examined through the information flows, verified following the *audit* for NFR purposes, received by the functions in charge of the various Group companies on the number of hours of training provided and on the number of subjects who attended to.

The quality objectives assigned are always measurable on the basis of criteria established by the Board on a proposal from the Committee when they are allocated. The achievement of the quantitative objectives assigned on parameters relevant to sustainability is verified by the evidence published in the annual NFR subject to review by the auditing firm.

The extent of the variable component of which the annual disbursement is foreseen according to the achievement of the objectives varies from 0% in case of non-achievement of the Base (90% budget) to 10% more than the *bonus* provided in case of reaching the Maximum (110% *budget*). The same applies to the portion of the variable component due on the basis of the annual targets that will be paid on a deferred basis linked to the pre-established multi-year growth target, revalued positively or negatively at the end of the mandate on the basis of the performance of the Group's results.

With regard to incentive remuneration plans based on financial instruments, the Directors and the General Manager are already recipients of options for the subscription of newly issued ordinary shares of the Company, following assignment on the basis of the two stock option plans mentioned in paragraph 6 of the Report above. For both plans, there are conditions for the exercise of the options.

For the 2016-2025 Stock Option Plan implemented by the Board on 13 September 2016 with the assignment of options for the subscription from 14 September 2019 of newly issued ordinary shares of the Company:

- a) all recipients are provided for a vesting starting from the third year following the allocation;
- b) for Directors and the General Manager, it is envisaged that the exercise of the assigned options can take place only if they have achieved at least the Base Value of the objectives assigned by the Board in the relevant financial year;

c) for Directors only, they are expected to hold at least 5% of the shares deriving from the exercise of the options assigned until the end of their mandate.

Full details of the 2016-2025 Stock Option Plan are available on the Company's website [www.elengroup.com](http://www.elengroup.com) - sec. *Investor Relations/Corporate documents/Stock Option Plan 2016/2025*; For the 2026-2031 Stock Option Plan implemented by the Board on 15 March 2023 with the assignment of options for subscription starting from 1 April 2026 of ordinary shares of the Company:

- (a) all recipients shall be *vested* from the third year following the allocation;
- b) for Directors and the General Manager, it is envisaged that the exercise of the options assigned and accrued can take place only if they have reached at least the Base value of the objectives assigned by the Board in the relevant year;
- c) the Directors and the General Manager are expected to hold until the end of their mandate, and in any case for a period of not less than five years from the assignment, at least 10% of the shares deriving from the exercise of the options assigned.

All details of the 2026-2031 Stock Option Plan are available on the Company's website [www.elengroup.com](http://www.elengroup.com) – sect. *Investor Relations/Corporate Documents/Stock Option Plan 2026-2031*.

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

\* \* \*

**10. Information aimed at highlighting the contribution of the remuneration policy, and in particular 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 whom it is directed.

With reference to the General Manager, the remuneration plan of which he is currently the recipient, and in any case more generally of similar plans that were intended for subjects involved in company management unrelated to the historical shareholding structure, allows to achieve an objective of stability in covering the role for the consistent achievement of strategic objectives of a predominantly economic 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, the remuneration plan to which they are recipients 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 achieving them through short-term management choices that would be, potentially, capable of undermining the sustainability of the Company and therefore the ability of the same and the Group to generate profit and create value in the long term.

\* \* \*

**11. Terms of accrual of rights (so-called rights accrual). *vesting period*), any deferred payment systems, indicating the deferral periods and the criteria used to determine these periods and, if any, the ex-post correction mechanisms of the variable component (*malus* or return of variable "*claw-back*" remuneration) (letter k)**

In addition to what has been said in relation to paragraph 9 above in relation to the vesting period of the right to exercise the options relating to the 2016-2025 Stock Option Plan, the 2026-2031 Stock Option Plan and the four-year transfer prohibition to which the shares assigned to the General Manager are subject as part of the variable remuneration of the same, the Policy provides the following.

The variable part of the remuneration due to the Directors is paid until the 2020 financial year in the year following the one in relation to which the objectives were assigned. For the financial years 2021-2023 for 70% in the year following the year in relation to which the targets were assigned, as regards the remaining 30%, possibly revalued as described in paragraph 8 above, at the end of the mandate.

