



**REPORT ON THE CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE OF ELEN. S.P.A.
pursuant to art. 123-bis of Decree 58 dated 24 February 1998**

(traditional governance and control model)

approved at the meeting of the Board of Directors held on 15 March 2023

Financial Year 2022

Website: www.elengroup.com

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GLOSSARY

Shareholders' Meeting: the Shareholders' Meeting of El.En. s.p.a.

Civil Code/c.c.: the Italian Civil Code.

Code/CG Code: Corporate Governance Code for listed companies approved in January 2020 by the Corporate Governance Committee.

Committee/CG Committee/Corporate Governance Committee: the Italian Committee for the Corporate Governance of listed companies promoted by Borsa Italiana S.p.A., as well as by ABI, Ania, Assogestioni, Assonime and Confindustria.

Board: the Board of Directors of El.En. s.p.a.

Consob Issuers' Regulation: the Regulation issued by Consob Resolution 11971/1999 (as subsequently amended) on issuer-related matters.

Consob Markets Regulation: the Regulation issued by Consob Resolution 20249/2017 on market-related matters.

Consob Related Parties Regulation: the Regulation issued by Consob Resolution 17221 dated 12 March 2010 (as subsequently amended) on transactions with related parties.

Consolidated Finance Law/TUF: Decree 58 dated 24 February 1998.

Financial Year: the financial year ended on 31 December 2022, to which the Report refers.

Group: the group of companies controlled by the Issuer

Issuer/Company: El.En. s.p.a.

Remuneration Report: the report on remuneration policy and compensation paid, prepared and published pursuant to art. 123-ter TUF and art. 84-*quater* of the Consob Issuers' Regulation.

Report: the 2022 report on corporate governance and ownership structure, prepared and published pursuant to art. 123-*bis* TUF.

Unless stated otherwise, reference is also made to the definitions contained in the Code (pages 3 and 4) relating to: **directors, executive directors, independent directors, significant shareholder, chief executive officer (CEO), administrative body, control body, business plan, company with concentrated ownership, large company, sustainable success, top management.**

1.0 PROFILE OF THE ISSUER

From the admission of its ordinary shares to listing on the MTA stock market (formerly the MTAX and, previously, the New Market) organised and managed by Borsa Italiana s.p.a. back in 2000, El.En. has always intended to maintain and improve, compatible with its organisation and structure, a system of corporate governance aligned with the best practices suggested and recommended in the Code. This represents a valid and non-renounceable opportunity to enhance the reliability and reputation of the Company in its relations with the market, as well as to provide a guide capable of ensuring the lasting and evolving success of the Issuer and the Group over time.

The Issuer became part of the Techstar segment when it was established in 2004 and has been listed in the Star segment since 2005.

Between 9 December 2016 and the end of 2018, the Company was included in the FTSE Italia Star segment of the FTSE Italia Mid Cap Index.

Subsequently, it was included in the FTSE Italia Star segment of the FTSE Italia Small Cap Index before inclusion, once again, in the FTSE Italia Star segment of the FTSE Italia Mid Cap Index from the end of 2019.

The corporate governance of El.En. comprises an administrative body, a control body and a shareholders' meeting.

Following the changes introduced by Decree 6 dated 17 January 2003 and subsequent amendments and corrections, the shareholders of El.En. decided to retain the traditional system of administration and control.

Currently, therefore, the Company is administered by a Board of Directors governed in all aspects (composition, functioning, remuneration, powers, representation of the Company) by both current regulations and articles 19 to 23 of the Articles of Association. The Issuer is subject to control and supervision by a Board of Statutory Auditors that is governed in all aspects by art. 25 of the Articles of Association.

The legal audit of the accounts is performed by a company chosen from among those recorded on the specific CONSOB register.

Pursuant and consequent to art. 2-ter of Consob Issuers' Regulation, as of 31 December 2021 the Issuer continues to qualify as a SME, in conformity with art. 1, para. 1, letter w-*quater*, 1) TUF.

The market capitalisation of the Issuer in the past three years, being the simple average of the daily capitalisations calculated with reference to the official prices recorded during the year, is indicated below:

YEAR	DAYS	AVE.
2020	255	452,497,800
2021	256	912,739,401
2022	255	1.056,635,602

As of the publication date of this Report, Consob has published on its website, on January 2023, a list of SMEs, pursuant to art. 2-ter, para. 2, of the Consob Issuers' Regulation, at 31 December 2022.

As for the qualification of the Company for the purposes of the definitions of the Code, the capitalization on the last open market day of the previous three calendar years is as follows:

YEAR	CAPITALISATION ON DECEMBER 30 TH
2019	645
2020	521
2021	1243
2022	1138

Accordingly, the Issuer does not qualify as a "large company" or a "company with concentrated ownership", as there are no known shareholders' agreements between one or more shareholders.

This Report has been prepared with close reference to the format, IXth edition, specifically prepared by Borsa Italiana S.p.A.

Board of Directors

The Board of Directors is the administrative body that exercises all the widest powers of ordinary and extraordinary administration in the performance of work to achieve the corporate objects, with a view to creating long-term value for the benefit of the shareholders, while taking into account the interests of the Issuer's other significant stakeholders.

The Board pursue these objectives via responsible management that respects the economic, social and environmental equilibrium of the context in which it operates, ensuring that the strategies of the Issuer and the Group and the remuneration policy include goals linked to the achievement of lasting, sustainable success that takes account of the internal and external environment in which all Group companies operate.

The mission of the Issuer and its sustainability profiles are described in the non-financial statement published pursuant

to Decree 254/2016 on the website of the Issuer: <https://elengroup.com/sustainability/dichiarazione-consolidata-carattere-non-finanziario>.

Further information about how the above role is interpreted can be found in the Sections of the Report that explain: (i) the ways in which this objective is included in the strategies (Section 4.1), the remuneration policies (Section 8) and the system of internal control and risk management (Section 9); (ii) the corporate governance measures specifically adopted in this regard.

The current Board was elected at the Shareholders' Meeting held on 27 April 2021 and, following a Board resolution on that date, comprises both executive and non-executive directors organised, for the provision of advice and recommendations to the Board, into three committees: control and risks, related-party transactions and sustainability; remuneration; and appointments.

Three directors have been elected because they satisfy the independence requirements specified in art. 148-ter TUF and art. 2 of the Code.

The directors are domiciled for the purposes of their position at the registered office of the Issuer.

The managing directors have been granted, pursuant to the Board resolution adopted on 27 April 2021, all powers of ordinary and extraordinary administration, acting separately as sole signatories, for the performance of all activities envisaged in the corporate objects, with the sole exclusion of those powers that cannot be delegated pursuant to art. 2381 of the Italian Civil Code and the Articles of Association.

The mandate of the Board expires on approval of the financial statements for 2023.

On 5 September 2000, the Board established the following Board committees, the majority of whose members are non-executive and independent directors, that have been assigned the duties described in and governed by the respective committee regulations:

- a) *committee for the nomination of candidate directors* (hereinafter, the "Nominations Committee");
- b) *committee for remuneration* (hereinafter, the "Remuneration Committee");
- c) *committee for control and risks, related-party transactions and sustainability* (previously, the *internal control committee*, now the "Control and Risks Committee").

The committee regulations also govern their composition and role.

Following the first version approved on 5 September 2000, these are revised periodically and aligned to reflect any new regulatory instructions or internal reorganisations by the Issuer.

The committees perform the functions described in related Sections of the Report.

In addition, the Company has established a specific committee tasked with helping the Board to analyse significant topics for the generation of long-term value and sustainable success (Section 6).

On 5 September 2000, the Board also appointed a director responsible for internal control. The system of internal control and risk management has been expanded and reorganised constantly, as described later in the Report (Section 9), with a view to maintaining the integrity of the Issuer and the Group, while achieving the short- and long-term strategic objectives established by the Board.

The Board meets at least every quarter, not least in order to provide adequate information to the Board of Statutory Auditors about the work performed and the most significant transactions carried out by the Issuer and its subsidiaries, as well as, if applicable, any transactions with related parties or of particular complexity and/or importance; lastly, the Board also meets whenever the chairman and/or the managing directors wish to inform the entire Board about relevant matters and decisions.

The directors of the Issuer participate as members on the administrative bodies of most subsidiaries, or serve as their sole director. If not, the administrative body of the subsidiaries provides the most complete information needed to organise the activities of the Group and the accounting information required to comply with legal requirements: by the end of the month following each quarter-end, the subsidiaries provide all necessary information for the preparation of a consolidated economic and financial report.

The Articles of Association governing the appointment of directors, the composition of the Board and its specific duties - respectively, arts. 19, 21 and 22 - were amended at the Shareholders' Meeting held on 15 May 2007 in order to align them, as necessary and to the extent not already envisaged, with the new TUF and the Code. They were later amended, at the Shareholders' Meeting held on 28 October 2010, to take account of the requirements of Decree 27/2010. At that time, the Board was also assigned the power to apply the provisions of arts. 11 and 13 of the Consob Related Parties Regulation on urgent transactions with related parties.

At the Shareholders' Meeting held on 15 May 2012, art. 19 of the Articles of Association was aligned with Law 120 dated 12 July 2011 on gender balance. Being already aligned with the current regulations, this article did not need further amendment following the changes introduced by art. 147-ter TUF, as amended by the text of art. 1, para. 302 of Law 160 dated 27.12.2019 republished in Italian Official Gazette 13 on 17.1.2020.

Lastly, the Shareholders' Meeting held on 15 May 2013 removed from arts. 19 and 25 - governing the election mechanism for, respectively: the first, the administrative body; the second, the control body - the ban on withdrawing certificates confirming the legitimacy of the right to present candidates prior to the start of the Shareholders' Meeting. At the same time, other errors present in those articles were deleted in relation to the date of filing/communicating the certification.

A more detailed description is provided later, in the relevant sections of the Report dedicated to information about compliance with the Code.

With regard to the necessary presence of so-called independent directors, required by law from 2005, the Articles of Association envisage that requirement, formalising the practice adopted by the Issuer, pursuant to the Code, from 2000 when its shares were listed on the stock exchange.