20% of the variable part of the General Manager's remuneration accrued in relation to the annual objectives is paid on a deferred basis as follows:

- i) 60% of the amounts accumulated up to that point, following the approval of the 2023 financial statements, with the remuneration of the month following that of the approval of the financial statements by the Shareholders' Meeting;
- ii) the balance of the amounts accrued, following the approval of the 2024 financial statements, with the remuneration of the month following that of the approval of the financial statements by the Shareholders' Meeting.

Finally, both the Directors and the General Manager are recipients and have signed specific claw back clauses under which they will be required to return the sums attributed to them by virtue of incentive remuneration plans also based on financial instruments approved during the mandate, if the sums have been paid for the achievement of objectives contemplated in the aforementioned plans that have proved to be distorted by data collected. as manifestly and objectively incorrect by the end of the second financial year following that of receipt of the respective sums.

For the new 2026-2031 Stock Option Plan, this clause has been supplemented with the provision of the Company's right to request the return, in whole or in part, of the options granted but not yet exercised or the return of the shares in the ownership of the beneficiary deriving from the exercise of the options accrued or the total or partial return of the net profits obtained by the beneficiary as a result of the exercise of the options, in the event that the Board, after consulting the Remuneration Committee, ascertains, during the Plan and/or within 3 years from the end of the Plan: (1) that the objectives have been determined on the basis of data that have proved manifestly incorrect or that the data used for the final balance of the objectives have been maliciously altered; (2) that the beneficiary has engaged in conduct that resulted in a material loss to the Issuer, any Group company or the Group in general; (3) that the beneficiary has engaged in fraudulent conduct or gross negligence to the detriment of the Issuer, any Group company or the Group in general.

\* \* \*

## **12. Information on whether there are clauses for the retention of financial instruments after their acquisition, indicating the retention periods and the criteria used to determine these periods (letter l)**

In addition to what has been said in relation to paragraph 9 above in relation to the 2016-2025 Stock Option Plan, the 2026-2031 Stock Option Plan and paragraph 10 in relation to the prohibition of the transfer of any shares allocated under the General Manager's incentive remuneration plan, there is no further information.

\* \* \*

### **13. Processing provided for in the event of termination of office or termination of the employment relationship (letter m).**

Directors, who are not employees of the Company, will receive end-of-term remuneration of Euro 6,500.00 each per year of mandate.

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

The liquidation is expected at the end of the mandate.

The current Board expires with the approval of the 2023 financial statements.

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

He is a manager with an employment contract.

With regard to the effect of the termination of the relationship on the options granted in relation to the *stock option* plans described in paragraphs 6 and 9 of this report, reference should be made to the regulations of the plans respectively annexed to the Council implementation minutes of 13 September 2016 ([www.elengroup.com](http://www.elengroup.com) – sec. *Investor Relations/Corporate documents/Stock Option Plan 2016-2025*) and 15 March 2023 ([www.elengroup.com](http://www.elengroup.com) – section *Investor Relations/Corporate Documents/Stock Option Plan 2026-2031*).

Neither Directors nor General Manager are provided for any benefit subsequent to the termination of the relationship.

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

In line with best practices, a so-called D&O (Directors & Officers) Liability insurance policy is envisaged against the civil liability towards third parties of the corporate bodies, general managers, managers with strategic responsibilities in the exercise of their functions aimed at holding the Group and the corporate bodies harmless from the costs deriving from the relative compensation, consequent to the provisions established on the subject by the applicable national collective labour agreement and mandate rules, excluding cases of intent and gross negligence.

In addition to the provisions of the law in the case of an employment relationship, there are no other insurance coverage, or social security or pension, in favor of corporate bodies.

The General Manager is shall be the beneficiary of paragraph 7.

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

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

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

Until the end of the mandate of the current Board, there is no further fee for participation in internal board committees.

For the Board that was appointed by the Shareholders' Meeting with effect from 1 January 2021, on the proposal of the outgoing Board, the Shareholders' Meeting granted a modest increase in the fixed remuneration for non-executive directors, including independent directors, who are appointed chairmen of the internal Board committees. In this regard, see the explanatory report filed by the Board on 18 March 2021, available on the Company's website [www.elengroup.com](http://www.elengroup.com) (section *Investor Relations/governance/Shareholders' meeting documents/2021/ORDINARY SHAREHOLDERS' MEETING 27 April 2021 – 4 May 2021*).