Board of Statutory Auditors

The Board of Statutory Auditors is the control body that, pursuant to the law, regulations and Articles of Association, oversees compliance with the law, the Articles of Association and the principles of proper administration; the adequacy of the organisational structure of the Company, to the extent of its responsibilities, the internal control system and the administrative and accounting system adopted by the Company, and their functioning in practice. The Board of Statutory Auditors also monitors the matters envisaged in art. 19 of Decree 39 dated 27 January 2010, as well as implementation in practice of the corporate governance rules envisaged in the Code and compliance with Consob instructions, as well as proper implementation of the corporate procedures governing related-party transactions.

This body also oversees the adequacy of the instructions given to subsidiaries, so that they provide all the information needed to comply with the communication obligations envisaged by law.

The mandate of the current Board of Statutory Auditors, elected at the Shareholders' Meeting held on 29 April 2022, expires on approval of the financial statements for 2024.

The Articles of Association establish a limit on the cumulative number of appointments held, pursuant to Article 148-*bis* TUF, envisaging among the reasons for the ineligibility or lapsing of candidate or elected statutory auditors, their appointment as serving statutory auditor by more than five listed companies, as well as their incompatibility pursuant to the Issuers' Regulation (arts. 144-*duodecies* et seq.), including by exceeding the maximum limit envisaged therein.

Following the amendment of the Articles of Association approved at the Shareholders' Meeting held on 15 May 2007, art. 25 of the Articles of Association - which already envisaged list voting - also specifies that the serving statutory auditor drawn from the first-ranked minority list is elected as the Chairman of the Board of Statutory Auditors.

Lastly, at the Shareholders' Meeting held on 15 May 2012, the Company aligned art. 25 of the Articles of Association with the requirements of Law 120 dated 12 July 2011 on gender balance. Being already aligned with the current regulations, this article did not need further amendment following the changes introduced by art. 147-*ter* TUF, as amended by the text of art. 1, para. 302 of Law 160 dated 27.12.2019 republished in Italian Official Gazette 13 on 17.1.2020.

Pursuant to art. 144-*septies*, para. 2, of the Issuers' Regulation, the minimum equity investment required at the last election for the presentation of lists of candidate Statutory Auditors was 1% of share capital, pursuant to art. 25 of the Articles of Association, art. 144-*sexies* of the Issuers' Regulation and CONSOB Decision n.60 dated 28 January 2022.

Legal audit of the accounts

The legal audit of the accounts is entrusted (pursuant to measures introduced by Decree 39/2010) to an auditing firm recorded on the specific CONSOB register.

The Shareholders' Meeting called to approve the separate financial statements for 2019 appointed E&Y s.p.a. as the legal auditor, pursuant to art. 17 of Decree 39/2010, for the period 2021-2029.

Internal dealing

Up until 30 March 2006, for parties deemed significant pursuant and consequent to arts. 2.6.3 and 2.6.4 of the "Regulations for Markets organised and managed by Borsa Italiana s.p.a." in force at the time, the Issuer had approved - with effect from 1 January 2003 - a "Code of Conduct" that, with reference to the transactions carried out by those parties, governed the disclosures and conduct required in order to ensure the maximum transparency and consistency of the information provided to the market.

Given the amendments made to the TUF by the 2004 Community Law (Law 62 dated 18 April 2005), transposing the EC directive on market abuse, and the subsequent implementing regulations issued by Consob, the Company was required from 1 April 2006 to align with the internal dealing requirements envisaged in, respectively, arts. 114, para. 7, TUF, and from 152-*sexies* to 152-*octies* of the Issuers' Regulation.

From 1 April 2006 therefore, the law requires disclosure to the public of transactions in the financial instruments of the Company that are carried out by significant persons and by persons closely related to them; consequently, the internal

dealing rules contained in the Regulations for Markets organised and managed by Borsa Italiana s.p.a. was abrogated.

As a result of the above, the Code of Conduct adopted by the Issuer in 2003 was replaced by a new document - adopted on 31 March 2006 and subsequently amended on 13 November 2006 and 13 November 2015 - that, in addition to reproducing comprehensively the legal requirements, envisages periods in which transactions by the above parties are restricted or forbidden.

During 2016, following the entry into force of Regulation (EU) 596/2014, the black-out period for transactions in the financial statements of the Issuer was increased in line with the new regulations.

During 2017, The Code of Conduct was aligned with the new regulations, having regard for the amendments made to Title VII, Chapter II, of the Issuers' Regulation by Consob Resolution 19925 dated 22 March 2017. That resolution took advantage of the option granted in art. 19, para. 9, of Regulation (EU) 596/2014 to raise to Euro 20,000.00 the annual limit beyond which the disclosure obligations apply.

During 2019, the Code of Conduct was amended again to specifying the extension of the black-out periods referred to in Article 19 of the EU Reg. also to 30 days prior to the approval of the quarterly financial reports.

* * *

2.0 INFORMATION ON THE OWNERSHIP STRUCTURE (pursuant to art. 123-bis, para. 1, TUF) AT 31 DECEMBER 2021

a) Structure of share capital (pursuant to art. 123-bis, para. 1, letter a), TUF)

The subscribed share capital at 31 December 2022 amounts to Euro 2,594,727.20, fully paid, and is represented by 79,837,760 ordinary shares without nominal value.

Pursuant to the mandate granted at the Shareholders' Meeting held on 12 May 2016, pursuant and consequent to art. 2443 c.c., the Board implemented the 2016-2025 Stock Option Plan described in the Report on Operations accompanying the financial statements for 2022 section "STOCK OPTIONS OFFERED TO DIRECTORS, COLLABORATORS AND EMPLOYEES", and in the illustrative document prepared pursuant to art. 84-bis, para. 1, and to Format 7, Attachment 3A of the Consob Issuers' Regulation, and available on the website of the Issuer www.elengroup.com (Italian version) – *section: Investor Relations – Documenti societari – Piano Stock Option 2016-2025*.

At 31 December 2022, n. 661,968 option rights have been exercised out of the 800,000 exercisable over the entire Plan validity period.

On 20 July 2021, the Shareholders' Meeting approved elimination of the nominal value of the shares and increased the total number of shares via a four-for-one split of the outstanding ordinary shares. This split increased the number of outstanding ordinary shares from 19,929,586 to 79,718,344, by collecting and cancelling the outstanding ordinary shares issued, and assigning 4 newly-issued ordinary shares for each ordinary share collected and cancelled. Total share capital was unaffected by this stock split.

As a consequence, the Shareholders' Meeting approved the amendments to art. 6 of the Articles of Association (paras. 1-3-4) on share capital, pursuant and consequent to arts. 2328, 2346 and 2443 c.c., and amendment of the 2016-2025 Stock Option Plan. Work to collect the old shares and issue the split shares without nominal value commenced on 2 August 2021 with assignment of the new ISIN code: IT0005453250.

b) Restrictions on the transfer of securities (pursuant to art. 123-bis, para. 1, letter b), TUF)

There are no restrictions on transfer of the shares.

c) Significant interests in share capital (pursuant to art. 123-bis, para. 1, letter c), TUF)

Based on the information and data available at 31 December 2021, the shareholders listed in the attached Table 1 have significant interests (over 5%) in the share capital of the Issuer.

d) Securities with special rights (pursuant to art. 123-bis, para. 1, letter d), TUF)

None.

e) Employee share ownership: mechanism for exercising voting rights (pursuant to art. 123-bis, para. 1, letter e) TUF)

No mechanisms.

f) Restrictions on voting rights (pursuant to art. 123-bis, para. 1 letter f), TUF)

None.

g) Shareholders' agreements (pursuant to art. 123-bis, para. 1. letter g), TUF)

No agreements known to the Issuer.

h) Change of control clauses (pursuant to art. 123-bis, para. 1, letter h), TUF) and articles of association on public tender offers (pursuant to arts. 104, para. 1-ter, and 104-bis, para. 1, TUF)

There are no agreements containing "change of control" clauses.

With regard to the articles of association on public tender offers, the Shareholders' Meeting held on 13 May 2011 included among the duties of the Board, pursuant to art. 104, para. 1-ter, TUF, the power to take defensive action against public tender offers, even without obtaining authorisation at a Shareholders' Meeting.

Aside from this, the Articles of Association do not refer to public tender offers.

i) Delegation of power to increase share capital and authorisations to purchase treasury shares (art. 123-bis, para. 1, letter m), TUF)

On 13 September 2016, the Board exercised in full the mandate granted at the Shareholders' Meeting held on 12 May 2016, pursuant to art. 2443 c.c.

Further information is provided above, in letter a) of this section on the structure of share capital, including relevant references so that the related documentation can be examined.

The Ordinary Shareholders' Meeting of El.En. s.p.a. held on 27 April 2021 authorised the purchase of treasury shares on the conditions proposed by the Board of Directors, pursuant and consequent to and within the limits envisaged in arts. 2357 and 2357-ter c.c. The authorization has expired on 26 October 2022.

As at 15 March 2023, El.En. s.p.a. holds n. 39.120 treasury shares.

The Shareholders' Meeting held on 15 December 2022 resolved, in ordinary session, to approve a 2026-2031 stock incentive plan reserved for directors, collaborators and employees of the Company and its subsidiaries ("Stock Option Plan 2026-2031") and in extraordinary session the delegation to the Board pursuant to art. 2443, II co., c.c., to increase, even several times and also in divisible form, within five years from the date of the resolution, the share capital in one or more times, for a maximum nominal amount of Euro 65,000.00 through the issue of a maximum of 2,000,000 ordinary shares with no par value expressed, to be released by paying a price to be determined by the Board in a unit value, including the share premium, equal to the arithmetic average of the official prices recorded by the ordinary shares of the Issuer on the Market organized and managed by Borsa Italiana s.p.a. in the 6 months prior to the individual resolution of the Board, of capital increase, even partial, provided that this value is not lower than that determined on the basis of the consolidated equity of the El.En. at 31 December of the last financial statements published at the date of the respective single resolution for an increase, even partial, in execution of the delegation.

This capital increase to be resolved, pursuant to the fifth paragraph of art. 2441 of the Italian Civil Code, with the exclusion of the option right provided for by law in favour of shareholders as it serves the 2026-2031 Stock Option Plan as approved by the Shareholders' Meeting on 15 December 2022, is intended for directors, collaborators and employees of the Issuer and its subsidiaries.

The Board, pursuant to and for the purposes of art. 2443 of the Italian Civil Code, on 15 March 2023 partially exercised the delegation by implementing the Stock Option Plan 20 2 6-20 31 described in the Report on Operations accompanying the financial statements 2022 section "SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR" and in the information document drawn up pursuant to article 84-bis, paragraph 1 and Schedule 7 of Annex 3A of the Consob Issuers' Regulation available on the Issuer's website www.elengroup.com (Italian version) – Investor Relations section – Corporate documents – Stock Option Plan 2026-2031.

The first tranche of the assigned options will be exercisable from 1 April 2026.

I) Management and coordination (pursuant to art. 2497 et seq. c.c.)

The Issuer is a parent company and is not subject to management and coordination pursuant to art. 2497 et seq. of the Italian Civil Code.

* * *

The information required by art. 123-bis, para. 1, letter i) TUF (*"agreements between companies and directors...which envisage indemnities in the event of resignation or dismissal without just cause, or if their employment contract should terminate as the result of a takeover bid"*) is contained in the section of the Report dedicated to remuneration (Section 8.1);

The information required by art. 123-bis, para. 1, letter l), first part TUF (*"the rules applying to the appointment and replacement of directors ... if different from the legislation and regulations applicable as a supplementary measure"*) is illustrated in the section of the Report dedicated to the Board (Section 4.2);

The information required by art. 123-bis, para. 1, letter l), second part TUF (*"the rules applying... to the amendment of the Articles of Association, if different from the legislation and regulations applicable as a supplementary measure"*) are illustrated in the section of the Report on the Shareholders' Meeting (Section 13).

* * *

3.0 COMPLIANCE (pursuant to art. 123-*bis*, para. 2, letter a), TUF)

Consistent with its size and organisation, the Issuer has followed the various editions and versions of the Code from its origin in 1999, right from the listing in 2000 of its shares on the market organised and managed by Borsa Italiana s.p.a., in a process of constant evolution in the direction of steady alignment with the measures suggested and strongly recommended therein.

The version of the Code (2020) referenced when preparing the Report is available to the public on the website of the Corporate Governance Committee at the following link: <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>

The information specified in art. 123-*bis*, para. 2, letter a), TUF, is contained in the following different, related and relevant sections.

* * *

Neither the Issuer nor its subsidiaries are subject to non-Italian legislation that influences the corporate governance structure of the Issuer.

4.0 BOARD OF DIRECTORS

4.1 ROLE OF THE BOARD OF DIRECTORS - ART. 1 CODE

Pursuant to art. 22 of the Articles of Association, the Board exercises the widest powers for the administration of the business, guiding the Company in pursuit of sustainable success and exercising the powers granted to it in arts. 20 and 22 of the Articles of Association.

In conformity with principles P.I and P.II of the Code, the Board determines the strategies of the Company and the Group, approving a three-year strategic plan for the Company and Group, the implement of which is monitored. The preparation of this plan takes account of important topics for the generation of long-term value and also includes certain non-economic objectives for the achievement of sustainable success. The sustainability plan, the work scheduled and performed, and the objectives considered material by the Board in this context are described in the non-financial statement published pursuant to Decree 254/2016 on the website of the Issuer: <https://elengroup.com/sustainability/dichiarazione-consolidata-carattere-non-finanziario.html>.

The Board is specifically responsible for:

- a) examining and approving the strategic plan of the Issuer and the Group, partly with reference to the analysis of significant topics for the generation of long-term value (Rec. 1, letter a).
- b) monitoring periodically the implementation of the business plan, as well as assessing each quarter the general results of operations, comparing periodically the results achieved against budget (Rec. 1, letter b);
- c) defining the nature and level of risk compatible with the strategic objectives of the Issuer, including in this assessment those elements that may be significant for the sustainable success of the Issuer (Rec. 1, letter c);
- d) defining the system of corporate governance of the Issuer and the structure of the Group (Rec. 1, letter d, first part);
- e) assessing the adequacy of the organisational, administrative and accounting structure of the Issuer and its subsidiaries of strategic significance, with particular reference to the system of internal control and risk management (Rec. 1, letter d, second part) (see Section 9 for more detailed information);
- f) resolving on the operations of the Issuer and its subsidiaries that have strategic, economic or financial significance for the Issuer, establishing general criteria for the identification of significant transactions (Rec. 1, letter e);
- g) adopting, on a proposal from the Chairman agreed with the director responsible for the management of corporate information, a procedure for the internal management and external disclosure of documents and information about Issuer, with particular reference to inside information (Rec. 1, letter f) (See Section 5 for more detailed information).

On 5 March 2021, the Board approved the 2021-2023 development plan for the entire Group, covering both the industrial and medical sectors. The primary objective of this plan is the medium/long-term success of the business, which has always been the central focus of the Company and the Group, even before the more overtly social and environmentalist version came into vogue. In this regard, the Board considers the following aspects to be central: the enhancement of human resources, protection of the environment, investment in R&D and high quality products, safeguarding of the interests of all significant stakeholders and the creation of value for them (Rec. 1, letter a). When defining the plan, the Board identified and took account of the above topics, in order to be able to accept and tackle the challenges and risks that, in its opinion, the business may face during the reference period (Rec. 1, letter c). During the year, at its meeting on 13 May, the Board verified the implementation of the strategic plan (Reports 1, letter b), noting that it was largely exceeded but considering that it would postpone the amendment of the approved plan given the extreme uncertainty at the current state of the international scenario and reserving the right to make changes at a later date.

In terms of defining the system of corporate governance of the Issuer and the structure of the Group, the first action of the current Board was to assign operational mandates following the appointment of the new administrative body on 27 April 2021 and the establishment of Board committees (Rec. 1, letter d, first part).

In addition, as envisaged in art. 20 B of the Articles of Association, the Board meets - and met during the year - at least every quarter in order to guarantee the performance of its necessary and essential strategic guidance activities and checks on the exercise of delegated powers, including with reference to the significant subsidiaries and, among these, those subject to management and coordination whose administrative bodies include one of the managing directors, if not the Chairman, of the Issuer.

The established frequency of these meetings also seeks to ensure that the Board of Directors operates in an informed and knowledgeable manner, with assessment of the results of operations every three months, not least by analysing the information received from the delegated bodies and the general manager, as well as the results obtained (Rec. 1, letter b).

In particular, during the meetings, the Board receives information from the delegated bodies, the general manager and any other executives interviewed, comparing the results obtained with those budgeted at each Board meeting held, at least quarterly, to approve the periodic financial reports (Rec. 1, letter b).

During the meetings, the Board is also informed - together with the Board of Statutory Auditors - about the work

performed in exercise of the delegated powers, the general results of operations and the outlook for the future, as well as about the most significant economic and financial transactions carried out, even by subsidiaries, and about those with potential conflicts of interest, with related parties or that are atypical or unusual with respect to core operations.

Lastly, this frequency enables the non-executive directors to obtain the elements needed to assess the organisational, administrative and accounting structure of the Issuer and its principal subsidiaries, as established and implemented by the managing directors, with particular reference to system of internal control and risk management (Rec. 1, letter d).

In implementing its assigned functions, the Board - with reference to the activities carried out and coordinated by the Control and Risks Committee and the Board of Statutory Auditors, the written six-monthly reports presented by the internal auditors and the executive responsible for preparing corporate accounting documents - has assessed by sector at the meetings held on 15 March 2022 (relating to activities in the second half of 2021: check on the operation and suitability of the system of internal control and risk management with regard to the preparation of financial statements; update of the table of areas to be checks and the control activities carried out and/or scheduled; Information Technologies area and in particular the processes aimed at restoring systems, data and infrastructures necessary for the provision of information services in the face of serious emergencies and disasters, the so-called Disaster Recovery; activities carried out in relation to Law 262/05); on 12 September 2022 (relating to the first half of 2022: update of the table of areas to be checks and the control activities carried out and/or scheduled; check on the operation and suitability of the system of internal control and risk management with regard to the preparation of financial statements; After-sales area – Technical assistance medical area in light of the implementation of a new portal for the management of service activities; ; activities carried out in relation to Law 262/05); adequacy of the organisational, administrative and general accounting structure of the Issuer, established by the managing directors, with particular reference to the system of internal control and risk management.

In relation to the organisational, administrative and general accounting structure of the subsidiaries of strategic importance, established by the managing directors, with particular reference to the system of internal control and risk management, the Board - in the context of the activities carried out in relation to Law 262/2005 - once again during 2022 reviewed in terms of risk and defined materiality thresholds, levels of acceptable risk and the scope of compliance work, in order to identify the companies and processes that are “in scope” and revise the risk ratings associated with each check. Although the scope of companies to be checked was unchanged, the work performed expanded the types of processes and cycles tested, given the substantial growth of certain subsidiaries of strategic importance.

The following companies were deemed significant in 2022, in addition, of course, of the Issuer: Deka Mela S.r.l., Cutlite Penta S.r.l., Quanta System S.p.a., Asclepion Lser Technologies GmbH, With US Co. Ltd, Penta Laser (Zhejiang) Co., Ltd). Esthelogue S.r.l. was only selected as significant for the purpose of carrying out specific tests on a number of specific financial reporting areas.

The results of the activities carried out during the year and the tests performed are summarised in written reports that, as usual, were presented and explained to the Control and Risks Committee and the Board of Statutory Auditors, in its role as the internal audit committee, at their periodic meetings.

Art. 20 of the Articles of Association makes the Board responsible for advance examination and approval of the operations of the Issuer and its subsidiaries, when those operations have significant strategic, economic or financial importance for the Issuer (Rec. 1, letter e) or its subsidiaries, or when they involve potential conflicts of interest, transactions with related parties or transactions that are atypical or unusual with respect to core operations. In this regard, on 12 November 2021, the Board formalised the general criteria for the identification of significant transactions that were already applied in practice (Rec. 1, letter e).

The Board has also adopted a procedure for the management of corporate information. For further information in this regard see Section 5 of the Report (Rec. 1, letter f).

See the respective Sections of the Report on other responsibilities assigned to the Board with regard to its composition, functioning, appointment and self-assessment (Section 7), remuneration policy (Section 8), and system of internal control and risk management (Section 9).

During the year 2021, the Board provided guidance to the shareholders, ahead of renewal of the administrative body, on its size, composition, appointment and period in office. While neither in 2021 nor during the Year, it deemed necessary to draw up reasoned proposals to be submitted to the Shareholders' Meeting for the definition of a different corporate governance system (Rec. 2).