The payment of additional remuneration is linked to the performance of functions with delegated powers on a continuous basis.

In this context, the Chairman, as also managing director, receives a fixed remuneration component higher than the non-delegated 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)**

Without prejudice to the best practice adopted at international level by listed issuers, with reference to incentive plans based on financial instruments, there are no particular remuneration policies used as a specific reference.

It should also be noted that the Board, before proposing to the Shareholders' Meeting the determination of the remuneration of the administrative and control body, examines the remuneration paid to the relevant bodies of other companies in the sector and comparable size.

#### **17. Exceptions for exceptional circumstances (letter q)**

In relation to the "exceptional circumstances" that allow temporary derogations from the Policy approved by the Shareholders' Meeting, it should be noted that they refer to situations in which the derogation is necessary for the purpose of pursuing the long-term interests 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 Policy in general and any revisions, therefore if this is necessary due to unforeseeable and exceptional circumstances, it will take place on the proposal of the Committee, after consulting the Board of Statutory Auditors in accordance with what is described and where necessary with the *Regulations for the transactions with related parties* of the Company.

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

At present, the Company has not needed to derogate from the Policy.

\* \* \*

## **B) THE REMUNERATION POLICY OF THE SUPERVISORY BODIES**

According to art. 2402 of the Italian Civil Code, the remuneration of the Board of Statutory Auditors is determined in a fixed amount at the time of appointment by the Shareholders' Meeting on the proposal of the Board. In this respect, the Board formulates its proposal on the basis of the following elements:

(a) applicable 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 significance of the role played 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 the recipient of any variable component.

COURTESY TRANSLATION



## SECTION II - COMPENSATION PAID

### PART ONE

#### 1.1. Description of the items that make up the remuneration and severance pay

In line with Section I of this report, the members of the current Board of Directors for the 2022 financial year have been remunerated as follows.

The Shareholders' Meeting when appointing the Board currently in office, which took place on 27 April 2021, established, until further and different resolution of the Shareholders' Meeting, the maximum gross annual allowance to be attributed to the 7 (seven) members of the Board at euro 1,578,000.00 (one million five hundred and seventy-eight thousand zero point zero) and to be distributed as follows:

- a) as regards a total of euro 119,000.00 (one hundred and nineteen thousand zero point zero) per year gross in equal parts among the members of the Board of Directors;
- b) as regards a total of Euro 9,000.00 (nine thousand point zero zero) gross per year in equal parts among the non-executive directors who hold the office of chairmen of the Board Committees;
- c) as regards a total of Euro 450,000.00 (four hundred and fifty thousand zero zero point) per year gross 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 regards a total of Euro 1,000,000.00 (one million zero point zero) gross per annum, as a variable part of remuneration to be attributed to the Chairman of the Board of Directors, managing directors and directors vested with special offices as *bonuses* according to the achievement of objectives set by the Board of Directors as well as extraordinary transactions and/or extraordinary operating results.

Consequently, each of the seven members of the Board of directors received a fixed compensation of € 17,000.00 per year.

The chairmen of the internal committees of the Board received an additional € 3,000.00 per year.

The other members of the committees did not receive anything for this participation. None of the non-executive directors was the recipient of compensation other than that mentioned above.

In 2022, the Chairman of the Board of Directors, Gabriele Clementi, as also managing director, and the other two Managing Directors Andrea Cangioli and Barbara Bazzocchi were paid, as a fixed component, an additional Euro 150,000.00 each, in line with the resolution of the shareholders' meeting including the *fringe benefit* consisting of the assignment to each of them a company car for mixed use that can also be used by their family members within the limits, unchanged, of the 5,000.00 gross per year each established by the Board of Directors.

Furthermore, in relation to the Chairman and the two Managing Directors, the shareholders' meeting of 27 April 2021 confirmed € 6,500.00 each, pursuant to art. 17 T.U.I.R. 917/1986, as end-of-term treatment: these sums are set aside through a special 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 compensation plan have accrued the following total sums for the financial year 2022 (summarized, together with the revaluation percentage on 30% of the 2021 variable component deferred at the end of the mandate, in table 1, column "3"):

- Gabriele Clementi - President and Managing Director: EUR 258,529.00
- Andrea Cangioli – Managing Director: euro 129.265,00
- Barbara Bazzocchi – Managing Director: euro 93.717,00

The ratio between fixed and variable component of Directors for 2022 is as follows:

Clementi: variable fee 60.75%

Cangioli : variable fee 43.63%

Bazzocchi: variable fee 35.95%.