Lastly, during the year 2021, the Board adopted a document formalising the policy for dialogue with the shareholders as a whole (Rec. 3). For further information in this regard see Section 12 of the Report.

4.2. APPOINTMENT AND REPLACEMENT (pursuant to art. 123-bis, para. 1, letter l) first part, TUF)

The members of the Board are appointed by list voting, which is governed by art. 19 of the Articles of Association.

That article has been amended several times, reflecting the multiple legislative and regulatory changes made.

Firstly, it was amended at the Extraordinary Shareholders' Meeting held on 15 May 2007 to reflect the requirements of art. 147-ter, para. 1, TUF and Issuers' Regulation 11971/1999, then at the Meetings held on 28 October 2010, pursuant to the provisions of art. 147-ter, para. 1-bis introduced by art. 3 of Decree 27 dated 27 January 2010, and on 15 May 2012, pursuant to the provisions of art. 147-ter, para. 1-ter, and the enabling regulations contained in art. 144-undecies of the Consob Issuers' Regulation, on compliance with the need for gender balance when submitting lists of candidates, with regard to the composition of the elected body and when replacing any members who have ceased to serve.

Action was already taken, prior to the introduction of art. 147-ter, para. 1-bis, TUF, to include an article on the deadline for filing lists (as envisaged in Code 2006 6.C.1) intended to satisfy the interest of the shareholders as a whole in knowing, sufficiently in advance, the personal and professional characteristics of candidates in order to cast their votes knowledgeably.

Lastly, given the change in legislative and regulatory requirements governing exercise of the right to present lists of candidates pursuant to Decree 91 dated 18 June 2012, the Shareholders' Meeting held on 15 May 2013 removed from the Articles of Association the text banning the withdrawal of certifications prior to the Meeting.

With regard to appointments and composition, the current text reads:

“Art. 19 – Administrative body – (... omissis ...) The members of the Board of Directors are appointed using the following procedure. Shareholders that intend to nominate candidate Directors must file the following at the registered office at least twenty-five days before the date fixed, in first calling, for the Ordinary Shareholders' Meeting:

a) a list containing in numerical order the names of the candidate Directors and indicating which satisfy the independence requirements pursuant to art. 147-ter, para. 4, of Decree 58 dated 24 February 1998 and the Code of Self-Regulation issued by the Committee for the Corporate Governance of listed companies promoted by Borsa Italiana s.p.a.;

b) together with the list, the shareholders must file: a complete professional profile of the candidates nominated, giving adequate reasons for their nomination;

the curriculum vitae of each candidate that includes their appointments as members of the administrative or control bodies of other companies; and a statement from each candidate accepting his/her candidacy and certifying, under his/her personal responsibility, the absence of reasons for ineligibility or incompatibility, as well as satisfaction of the requirements specified in the applicable regulations and the Articles of Association for the appointment.

The composition of lists containing at least three candidates must comply with the regulatory requirements governing gender balance.

Each list must indicate the name(s) of the shareholder(s) presenting the list, providing full identification details and stating the percentage of share capital held both individually and collectively.

Each shareholder may present or contribute to the presentation of just one list, subject otherwise to ineligibility. Shareholders party to the same shareholders' agreement may only present one list.

Shareholders are entitled to present lists if, alone or together with other shareholders, they represent at least the percentage share ownership established in art. 147-ter of Decree 58 dated 24 February 1998 or that, even if greater, established by Consob regulation having regard for the capitalisation, free float and ownership structure of listed companies.

Ownership of the minimum equity interest needed to present lists is determined with reference to the shares registered in favour of the shareholders concerned on the day on which their list is filed with the Company. The related certification must be produced at least twenty-one days before the date fixed, in first calling, for the Ordinary Shareholders' Meeting.

The Directors are appointed at the Ordinary Shareholders' Meeting on the basis of lists presented by the shareholders in which the candidates are listed in numerical order.

Each shareholder with voting rights may only vote for one list.

The Directors are drawn from the list that obtains the largest number of votes and, in all cases, a percentage of votes equal to at least half that necessary for the presentation of lists.

At least one member of the Board must always be drawn from the minority list that obtains the largest number of votes.

If the total number of list votes is the same, the entire Ordinary Shareholders' Meeting will vote again and the list that obtains a simple majority of the votes cast will be elected.

If no lists are presented by the deadlines indicated, the appointments will be made by resolution of a relative majority of the shareholders present at the Shareholders' Meeting.

If only one list is presented, all the Directors will be elected from that list.

If no votes are cast for any minority list, Directors will be replaced by resolution of a relative majority of the shareholders present at the Shareholders' Meeting.

Pursuant to the law, a reasonable number of Directors must be elected from among the candidates who satisfy the

independence requirements established for Statutory Auditors in art. 148, para. 3, of Decree 58 dated 24 February 1998 and in the Code of Self-Regulation issued by the Committee for the Corporate Governance of listed companies promoted by Borsa Italiana s.p.a. A Director who, subsequent to appointment, ceases to satisfy the independence requirements must notify the Board of Directors immediately and, in all cases, ceases to serve.

The composition of the elected body must, in all cases, ensure balance between the genders represented pursuant to art. 147-ter, para. 1-ter, of Decree 58 dated 24 February 1998.

The members of the administrative body remain in office for 3 (three) years or for the shorter period determined each time at the Shareholders' Meeting, in compliance with art. 2383, para. 2, of the Italian Civil Code, and are eligible for re-election; should one or more Directors cease to serve during the year, the other arrange to replace them pursuant to and in conformity with art. 2386 of the Italian Civil Code.

In all cases, if one or more Directors cease to serve, the new members are appointed in compliance with the requirements for gender balance in force at the time. (... omissis...)"

The current Articles of Association do not allow the outgoing Board to present a list.

Consob Decision 76 dated 30 January 2023 has fixed at 1% the equity interest required for the presentation of lists of candidates for election to the administration and control bodies.

On publishing the notice of Shareholders' Meeting called to elect the administrative body, the Issuer makes express reference to the full text of CONSOB Communication DEM/9017893 dated 26-2-2009 on the need for parties intending to present a so-called minority list of candidate Directors to file, together with that list, a statement confirming the absence of direct or indirect "relations of association", as defined in art. 147-ter, para. 3, TUF and art. 144-quinquies of the Consob Issuers' Regulation, with shareholders that, together or alone, hold a controlling or relative majority interest, where identifiable with reference to the communications of significant equity interests, pursuant to art. 120 TUF, or to the shareholders' agreements published pursuant to art. 122 TUF.

Except as expressly envisaged in the TUF and related implementing regulation in force and in art. 19 of the Articles of Association, the Issuer is not subject to any other special regulations governing the composition of the Board, in particular with reference to the representation of minority shareholders and/or the number and characteristics of the independent directors.

The role of the Board and Board committees in the self-assessment of Directors and in their appointment and replacement is explained in Section 7 of the Report.

4.3. COMPOSITION (pursuant to art. 123-bis, para. 2, letters d) and d-bis), TUF)

The Board comprises seven members: three executive directors and four non-executive directors, all with adequate professionalism and expertise for the duties assigned to them (Principle V).

The number and expertise of the non-executive directors ensures that they carry significant weight in the adoption of Board resolutions and guarantees the effective monitoring of operations; a significant number (three) of the non-executive directors (four) is independent (Principle VI).

Current composition

The current Board comprises:

Position	Name	Gender	Year of birth	Role	Year of first election after listing
Chairman and Managing Director	Gabriele Clementi	M	1951	Executive	2000
Managing Director	Andrea Cangioli	M	1965	Executive	2000
Managing Director	Barbara Bazzocchi	F	1940	Executive	2000
Director	Alberto Pecci	M	1943	Non-executive	2002
Director	Fabia Romagnoli	F	1963	Non-executive, independent pursuant to art. 147-ter TUF and art. 2 of the Code	2015
Director	Daniela Toccafondi	F	1962	Non-executive, independent pursuant to art. 147-ter TUF and art. 2 of the Code	2021
Director	Michele Legnaioli	M	1964	Non-executive, independent pursuant to art. 147-ter TUF and art. 2 of the Code	2000

The number of members was fixed as seven at the Shareholders' Meeting held on 27 April 2021, which elected the current Board.

They will remain in office until approval of the financial statements for the year ended 31 December 2023.

The Board was elected by 62.858% of the voting capital at the Shareholders' Meeting held on 27 April 2021 and, following a Board resolution on that date, comprises both executive and non-executive directors organised, for the provision of advice and recommendations to the Board, into three committees: control and risks, related-party transactions and sustainability; remuneration; and appointments.

At the time of the election, just one list of candidates - all subsequently elected - was presented and filed at least twenty-five days prior to the Shareholders' Meeting.

This list was presented by Shareholder Andrea Cangioli and contained the names of all the candidates who were elected, as detailed in the above table.

The profiles of the Board members elected on 27 April 2021 are summarised below:

GABRIELE CLEMENTI – Chairman and Managing Director - born in Incisa Valdarno (Florence) on 8 July 1951. Degree in Electronic Engineering from the University of Florence in 1976, with which he collaborated until 1981 while, at the same time, forming together with Barbara Bazzocchi, a centre for the testing and application of biomedical devices. In 1981, he founded the Issuer as a partnership together with Barbara Bazzocchi. Since then, he has worked full time on the conduct and management of the Issuer and the Group, within which he holds various corporate offices. He has been the Chairman of the Board of Directors since 1989, when the Issuer was transformed into a company with liability limited by quotas.

He was awarded an Italian knighthood in 2017.

Since 2000, he also serves as the managing director and director of several Group companies.

BARBARA BAZZOCCHI – managing director - born in Forlì on 17 June 1940. Diploma in bookkeeping in 1958 and then in corporate secretarial activities in 1961. From 1976 to 1981, she managed and administered a centre for the testing and application of biomedical devices and then, in 1981, together with Gabriele Clementi, she formed the Issuer, which she has managed full time, as a founding director, since then.

Since 1989, she has served as a managing director of the Issuer and as sole director or chairman of the board of directors of several Group companies.

ANDREA CANGIOLI – managing director - born in Florence on 30 December 1965. Degree in 1991 from Politecnico di Milano in the Engineering of Industrial Technologies, specialisation in Economics and Systems; from 1992, director of El.En. S.r.l. and, from 1996, a managing director of the Issuer and chairman or director of numerous Group companies.