The amount of variable component due was determined by the Board at its meeting on 15 March 2023 on the Committee's proposal in the light of the analysis of the results of the 2022 draft financial statements and the NFR that will be submitted to the Shareholders' Meeting for approval, as well as the information flows received from the various competent functions with reference to sustainability objectives that are not strictly ESG.

In particular, with reference to the annual objectives achieved compared to those assigned, the Company intends to provide the percentage of achievement for reasons linked to the processing of relevant corporate information and not explicitly indicate the consistency of the objectives. For all financial and non-financial targets, the entry point value and target were exceeded:

- a) With reference to economic and financial objectives: the achievement was 101.2% double the predetermined Target objective;
- b) With regard to non-financial objectives:
  - ESG: achievement of the maximum assigned objective;
  - other sustainability: achievement of the maximum assigned target.

The payment of the variable part of compensation takes place as follows: as for 70% by March 2023, as for 30% of the remuneration, accrued and possibly revalued, at the termination of the office.

Some of the Directors of the Company receive remuneration as members of the administrative body of subsidiaries. These fees, summarised in Table 1, column "1", are paid directly by the subsidiary under management.

The General Manager, Paolo Salvadeo, receives a higher overall remuneration than the higher total remuneration attributed to the subjects indicated in letter a).

The Company entered into a non-compete agreement with the General Manager for the duration of the relationship and for two years following termination. In return for the assumption of this commitment he receives, in constancy of relationship, an annual indemnity of € 100,000.00 (one hundred thousand/00) gross. During 2022, it received a total of Euro 350,750.00 in cash and Euro 22,008.00 in non-monetary benefits as contractually provided for, as well as Euro 3,655.00 as travel reimbursements.

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 the total sum of Euro 1 for the financial year 2022. 397,030.00 as the financial results achieved by the company exceeded the assigned gate value and the non-financial sustainability objectives predetermined by the Board have been achieved. This variable compensation is paid as to Euro 838,218.00 in cash, as to Euro 279,406.00 in shares subject to a four-year *lock-up* as mentioned in Section I and Euro 279,406.00 as 20% of the 2022 variable component that will be paid to it on a deferred basis within the terms set out in Table 3B. This table also shows an additional euro 63,796.00 which constitutes the revaluation on the deferred variable component for 2021.

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

This allocation 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 Committee's proposal.

In particular: all recipients are expected to *be vested* starting from the third year following the assignment; for Directors and the General Manager it is envisaged that the exercise of the assigned options can only take place if they have reached at least the basic value of the objectives assigned by the Board in the relevant financial year; for Directors only, they are expected to hold at least 5% of the shares deriving until the end of their mandate. from the exercise of the assigned options.

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

Especially:

- a) minutes of approval of the Shareholders' Meeting on 12 May 2016 of the 2016-2025 Stock Option Plan and accompanying documentation including, in the explanatory report of the administrative body of the subject, the information document, updated on 25 March 2016, drawn up pursuant to art. 84-bis Issuers' Regulations – *Investor Relations section/Shareholders' Meeting documents/Ordinary and Extraordinary Shareholders' Meeting 26 April 2016 – 12 May 2016*;
- b) minutes of the Board meeting on 13 September 2016 implementing the 2016-2025 Stock Option Plan and exercising the delegation, pursuant to Article 2443 of the Italian Civil Code, of a capital increase reserved to service this plan with related accompanying documentation – sect. *Investor Relations/Corporate Documents/Stock Option Plan 2016-2025*;
- c) the information document, updated on 13 September 2016, drawn up pursuant to art. 84-bis of the Issuers' Regulation and containing (pages 16 et seq.) table no. 1 provided for in paragraph 4.24 of Annex 3A, Schedule 7 - *Investor Relations/Corporate documents/Stock Option Plan 2016-2025 section*.

As for the Board of Statutory Auditors, the outgoing Board of Statutory Auditors received *pro rata temporis*, the remuneration established by the Shareholders' Meeting at the time of the appointment on 15 May 2019, which resolved "to determine, for the entire duration of the appointment, the annual remuneration of the effective members of the Board of Statutory Auditors in accordance with what has been paid in recent years, in a total of Euro 30,000.00 (thirty thousand zero point zero) for the Chairman and in total Euro 20,000, 00 (twenty thousand point zero zero) for each of the standing auditors".

As for the Board of Statutory Auditors appointed on 29 April 2022, it received, again *pro rata temporis*, the remuneration established by the Shareholders' Meeting at the time of the appointment of the body, which resolved to "determine, for the entire duration of the appointment, the annual remuneration of the effective members of the Board of Statutory Auditors, in total Euro 31,500.00 (thirty-one thousand five hundred point zero zero) for the Chairman and in total Euro 21,000.00 (twenty-one thousand point zero zero) for each of the standing auditors".

The remuneration actually received by the Chairman and the members of the Board are described in the following tables. In addition, some effective members of the Board of Statutory Auditors of the company receive remuneration, respectively approved by the shareholders' meetings, also as members of the board of statutory auditors of subsidiaries. This compensation, summarised in Table 1, column "1", is paid to recipients directly by the subsidiary.

One of the standing auditors, as a member of the supervisory body appointed pursuant to Legislative Decree 231/2001 of the Company and 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 was said, are entitled only to a predetermined end-of-term treatment of € 6,500.00 per year pursuant to art. 17 T.U.I.R. 917/1986.

No agreements have been entered into providing for indemnities in the event of early termination of the relationship with the General Manager.

During the 2022 financial year, no allowances or benefits were granted for the termination of the office or for the termination of the employment relationship.

### 1.3. Exceptions to the Policy

During the 2022 financial year, no derogations were applied to the Policy described in the 2021-2023 report.

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

No *ex-post* correction mechanisms were applied during the financial year 2022.

### 1.5. Change in remuneration and comparison information

Below is illustrated for the years 2018-2019-2020-2021-2022 the comparison between the annual variation:

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

			2018	2019	2020	2021	2022
Gabriele Clementi	Chairman and Managing Director		153.266	285.524	302.130	458.666	450.406
		Var. %		86,29	5,82	51,81	-1,80
Barbara Bazzocchi	Managing Director		144.854	193.554	199.593	267.416	269.735
		Var. %		33,62	3,12	33,98	0,87
Andrea Cangiolì	Managing Director		146.656	213.262	221.565	308.666	308.704
		Var. %		45,42	3,89	39,31	0,01
Alberto Pecci	Director		14.047	15.000	15.000	18.093	20.000
		Var. %		6,78	0,00	20,62	10,54
Michele Legnaioli	Director		14.047	15.000	15.000	18.093	20.000
		Var. %		6,78	0,00	20,62	10,54
Fabia Romagnoli	Director		14.047	15.000	15.000	18.093	20.000
		Var. %		6,78	0,00	20,62	10,54
Daniela Toccafondi	Director					11.551	17.000
		Var. %					47,17
Vincenzo Pilla	Chairman of the Board of Statutory Auditors		31.200	31.200	31.200	31.200	10.172
	<i>until 29 April 2022</i>	Var. %		0,00	0,00	0,00	-67,40
Carlo Carrera	Chairman of the Board of Statutory Auditors						22.169
	<i>from 30 April 2022</i>						
Paolo Caselli	Effective Auditor		30.160	30.160	30.160	30.160	30.744
		Var. %		0,00	0,00	0,00	1,94
Rita Pelagotti	Effective Auditor		20.800	20.800	20.800	20.800	21.384
		Var. %		0,00	0,00	0,00	2,81
Paolo Salvadeo	General Manager		816.959	1.043.489	776.457	1.491.372	1.937.239
		Var. %		27,73	-25,59	92,07	29,90

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

	2022	2021	Var. %
Revenues	155.249.876	118.278.319	31,26%
Operating result	27.604.028	17.875.571	54,42%

	2021	2020	Var. %
Revenues	118.278.319	64.216.274	84,19%
Operating result	17.875.571	801.330	2130,74%

	2020	2019	Var. %
Revenues	64.216.274	67.737.199	-5,20%
Operating result	801.330	1.656.567	-51,63%

	2019	2018	Var. %
Revenues	67.737.199	62.137.220	9,01%
Operating result	1.656.567	482.894	243,05%

iii) the average gross annual remuneration, based on full-time employees, of employees other than the persons referred to in Table (i)

		2018	2019	2020	2021	2022
Average employees	Var. %		0,84	8,10	9,74	9,88
Average gross annual remuneration	Var. %		-0,20	-10,42	10,16	-1,21

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 financial year.