ALBERTO PECCI – non-executive director - born in Pistoia on 18 September 1943. Degree in Political Sciences. After early experience with B.N.L. U.S.A. he dedicated himself to Lanificio Pecci, where he serves as Chairman of this textiles group and of its subsidiaries. Awarded an Italian knighthood in 1992, he was first Deputy Chairman (1988-1993) and then Chairman (1993-2002) of La Fondiaria Assicurazioni; he also sat on the boards of Mediobanca s.p.a. (as non-executive deputy chairman), Assicurazioni Generali, Banca Intesa and Alleanza Assicurazioni.

Non-executive director of the Issuer since 2002.

FABIA ROMAGNOLI - independent director – born in Prato on 14 July 1963. Numerous professional experiences, including from 2006 to 2012 member of the Training Commission of Unione Industriale Pratese (Confindustria); internationalisation representative of Unione Industriale Pratese in 2012 and 2013; chairman of Fondazione Cassa di Risparmio di Prato from 2013; deputy chairman of Confindustria Toscana Nord from 2021.

Independent non-executive director of the Issuer from 2015 with responsibility for sustainability.

DANIELA TOCCAFONDI – independent director – born in Prato on 18 July 1962. Numerous professional and academic experiences, including from 2014 to 2019 appointment as Counsellor for simplification, economic policies and employment for the Municipality of Prato and, from 2014 to 2019, chairman of ACTE Italia. From 1988, director of Pratofutura, a non-profit cultural association; from 1997, contract lecturer in District Economics at the University of Florence; from 2005, collaborates with Fondazione Cassa di Risparmio di Prato; from 2020, chairman of PIN s.c. a. r.l., a University of Prato consortium.

Independent non-executive director of the Issuer from 2021.

MICHELE LEGNAIOLI – independent director - born in Florence on 19 December 1964. Numerous professional experiences, including chairman of Fiorentinagas s.p.a., Fiorentinagas Clienti s.p.a. and the Florence Group of Young Industrialists; National Deputy Chairman of the Confindustria Young Entrepreneurs; member of the Confindustria Board from May 2003, and then, from 28 April 2004 to 2010, chairman of Aeroporto di Firenze s.p.a., a company listed on the Italian stock exchange.

Independent non-executive director of the Issuer from 2000.

Diversity criteria and Policies for the composition of the Board and within the organisation

A Board resolution adopted on 14 November 2017, acting on a proposal from the Nominations Committee made at its meeting on 10 November 2017, after a process that commenced in early 2017, formalised the *Policies for the composition of the corporate bodies of El.En. s.p.a.* (hereinafter, the “Composition and Diversity Policy”) pursuant to art. 123-bis, para. 2, letter d-bis, TUF.

By Board resolution adopted on 5 March 2021, ahead of publication that day of guidance for the election of the new administrative body at the 2021 Shareholders’ Meeting, the number of directors was raised to seven following a proposal from the Nominations Committee. This amendment took account of the considerations made regarding the number of Board directors and the amendments made to art. 147-ter TUF by art. 58-sexies, para. 1, of Decree 124 dated 26.10.2019, as enacted with amendments by Law 157 dated 19.12.2019, and then by the text of art. 1, para. 302, of Law 160 dated 27.12.2019, as republished in Italian Official Gazette 13 on 17.1.2020, and the provisions of the text of art. 1, para. 304, of Law 160 dated 27.12.2019, as republished in Italian Official Gazette 13 on 17.1.2020, regarding the increase in the representation of the less represented gender on administration and control bodies from one-fifth to two-fifths.

In addition to compliance with the law and the various secondary regulations applicable, the objectives pursued by the Issuer in defining the Composition and Diversity Policy are to:

- a) ensure effective management of the Issuer and the Group;
- b) create value for the shareholders over the medium-long term;

c) make the activities of the Issuer and the Group sustainable over the medium-long term, while respecting the interests of all stakeholders.

Board of Directors

With regard to the Board, in addition to the quantitative provisions of art. 19 of the Articles of Association - indicated in Section 4.2 above - and the statement that the current size of the Board (7 members) ensures both discussion and flexible decision-making, the Composition and Diversity Policy calls in qualitative terms for Directors who:

1) are fully aware of the duties and responsibilities inherent in their office, as well as the powers and obligations inherent in the functions that each is called upon to perform;

2) possess diversified expertise and professionalism, appropriate to the roles held, including on Board committees, and the size and operational characteristics of the Issuer, taking account - in this regard - both the theoretical knowledge acquired during their training and the practical experience accumulated.

The professionalism needed to sit on the Board is deemed to be adequately represented by the possession of good knowledge and experience in, preferably, at least two of the following areas:

- *experience of entrepreneurial management and business organisation*: acquired via many years of work in the administration, management or control of businesses or groups of a size, complexity and geographical distribution similar to those of the Group;

- *ability to read and interpret the financial data processed and prepared in accordance with the regulations applicable to the Issuer and the Group*: acquired via many years of work in the administration and control of listed or large companies, professional experience or university-level teaching;

- *corporate expertise* (internal control, compliance, legal, company secretarial etc.): acquired via experience in the internal audit or management control of listed or large companies, professional activities or university-level teaching;

- *knowledge of the foreign destination markets of the Group*: acquired via many years of entrepreneurial or professional work for businesses or groups with an international outlook in sectors similar to that of the Group;

- *knowledge of market mechanisms in the sector of operations served by the Group*: acquired via many years of entrepreneurial or professional work for businesses in the technological sector addressed by the Group;

- *technical knowledge in the sector in which the Group is active*: acquired via many years of work for businesses in the same technological sector as El.En. s.p.a.

The Board hopes that all the areas of expertise indicated above are represented on the administrative body, as the concurrent presence of diversified skills and experience enhances the complementary nature of the professional profiles and facilitates the efficient functioning of the Board.

In particular, the diversification of expertise ensures that each member, both in committee and when making collective decisions, can contribute effectively to the analysis of the various topics and matters from different angles, with a view to fuelling the essential Board debate needed to pursue suitable strategies and ensure effective governance of the Issuer and the Group.

With regard to the directors qualifying as independent pursuant to art. 147-ter, para. 4, TUF and art. 2 of the Code, at least one should possess enough experience to chair the control bodies or control and risks committees of listed companies of similar size to El.En. s.p.a., or have served on the administrative bodies of banking, financial or insurance institutions, in order to contribute effectively to governance of the risks faced by the Issuer;

3) possess personal characteristics consistent with the needs of good corporate governance, thus satisfying a series of subjective requirements for the efficient functioning of the body on which they serve;

4) dedicate time and resources consistent with the complexity of their office, while complying with the limit of the accumulation of appointments envisaged in application of the regulations and the related resolutions adopted by the Issuer.

In this regard, reference is made to the Board resolution adopted on the accumulation of appointments;

5) are diversified in terms of gender - in that at least two-fifths of the Directors must belong to the less represented gender - so that the Board benefits from different views and approaches to the various topics and the management, in the broadest sense, of the Issuer.

In addition to diversification in terms of expertise and age, the Board believes that gender diversification, as practised by El.En. s.p.a. since its foundation in 1981, ensures that the undoubtedly different natures and approaches to problem solving of the male and female genders contribute effectively to the balanced management of the Issuer and the Group. Furthermore, the presence of different genders increases Board perception of the needs expressed by the genders comprising the organisation as a whole, facilitating the adoption of measures that promote equal treatment and equal opportunity pervasively throughout the entire Group.

6) are diversified in terms of age, in order to enrich Board dynamics with their special ways of analysing and managing matters that are based on their accumulated experience, spirit of initiative and proactive approach;

7) satisfy the integrity requirements specified in art. 147-*quinquies* TUF;

8) do not hold incompatible, so-called interlocking positions i.e. who are not managing directors of other listed Italian companies, not part of the Group, in which one of the managing directors of El.En. s.p.a. is a director.

The above requirements must be satisfied by both the executive directors and the non-executive directors, who participate in the decisions made by the entire Board and who, as a key function, are called upon to debate and monitor the decisions made by the executive members.

The authority and professionalism of the non-executive directors must be appropriate to performance of the increasingly important tasks involved in the healthy and prudent management of the Issuer and the Group: accordingly, it is fundamental that the non-executive directors possess adequate knowledge of the business in which the Issuer operates, the dynamics of the market in which it operates, the regulations applying to listed companies and, above all, the methodologies for the management and control of risks and conflicts of interest.

Lastly, given the provisions of art.147-*ter*, para. 4, TUF, art. 2 of the Code and - as El.En. belongs to the STAR segment of Borsa Italiana - art. 2.2.3, letter m), of the Markets Regulation and art. IA.2.10.6 of the Instructions for the Markets Regulation, the Board must count a reasonable number of independent directors among its members: at least 2, up to 8 members; at least 3, between 9 and 14 members; at least 4, above 14 members.

Board of Statutory Auditors

The composition of the Board of Statutory Auditors is described in Section 11.2 below.

The Composition and Diversity Policy is implemented by providing consistent guidance to the shareholders, prior to their appointment of the administration and control bodies, and by checking compliance with the composition and functioning requirements at the time of elections and then, each year, as part of the Board self-assessment process and work to verify the independence of the Board of Statutory Auditors.

With regard to checking the achievement of objectives, the assessment takes account of the actual results of the Issuer and the Group when approving the amount of incentive remuneration due to recipient directors and the general manager.

In terms of the measures adopted to promote equal treatment and equal opportunity for each gender throughout the entire organisation and monitor their proper implementation, the Group recognises the need to emphasise the recognition of diversity and gender equality as safeguards for individuals in the workplace: these values are promoted in the Code of Ethics, in which all Group companies agree to guarantee fair treatment for their employees and the development of each person.

The workforce is 23% composed of women, which rises to 32% in the clerical grades; the emphasis placed on production by the Group has resulted in a greater incidence of male workers on the factory floor.

In this light, the El.En. Group initiated a screening and monitoring process in 2022 with regard to (i) the spontaneous candidacies received, (ii) the interviews held and (iii) actual recruitment by department and gender, in order to check whether the percentage of female recruits is consistent with the percentage of women who applied for jobs and were interviewed. The data collected found that, in 2022, spontaneous applications received from women accounted for about 19% of all candidacies received. These were followed by 1,870 interviews, including 370 women interviewees: this statistic, representing 20% of the total interviews conducted, was in line with the profile of the candidacies received. During the year, the Group employed 677 persons, of whom 137 (20%) were women.