#### 1.6. Vote expressed by the Assembly on this Section of the Report

On 29 April 2022, the Shareholders' Meeting approved this Section II of the 2021 Report as follows:

	N. SHAREHOLDERS (IN PERSON OR BY PROXY)	N. SHARES	% OF ORDINARY SHARES REPRESENTED	% OF ADMITTED SHARES VOTE	% OF SHARE CAPITAL ORDINARY
Favorable	218	55.741.931	92,088024	92,088024	69,842847
Opposite	64	3.570.311	5,898305	5,898305	4,473485
Abstained	7	924.000	1,526487	1,526487	1,157742
Non-Voters	4	294.898	0,487184	0,487184	0,369498
<b>Total</b>	<b>293</b>	<b>60.531.140</b>	<b>100,000000</b>	<b>100,000000</b>	<b>75,843572</b>
Not counted	0	0	0,000000	0,000000	0,000000

## SECOND PART – TABLES

Below is the information on the investments held and 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					
<b>Gabriele Clementi</b>	Chairman and Chief Executive Officer	01/01/2022	31/12/2022	Approval 2023 FS									
(I) Compensation in the company preparing the financial statements					163.359,00		283.406,00		3.641,00		450.406,00		6.500,00
(II) Compensation from subsidiaries and associates note (A)					10.867,00						10.867,00		
(III) Total					174.226,00		283.406,00		3.641,00		461.273,00		6.500,00
<b>Barbara Bazzocchi</b>	Managing Director	01/01/2022	31/12/2022	Approval 2023 FS									
(I) Compensation in the company preparing the financial statements					163.939,00		102.735,00		3.061,00		269.735,00		6.500,00
(II) Compensation from subsidiaries and associates note (B)					24.000,00						24.000,00		
(III) Total					187.939,00		102.735,00		3.061,00		293.735,00		6.500,00
<b>Andrea Cangoli</b>	Managing Director	01/01/2022	31/12/2022	Approval 2023 FS									
(I) Compensation in the company preparing the financial statements					162.670,00		141.704,00		4.330,00		308.704,00		6.500,00
(II) Compensation from subsidiaries and associates note (C)					10.867,00						10.867,00		
(III) Total					173.537,00		141.704,00		4.330,00		319.571,00		6.500,00
<b>Alberto Pecci</b>	Director	01/01/2022	31/12/2022	Approval 2023 FS									
(I) Compensation in the company preparing the financial statements note (D)					17.000,00	3.000,00					20.000,00		
(II) Compensation from subsidiaries and associates													
(III) Total					17.000,00	3.000,00					20.000,00		
<b>Michele Legnaioli</b>	Director	01/01/2022	31/12/2022	Approval 2023 FS									
(I) Compensation in the company preparing the financial statements (note E)					17.000,00	3.000,00					20.000,00		
(II) Compensation from subsidiaries and associates													
(III) Total					17.000,00	3.000,00					20.000,00		
<b>Fabia Romagnoli</b>	Director	01/01/2022	31/12/2022	Approval 2023 FS									
(I) Compensation in the company preparing the financial statements (note F)					17.000,00	3.000,00					20.000,00		
(II) Compensation from subsidiaries and associates													
(III) Total					17.000,00	3.000,00					20.000,00		
<b>Daniela Toccafondi</b>	Director	01/01/2022	31/12/2022	Approval 2023 FS									
(I) Compensation in the company preparing the financial statements					17.000,00						17.000,00		
(II) Compensation from subsidiaries and associates													
(III) Total					17.000,00						17.000,00		

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

note D: the column "compensation for committee participation" shows the compensation received as President of Nomination Committee

note E: the column "compensation for committee participation" shows the compensation received as President of Committee for controls and risks

note F: the column "compensation for committee participation" shows the compensation received as President of Remuneration Committee

(\*) the amount shown in the table includes the 2022 variable component and the revaluation relating to the % of variable compensation for the 2021 financial year

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)	(B)	(C)		(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
		From	To				Bonuses and other incentives (***)	Profit sharing					
Name and surname	Office	Period for which office was held		Office expiry	Fixed compensation	Compensation for committee participation	Variable non-equity compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
Vincenzo Pilla (*)	Chairman of the Board of Statutory Auditors	01/01/2022	29/04/2022	Approval 2021 FS									
(I) Compensation in the company preparing the financial statements					10.172,00						10.172,00		
(II) Compensation from subsidiaries and associates note (A)					23.935,00						23.935,00		
(III) Total					34.107,00						34.107,00		
Carlo Carrera (*)	Chairman of the Board of Statutory Auditors	30/04/2022	31/12/2022	Approval 2024 FS									
(I) Compensation in the company preparing the financial statements					22.169,00						22.169,00		
(II) Compensation from subsidiaries and associates note													
(III) Total					22.169,00						22.169,00		
Paolo Caselli (*)	Effective Auditor	01/01/2022	31/12/2022	Approval 2024 FS									
(I) Compensation in the company preparing the financial statements (note B)					21.384,00					9.360,00	30.744,00		
(II) Compensation from subsidiaries and associates note (C)					40.783,00					14.658,00	55.441,00		
(III) Total					62.167,00					24.018,00	86.185,00		
Rita Pelagotti (*)	Effective Auditor	01/01/2022	31/12/2022	Approval 2024 FS									
(I) Compensation in the company preparing the financial statements					21.384,00						21.384,00		
(II) Compensation from subsidiaries and associates													
(III) Total					21.384,00						21.384,00		
Gino Manfredi (*)	Alternate Auditor	01/01/2022	31/12/2022	Approval 2024 FS									
(I) Compensation in the company preparing the financial statements													
(II) Compensation from subsidiaries and associates (note D)					44.420,00						44.420,00		
(III) Total					44.420,00						44.420,00		
Paolo Salvadeo	General Manager	01/01/2022	31/12/2022										
(I) Compensation in the company preparing the financial statements (note E) (**)					450.750,00		1.460.826,00		22.008,00	3.655,00	1.937.239,00		
(II) Compensation from subsidiaries and associates													
(III) Total					450.750,00		1.460.826,00		22.008,00	3.655,00	1.937.239,00		

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

Note A: amounts received as Presidente of the Statutory Auditing Committee of Quanta System spa and Lasit Spa until 13 October 2022

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

note C: the "fixed remuneration" column summarizes the remuneration received as Sole Auditor of Deko M.E.L.A. srl, effective member of the Board of Statutory Auditors of Quanta System Spa, standing member and then (from 14/10/22) Chairman of the Board of Statutory Auditors of Lasit spa the column "other movements" summarizes the remuneration received as a member of the 231 Supervisory Body of Quanta System spa and Deko M.E.L.A. srl

note D: the "fixed remuneration" column summarizes the remuneration received as Sole Auditor of Esthelogue srl, Cutlite Penta srl and Ot-las srl, of effective member of the Board of Statutory Auditors of Lasit spa (from 14/10/22) and of effective member and then (from 14/10/22) of President of the Board of Statutory Auditors of Quanta System spa

Note E: 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

(\*\*) € 279,406,00 entered on the item "bonuses and other incentives" is paid in kind by assigning # 18.150 El.En. Spa ordinary shares subjected to a four-years lockup

(\*\*\*) the amount shown in the table includes the 2022 variable component and the revaluation relating to the % of variable compensation for the 2021 financial year



**TABLE 2: Stock options assigned to the members of the administrative body, to general manager 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	
<b>Gabriele Clementi</b>	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	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	0	12,72	From 14/09/20 to 31/12/25												0	0,00
(II) Compensation from subsidiaries and associates		N/A																
(III) Total			0													0	0,00	
<b>Andrea Cangjoli</b>	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	3.000	12,72	From 14/09/19 to 31/12/25												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	0,00
(II) Compensation from subsidiaries and associates		N/A																
(III) Total			20.500													20.500	0,00	