The data analysed highlights a shortage of spontaneous applications from women, while the interview and recruitment percentages were in line.

The Council of El.En. approved on 14 November 2022 a "Diversity Policy" with the aim of taking further steps forward in the process of promoting gender equality. This Policy will then be adopted by all subsidiaries and disseminated to all employees. Subsequently, training programmes scheduled for 2023 will address diversity topics in order to raise further the awareness of personnel about them.

The attention paid by the Group to diversity and inclusion means that differently-able persons are employed in each business, not least in compliance with the applicable legislation and best practices. The Group employed 42 persons belonging to protected categories at 31 December 2022.

The commitment by the El.En. Group to develop a multicultural organisation is facilitated by the prevalence of local managers at all subsidiaries: of the 155 managers working in the various countries, 98% were born in the country where they work, thus promoting a greater sense of belonging and attachment.

Maximum number of appointments in other companies (Rec. 15)

In order to provide guidelines to the shareholders requested to appoint a new administrative body at the Shareholders' Meeting called to approve the separate financial statements as of 31 December 2020, the Board resolution adopted on 5 March 2021 established, as a partial change with respect to the past, that its executive and non-executive directors cannot hold more than three appointments as directors or statutory auditors of companies listed on Italian or foreign exchanges, of finance or insurance companies, banks or other large companies.

This resolution, which reduced the previous limit on appointments (from five to three) and extended the restriction to non-executive directors, follows an assessment of the commitment required to perform each role (executive, non-executive and independent director), having regard for the nature and size of the companies in which the appointments are held, their membership (or otherwise) of the Group and the challenges that the consequences of recent events linked to the Covid-19 pandemic present to all economic operators.

At 31 December 2022, none of the directors of the Issuer exceed the established limit on cumulative appointments held.

4.4. FUNCTIONING OF THE BOARD OF DIRECTORS (pursuant to art. 123-bis, para. 2, letter d), TUF)

The rules and procedures for the functioning of the Board are contained in art. 20 of the Articles of Association and in the Regulation of the Board of Directors of El.En. s.p.a. (the "Board Regulation") approved by the Board on 13 November 2020, with effect from 1 January 2021 (Rec. 11).

The composition, duties and functioning of Board committees is governed by their respective regulations that, from 5 September 2000, have been approved and adopted by the Board (Rec. 11). The contents of the committee regulations are described in the respective sections of the Report.

With regard to the Board, art. 20 of the Articles of Association - referenced here in full and available on the website of the Issuer - governs the role of the Chairman with regard to the provision of pre-meeting information, the procedures for calling, establishing quorums and conducting meetings, the taking of minutes, the delegation of powers and the provision of information to the Shareholders' Meeting.

After referring to the procedures for calling meetings envisaged in the Articles of Association, the Regulation envisages and governs the role of Board secretary and formalises the procedure, already followed by the Issuer, for the effective management of pre-meeting information, including at committee level (Principle IX). In particular (arts. 4 and 5), the Regulation governs the procedures and timing for the preparation and distribution to the directors and statutory auditors of useful supporting documentation and information, so that Board or committee members can address in a knowledgeable and aware manner the matters on the agenda for their consideration and approval.

In practice, in order to guarantee the provision of timely and complete pre-meeting information, until 2019 all directors and members of the Board of Statutory Auditors received, either by hand or by e-mail, the documentation accompanying the items on the agenda for discussion at meetings.

During 2019, on the initiative of the Chairman, a system was implemented that makes the necessary documentation available on a digital platform. This ensures effective, timely and complete communications, while further safeguarding the privacy of the data and information provided in a manner that does not impede the timely and complete flow of information.

This platform, which envisages private access by each director and statutory auditor, is protected by authentication credentials that are different for each person granted access, while tracking the author, date and time of consultations. Any documentation that must be kept confidential cannot be downloaded and can only be consulted on screen.

In addition to the directors and statutory auditors, this virtual environment is accessible by the Board secretary, the internal auditors and the FGIP (Inside Information Management Function), for which a managing director is responsible. The last mentioned is able to monitor activity and the documents made available.

The supporting documentation is gathered, prepared and made available by the Board secretary on instructions from the Chairman and assisted by the relevant business functions. The secretary ensures that the pre-meeting information is made available as soon as possible, depending on the nature of each document: possibly from the date of convocation and, in all cases, no later than three days before the date of the meeting, unless the Board meeting is called urgently or in other exceptional cases, in which the documentation is made available as soon as possible.

The Board Regulation also describes the assessment procedures adopted by the Board and its committees.

During 2022, the Board of Directors of El.En. met 8 (eight) times on the following dates:

1. 23 February
2. 15 March
3. 7 April
4. 13 May
5. 2 August
6. 12 September
7. 27 October
8. 14 November

All the directors are active and participate at Board meetings. The percentage of meetings attended by each director is indicated in the relevant table at the foot of this Report.

The average duration of meetings during the year was 1,90 hours (Principle XII).

The Board has already met twice during 2023, on the following dates:

1. 27 February
2. 15 March

The following calendar of meetings to satisfy institutional requirements was scheduled on 14 November 2022:

3. 15 May - Interim report on operations as of 31 March 2023
4. 12 September - Half-year financial report
5. 14 November - Interim report on operations as of 30 September 2023

Dates are added to the calendar if other Board meetings are deemed necessary.

Meetings are led and coordinated by the Chairman, following the agenda established in the notice of meeting. They are conducted in such a way that, in the opinion of the entire Board, enough time is dedicated to each matter, the explanation of proposals and the conduct of sufficient discussions, to which each director can contribute effectively. In particular, the complete and detailed presentations made to the Board by each speaker (chairman, managing director, general manager and other persons invited to speak by the chairman), combined with the receipt of adequate and timely pre-meeting information, mean that even the non-executive directors can resolve in an aware and informed manner.

4.5 ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS (Principle X - Rec. 12, 18)

Consistent with art. 3, Principle X, the Chairman serves as a link between the executive and non-executive directors, ensuring the effective conduct of Board business.

Art. 20 A of the Articles of Association assigns to the Chairman the power/duty to organise the business of the Board, calling meetings and preparing their agendas, as well as coordinating their activities, guiding the conduct of meetings and ensuring the provision of timely information to the directors and statutory auditors, so that they can act and decide in an informed, aware and independent manner (Rec. 12, letter a). Art. 20 A continues by giving the Chairman the power to ask executives of the company, subsidiaries or associates, responsible for functions relevant to the matters to be discussed, to speak at Board meetings and provide appropriate details about matters on the agenda (Rec. 12, letter c). In practice, the general manager attends Board meetings frequently and, in any case, when deemed necessary and appropriate by the Chairman, in order to report on the main operational matters. Meetings are also attended by the chief legal counsel of the Issuer, who is also the Board secretary, to explain any regulatory updates, as well as by the internal auditor. Lastly, if necessary to examine and explain any technical matters on the agenda, Board meetings are attended by the executive or manager responsible for the internal function under review and by any professional advisors deemed appropriate (Rec. 12, letter c).

The above persons attended Board meetings during the year, while the executive responsible for preparing corporate accounting documents pursuant to Law 262 and the function responsible for preparing the sustainability plan attended appropriate meetings of the Control and Risks Committee.

As already discussed in Section 4.4 and envisaged in the Board Regulation, the Chairman arranges to provide pre-meeting information with assistance from the Board secretary. The complementary information provided during Board meetings is aimed to be both complete and appropriate (Rec. 12, letter a). In addition to the detailed and complete reports presented by speakers, as described in Section 4.4 above, the Chairman generally seeks to actively involve the non-executive directors and statutory auditors in the operational details of corporate activities, Group strategies and the prospects for the business over the long term.

The business of Board committees, established pursuant to art. 20 E of the Articles of Association and art. 13 of the Board Regulation, is coordinated with the activities of the administrative body by the Chairman, with assistance from the Board secretary, as envisaged in the Board Regulation. Accordingly, the secretary organises and support the work of the respective committees based on current requirements and the conduct of corporate activities (Rec. 12, letter b).

The Chairman, assisted by the secretary, ensures that - after appointment and during their mandates - the members of the administration and control bodies participate in initiatives that give them adequate knowledge of the sectors of business in which the Issuer operates, the corporate dynamics and their development in pursuit of the sustainable success of the Issuer, as well as about the principles of proper risk management, the regulatory framework and the related self-regulation requirements (Rec. 12, letter d). In this regard, see the information provided in the next section on the induction programme.

Assisted by the secretary and with support from the Nominations Committee, the Chairman is responsible for the adequacy and transparency of the Board self-assessment process (Rec. 12, letter e). The conduct of this self-assessment process is described in Section 7 of the Report.

The Chairman ensures that the Board is informed, at the first available meeting, about the development and any significant content of the dialogue with shareholders (Rec. 3). In practice, only special cases are reported with respect to the normal management of this dialogue by the Investor Relations Manager and the other functions envisaged in the Dialogue Policy.

Induction Programme (Rec. 12, letter d)

The current executive directors on the Board perform their daily activities for the Issuer: two of them, the Chairman and Director Bazzocchi, are the members who founded the Company in 1981 and who, since then, each to the extent of their specific responsibilities, have been directly involved in the operational management of the Company and the Group; Director Cangiolini has served on the Board since 1992 and has been a managing director of the Company and numerous Group companies since 1996. In addition to their technical expertise in corporate and company secretarial matters, Non-Executive Director Pecci and Independent Director Legnaioli have accumulated more than a decade of experience with the Company, via their constant participation on Board committees, which were established back in September 2000. Independent Directors Romagnoli and Toccafondi have accumulated experience in the areas of administration, control and sustainability.

As for the members of the trade union association, all of preparation and experience from a technical-regulatory point of view, one of the standing auditors is involved or since the listing of the Company in the internal control activities of the Company and all have fallen with dedication and commitment in the company reality with reference to the performance of the activities delegated to them.

As for the members of the trade union association, all of preparation and experience from a technical-regulatory point of view, one of the standing auditors is involved or since the listing of the Company in the internal control activities of the Company and all have fallen with dedication and commitment in the company reality with reference to the performance of the activities delegated to them.