(\*) following 2021's El.En. Spa stock split each option grants the subscription of 4 El.En. Spa ordinary shares at the price of € 3,18 per share

continued -

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

- continued

(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
<b>Barbara Bazzocchi</b>	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	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	9.000	12,72	From 14/09/20 to 31/12/25											9.000	0,00
(II) Compensation from subsidiaries and associates		N/A															
(III) Total			9.000													9.000	0,00
<b>Paolo Salvadeo</b>	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	0	12,72	From 14/09/20 to 31/12/25											0	0,00
(II) Compensation from subsidiaries and associates		N/A															
(III) Total			0													0	0,00

(\*) following 2021's E.En. Spa stock split each option grants the subscription of 4 E.En. Spa ordinary shares at the price of € 3,18 per share

**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) Other bonuses
			Bonus of the year			Bonuses of previous years			
			(A) Payable / paid	(B) Deferred (*)	(C) Deferral period	(A) Not payable anymore	(B) Payable / paid	(C) Still deferred	
<b>Gabriele Clementi</b>	Chairman and Chief Executive Officer								
(I) Compensation in the company preparing the financial statement		Remuneration policy 2021/2023	180.970,00	102.436,00	End of the term			90.000,00	
(II) Compensation from subsidiaries and associates									
(III) Total			180.970,00	102.436,00				90.000,00	
<b>Barbara Bazzocchi</b>	Managing Director								
(I) Compensation in the company preparing the financial statement		Remuneration policy 2021/2023	65.602,00	37.133,00	End of the term			32.625,00	
(II) Compensation from subsidiaries and associates									
(III) Total			65.602,00	37.133,00				32.625,00	
<b>Andrea Cangioli</b>	Managing Director								
(I) Compensation in the company preparing the financial statement		Remuneration policy 2021/2023	90.485,00	51.219,00	End of the term			45.000,00	
(II) Compensation from subsidiaries and associates									
(III) Totale			90.485,00	51.219,00				45.000,00	
<b>Paolo Salvadeo</b>	General manager								
(I) Compensation in the company preparing the financial statement		Remuneration policy 2021-2024	1.117.624,00	343.202,00	60% in the month following the approval of the 2023 annual financial statements, the balance in the month following the approval of the 2024 annual financial statements			203.701,00	
(II) Compensation from subsidiaries and associates									
(III) Total			1.117.624,00	343.202,00				203.701,00	

(\*) This item includes the portion of bonuses attributable to the deferred exercise as well as the revaluation accrued on the deferred portion in the previous year

**SCHEME NO. 7-ter**

**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	Number of shares acquired	Number of shares assigned	Number of shares sold	Number of shares held at the end of the current year
Andrea Cangioli	Managing Director	El.En. Spa	11.768.752				11.768.752
Gabriele Clementi	Chairman and Chief Executive Officer	El.En. Spa	7.646.488				7.646.488
Barbara Bazzocchi (*)	Managing Director	El.En. Spa	2.012.992				2.012.992
Alberto Pecci	Director	El.En. Spa	8.313.824				8.313.824
Alberto Pecci (spouse)	Director	El.En. Spa	4.800				4.800
Michele Legnaioli	Director	El.En. Spa	2.560				2.560
Vincenzo Pilla (*)	Chairman Board of Statutory Auditors	El.En. Spa	4.800				4.800
Daniela Moroni (*)	Alternate Auditor	El.En. Spa	32.000				32.000
Paolo Salvadeo	General Manager	El.En. Spa	0		15.380		15.380
(Immobiliare del Ciliegio Srl) (***)		El.En. Spa	5.798.592				5.798.592

(\*) "Number of shares held at the end of the current financial year" means the end of office date, i.e. 29 April 2022

(\*\*) Shares assigned as part (20%) of the variable component of 2021 remuneration, subject to a four-year *lock-up*

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

**SCHEME NO. 7-ter**

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**TABLE 2: Investments of the other executives with strategic responsibilities**

Number of executives with strategic responsibilities	Investee company	Number of shares held at the end of the previous year	Number of shares acquired	Number of shares sold	Number of shares held at the end of the current year
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N/A

Calenzano, 15 March 2023

Per the Board of Directors  
The president  
Ing. Gabriele Clementi



COURTESY TRANSLATIC S.p.A.