All changes in the regulatory environment and the self-regulation requirements applying in the sector addressed by the Company are explained during and in the context of Board meetings.

In addition, all directors are informed during Board presentations, conducted with support from the Board secretary and legal counsel, about any regulatory changes relevant to the Issuer that affect the work of those directors and functions involved in the preparation of financial statements and the update of internal regulations (managing director, Board committees, Supervisory Body pursuant to Decree 231/2001, Inside Information Management Function, Data Protection Officer).

In particular, during the year the induction programme focused mainly, during Committee meetings, on the changes in the area of sustainability with specific reference to the new Regulation (EU) 852/20.

In general, induction programme activities take account of the length of service of the directors and, as such, are considered most important in the context of significant changes in the regulations affecting the operations of the Company, the self-regulation requirements and the corporate structure. In this regard, when Daniela Toccafondi was elected to the Board for the first time at the 2021 Shareholders' Meeting, she was appointed as a member of the Control and Risks Committee and invited to attend the meetings of the other committees as a listener, in order to obtain adequate knowledge of the sectors in which the Issuer operates, the corporate dynamics and their evolution, including with regard to remuneration and corporate governance matters.

Board Secretary (Rec. 12 and 18)

Acting on a proposal from the Control and Risks Committee, the Board appointed Maria Federica Masotti, lawyer, as the Board Secretary on 13 November 2020. She had already performed that role from 22 December 2000 and was identified as both qualified and suitable, first by the Control and Risks Committee and then by the Board.

Pursuant to art. 9 of the Board Regulation, the appointment and revocation of the Secretary is reserved for the Board, acting on a proposal from the Chairman, as is definition of the professional and other requirements to be satisfied. Art. 9 of the Regulation establishes as follows:

“Art. 9

Board Secretary

In addition to activities related to the minuting of meetings, the Secretary supports the work of the Chairman and provides impartial assistance and advice to the administrative body on all matters relevant to the proper functioning of the system of corporate governance.

In particular, the Secretary assists the Chairman to carry out activities intended to ensure that:

- a) the pre-meeting information and the complementary information provided during meetings is suitable and allows directors to act in an informed way in the performance of their role;*
- b) the activities of Board committees that carry out investigations, make recommendations and provide advice are coordinated with those of the administrative body;*

c) *in agreement with the Chief Executive Officer, the executives of the Company and the Group - responsible for relevant corporate functions - attend Board meetings, even at the request of individual directors, to provide appropriate detailed information about the matters on the agenda;*

d) *after appointment and during their mandates, all members of the administration and control bodies are able to participate in initiatives that give them adequate knowledge of the sectors of business in which the Company operates, the corporate dynamics and their development in pursuit of the sustainable success of the Company, as well as about the principles of proper risk management, the regulatory framework and the related self-regulation requirements;*

e) *upon request from the Chairman and with support from the Nominations Committee, the self-assessment process followed by the administrative body is both adequate and transparent.*

The Secretary is appointed by the Board, acting on a proposal from the Chairman, from among with demonstrable expertise in performance of the function. In this regard, legal expertise is required, with at least five years of experience in corporate secretarial work for listed companies of a similar size to that of the Company. The Board may specify additional requirements relating to the professionalism and other characteristics of the candidates for this role.

The appointment as Secretary may be revoked by a Board resolution.”

During the Year, the Secretary convened and recorded the Board and the Committees and took care of the preparatory work, coordinating those of the Council with the activities of the Committees.

It proceeded to the drafting and sending to directors and auditors of the illustrative sheets relating to the Board meetings and to the making available through deposit in the virtual environment of the cards and all the accompanying documentation, ensuring that the functions called to report to the Board were present or produced suitable explanatory reports in good time.

She assisted the Chairman in the induction programme, ensuring that the non-executive directors and the Board of Statutory Auditors were made involved and informed of the sectors of activity of the Company and the Group, of the company dynamics and their evolution, also with a view to the sustainable success of the company itself as well as the principles of correct risk management and the regulatory and self-regulatory framework of the company. These activities are carried out during both board and committee meetings on the occasion of the discussion of specific topics.

She provided, with impartiality of judgment, assistance and advice to the Board on aspects relevant to the proper functioning of the corporate governance system, dealing during the Exercise with the promotion of the induction programme activities towards the new Chairman of the Board of Statutory Auditors, the examination of the Letter from the Chairman of the Corporate Governance Committee, the analysis of the corporate governance system, the identification, planning and execution of continuous improvement activities for the purpose of increasing adherence to the dictates of the Code.

Finally, she coordinated the adaptation activities with the sustainability function specifically with reference to the activities related to the adoption of measures to promote equal treatment and gender opportunities within the entire company organization.

4.6. EXECUTIVE DIRECTORS

Managing Directors

The current Board, elected at the Shareholders' Meeting held on 27 April 2021, designated on the same day a total of three managing directors from among its members, one of whom is also the Chairman. By Board resolution, also on the same day, these persons were granted all powers of ordinary and extraordinary administration, acting separately as sole signatories, for the performance of all activities envisaged in the corporate objects, with the exclusion of those powers that cannot be delegated pursuant to the law and the Articles of Association.

No one person has primary responsibility for the management of the business (Rec. 4).

The assignment of mandates without any restrictions is essentially linked to the exercise, in practice and by established custom, of delegated powers pursuant to a model that envisages daily commitment by the three managing directors to the performance of work in pursuit of the corporate objects; on the one hand, each carries out daily management tasks independently in the sector for which they are responsible while, on the other, discussing and agreeing on all transactions of significance and importance.

Accordingly, in the circumstances, corporate appointments are not concentrated on a single person, although theoretically this could happen: in practice, despite serving as executive directors since the time of first listing in 2000, none of the three managing directors, including the Chairman, has never become and never acted as the sole or principal person responsible for managing the business (Chief Executive Officer). This situation was further consolidated by appointment of the general manager with effect from 1 January 2017, who although not influencing the strategic aspect of operations, is undoubtedly important in terms of the allocation of operational powers.

Lastly, the Articles of Association specify, with regard to the duties reserved for the Board by art. 20 E, the power-duty to take specific care, when allocating mandates to the directors, to avoid the concentration of excessive power and operational responsibilities.

Chairman of the Board of Directors

Given the above, the Chairman is not the person primarily responsible for the management of the Issuer, although he does hold significant operational mandates on a par with the other two managing directors.

He is not the controlling shareholder of the Issuer.

Reporting to the Board by the managing directors

The delegated bodies report to the Board on the work performed in the exercise of their mandates:

- usually at least every quarter;
- at the time of significant transactions, including those with related parties or involving conflicts of interest, in which case a specific Board meeting is called.

During the year, the delegated bodies reported to the Board more frequently than every quarter, given the time intervals between the Board meetings actually held, in addition to those scheduled to approve the financial data.

Other executive directors

At this time, no other directors sit on the Board who may be deemed executive directors pursuant to the definitions contained in the Code.

4.7. INDEPENDENT DIRECTORS AND LEAD INDEPENDENT DIRECTOR (*Principle VI; Rec. 5, 6, 7, 13, 14*)

Within the Board, currently composed of seven members, the Issuer contemplates three non-executive directors who qualify as independent pursuant to both art. 148, para. 3, TUF, as referenced by art. 147-ter, para. 4, TUF, and art. 2 of the Code.

The Chairman of the Board does not qualify as an independent member.

The election of Fabia Romagnoli, Daniela Toccafondi and Michele Legnaioli equipped the Board with independent directors pursuant to art. 19 of the Articles of Association, in compliance with art. 147-ter, para. 4, of Decree 58/98 and art. 2 of the Code.

During the self-assessment carried out at the meeting held on 14 May 2021, following election of the new body, the Board determined that the number and expertise of the directors, including the independent members, are consistent with the guidance expressed and published by the Board on 5 March 2021, acting on a proposal from the Nominations Committee (Rec. 5).

The number satisfies the requirements of art. 147-ter, para. 4, TUF, art. 2, Rec. 5 of the Code and art. 2.2.3, para. 3, letter m), of the Markets Regulation and related Instructions (Art. IA.2.10.6) applicable to the Company as the issuer of shares in the STAR segment.

With regard to the directors qualifying as independent pursuant to art. 147-ter, para. 4, of Decree 58 dated 24 February 1998 (TUF) and art. 2 of the Code, Board guidance states that at least one should possess enough experience to chair the control bodies or control and risks committees of listed companies of similar size to El.En. s.p.a., or have served on the administrative bodies of banking, financial or insurance institutions, in order to contribute effectively to governance of the risks faced by the Company. Having regard for the curricula vitae of the directors, this requirement was also deemed to be satisfied.

The number and expertise of the independent directors means that effective Board committees can be established, consistent with the provisions of the Code.

During the meeting held on 14 May 2021, at the start of its mandate, the Board defined quantitative and qualitative criteria for assessing the importance of significant circumstances, pursuant to Rec. 7, letters c) and d) of the Code, for the purpose of determining the independence of the directors. In this regard, the Board confirmed the guidance disseminated on 5 March 2021 and established as follows:

- 1) in terms of Rec. 7, letter c) of the Code, that a commercial, financial or professional relationship is significant to the extent that it is pursuant and consequent to the *Regulation of El.En. s.p.a. on related-party transactions*;
- 2) in terms of Rec. 7, letter d) of the Code, that remuneration additional to that fixed for the office and that envisaged for participation on the committees recommended by the Code, or envisaged in current regulations, is significant if it exceeds 30% of the total remuneration received for the office.

As mentioned, these criteria were published in the guidance to shareholders disseminated on 5 March 2021 (Rec. 10).

Upon appointment, the Board assessed satisfaction of the independence requirements placed on each of the three directors concerned. The outcome of this assessment was confirmed in a communication to the market, pursuant to art. 144-novies of the Consob Issuers' Regulation, at the time of their appointment on 27 April 2021, which also indicated the criteria used to assess the significance of the relationships (Rec. 6 and 10).

At the meeting held on 14 May 2021, the Board then assessed satisfaction of the independence requirements by each of the non-executive directors (Rec. 6), considering all the information available (especially that provided by the directors concerned) and all the circumstances that might comprise their independence, as identified in the TUF and the Code (Rec. 6). Additionally, the Board applied (among others) all the criteria envisaged in the Code with regard to the independence of directors (Rec. 7).

Specifically, the Board assessed the statement made by each director upon appointment, confirming the absence of all the circumstances identified in Rec. 7 except, with regard to Director Legnaioli, for requirement letter e) concerning duration in office.

The shareholder who presented the list and, later, the shareholders who voted in favour of appointing the three independent directors, decided that the fact that Michele Legnaioli had been an independent director of the Company for more than twenty years did not, per se, establish a relationship that made him unsuitable for qualification as an independent director, given the absence of any other relationship or connection from among those listed in art. 148, para. 3, of Decree 58/98 and art. 2, Rec. 7 of the Code, and his recognised ethical qualities and professional abilities, as well as the long-standing independence of his opinions and assessments.

Each non-executive director provided all useful or necessary information needed for the above Board assessment (Rec. 6).

All the directors agreed, on accepting their appointments, to continue their satisfaction - as confirmed - of all the independence requirements for the entire duration of the mandate and, failing that, to resign.

During the Year, the Board assessed the existence of the requirements for independent directors at its meeting on 15 March.

During the Year, the Board of Statutory Auditors verified proper application of the checking procedures adopted by the Board when assessing the independence of its members, expressing a favourable opinion on the assessment made during the Board meeting held on 15 March and acknowledging this in its report to the Shareholders' Meeting (see para. 7 of the Report of the Board of Statutory Auditors attached as letter C to the minutes dated 29 April 2022).

The independent directors, coordinated by the Lead Independent Director, met separately on 25 November 2022 to consider the strategic and scientific planning.

Lead Independent Director (Rec. 13)

On 14 May 2021, the Board appointed Fabia Romagnoli as the Lead Independent Director, following an assessment of the substantial operational mandates assigned to the Chairman and others in the resolution adopted on 27 April 2021.

The Lead Independent Director has been assigned the duties identified in Rec. 14:

- a) represent a point of reference and coordination for requests and contributions of non-executive directors and, in particular, independent directors;
- b) coordinate meetings limited solely to independent directors.

She performed those duties during the year, calling the meeting mentioned above and continuing her activity to promote aspects related to the sustainable success of the Issuer.

5.0. MANAGEMENT OF CORPORATE INFORMATION (Rec. 1, letter f)

On 30 March 2007, the Board of the Issuer adopted the “*Regulation for processing the corporate information of El.En. s.p.a.*” (the “Regulation”), which formalised internal practices for the processing and dissemination of documents and information about the Company, with particular reference to inside information. The purpose was to codify in a fluid, yet secure and confidential form, the administration of information and knowledge of specific importance for and needed by the activities carried out in pursuit of the corporate objectives. Additionally, in order to impede improper conduct and comply with the legal obligations imposed on listed companies, the Regulation sought, and still does in its current form, to govern the proper dissemination of confidential information that may be deemed of interest to the stock market.

This document also includes rules for creating and keeping the register of persons with access to inside information.

As envisaged in the Regulation, the Issuer administers corporate information in a way that guarantees the controlled circulation of confidential information and the processing and dissemination, in compliance with current regulations, of any that might influence significantly the price of the financial instruments issued.

Corporate information is processed and disseminated in a controlled manner that, on the one hand, impedes the spread of information that might adversely affect the legitimate interests of the Issuer and its shareholders and, on the other, ensure the proper, timely and fair communication to the market of information that, pursuant to art.7 of Regulation (EU) 596/2014, might have a significant effect on the price of the financial instruments issued by the Company.

Accordingly, precise news - not in the public domain - that might, if made public, have a significant effect on the price of the financial instruments, is processed and disclosed in accordance with art. 17 of Regulation (EU) 596/2014 and art.114 TUF, in order to guarantee equal access to that information in a timely and complete manner.

In particular, all news about El.En. is considered carefully by the senior business function designated by the Board for that purpose (FGIP - Inside Information Management Function), which has the following duties:

- a) supplement as necessary the procedural details indicated in the Regulation;
- b) give instructions to the business functions identified as FOCIP, as envisaged below for proper application of the Regulation;
- c) analyse corporate information flows and arrange to map those dealing with Inside Information;
- d) identify any inside information on a case-by-case basis, with reference to the criteria established in the legislation and the Regulation;
- e) identify the Organisational Functions Responsible for Inside Information (FOCIP) from among the business functions that are well placed to assess if specific information included in the flows of confidential information, as defined in the Regulation, might be deemed Inside Information;
- f) if the persons concerned are not already included in the register of permanently-informed persons, create and update a specific section of the register containing the specific confidential information, indicating the persons with temporary access to it and giving instructions for the proper management of the persons with access to that information;
- g) monitor the circulation of the specific inside information identified, giving the related indications and instructions deemed appropriate each time to the persons involved in processing that information;
- h) pursuant to the provisions of the Regulation, identify the moment in which the specific confidential information becomes inside information and decide on the timing of publication of the inside information, monitoring as necessary if the conditions exist to delay its publication;
- i) give instructions for proper management of the register of informed persons;
- j) monitor circulation of the inside information;
- k) offer technical support to employees, especially those in the FOCIP, in order to facilitate identification of the nature of the corporate information processed and clarify any issues related to the current situation;
- l) draw on, especially when performing the duties described in letter h) above, the collaboration of the Investor Relations Manager and the FOCIP involved in managing the related confidential or inside information;
- m) report to the Board, when needed and, in any case, at least once each year, on the work performed in relation to the processing of confidential information.

In addition to the above, the Regulation envisages criteria for the identification of inside information; prerequisites and procedures for managing situations in which the Issuer may, or must, delay the dissemination of information, and measures applicable to those responsible for breaches or infringements of the Regulation.

The Regulation was updated in 2017 to reflect, to the extent compatible with the size and organisation of the Issuer, the provisions of Regulation 596/2014 and the Guidelines for the Management of Inside Information issued by Consob. The Regulations and its attachments are also updated as necessary to ensure compatibility with any other regulatory changes.

In addition, as mentioned and in compliance with the original requirements of former arts. 2.6.3 and 2.6.4 of the Regulation for markets organised and managed by Borsa Italiana s.p.a., since 2003 the Issuer has adopted an internal code of conduct for internal dealing.

In 2006, following entry into force of the amendments made to the TUF by the Investment Law and the enabling regulation issued by Consob, the disclosure of transactions by significant persons envisaged in the above code of

conduct became legal obligations and the threshold for their disclosure was reduced to Euro 5,000.00; it was therefore necessary to adopt a new text for the internal regulation that reflected the measures adopted by the legislator.

From 2006, in accordance with subsequent Board resolutions and also the recommendations of Borsa Italiana, El.En. has adopted a new code of conduct - now known as the “Code of conduct for transactions in the financial instruments of El.En. s.p.a. by significant persons” - that requires significant persons and persons closely related to them, as defined in art. 152-*sexies* of Consob Regulation 11971/1999, to observe blackout periods - then with a duration of 15 days - prior to approval by the Board of the draft separate financial statements and the interim reports.

Subsequently, following the entry into force of Regulation (EU) 596/2014, the code was aligned with the new regulations with regard, among other matters, to the amendments made to Title VII, Chapter II, of the Issuers’ Regulation by Consob Resolution 19925 dated 22 March 2017. That resolution took advantage of the option granted in art. 19, para. 9, of Regulation (EU) 596/2014 to raise to Euro 20,000.00 the annual limit beyond which the disclosure obligations apply.

In addition, in 2019, again following the entry into force of Regulation (EU) 596/2014, which *inter alia* introduced at the top level a ban on persons with administrative, control or management functions carrying out transactions, directly or indirectly, for themselves or for third parties, in the financial instruments of the Issuer during the 30 calendar days prior to the announcement of an interim financial report or year-end report that the Issuer is required to make public (so-called “closing periods” (see art. 19, para. 11, MAR), the Issuer clarified - on publishing its quarterly financial reports - that the above ban also applies to the publication of those reports.

Lastly, the rules envisage that the Board - at the time of special transactions - can impose additional time restrictions on trading by named persons in the securities of the Company and, in exceptional and justified cases, allow exceptions to the blackout periods.

6.0 BOARD COMMITTEES (pursuant to art. 123-bis, para. 2, letter d), TUF) - Art. 3 (Principle XI, Rec. 11, 16, 17)

Since 2000, the Board has established three internal committees, each with different duties (Rec. 16) that carry out investigations, make recommendations and provide advice (Rec. 11):

- a) *committee for the nomination of candidate directors* (the “Nominations Committee”);
- b) *committee for remuneration* (the “Remuneration Committee”);
- c) *committee for control and risks, related-party transactions and sustainability* (the “Control and Risks Committee”).

The responsibility of the Board to establish Board committees is envisaged in art. 20 E of the Articles of Association and art. 13 of the Board Regulation.

Each committee is governed by its own regulation, approved in 2000 and revised as necessary, that defines its duties, establishes its composition and governs its functioning, including the procedure for taking minutes (Rec. 11).

The regulations are approved (and amended) by the Board and, for each committee, specify the following with regard to its composition (Rec. 17) and the functioning of meetings:

- comprises at least three non-executive members, the majority being independent; should the Board of Directors comprise five or fewer members, the committee may comprise just two directors, who must both be independent;
- remains in office for the period determined each time by the Board or, if not expressly stated, for the entire period in office of the Board that appointed it;
- elects a chairman from among its members, who is tasked with coordinating and scheduling the activities of the committee, chairing its meetings and directing the conduct of business;
- is called (by registered letter, including hand delivery, fax and/or e-mail, to be sent to each participant at least 5 days beforehand - reduced to 2 in urgent cases) to meet at the registered office (or elsewhere in Italy, as indicated by the chairman) on the personal initiative of the chairman or following a written request from one or more members. Even if not formally convened, committee resolutions are valid if all members are present;
- if the chairman is absent or unavailable, committee meetings are chaired by the eldest member;
- meets in person or by video/telephone conference call;
- may be attended without voting rights, on an invitation from the chairman, by any non-member able to make a useful contribution to the business on the agenda;
- adopts resolutions by the votes in favour of the majority of committee members. In the event of a tie, the vote of the committee chairman prevails;
- committee meetings are evidenced by minutes, transcribed into the minute book kept at the registered office, and signed by both the meeting chairman and the secretary;
- reports promptly to the Board on all work performed;
- has access to all information and business functions needed to perform its duties and functions, and may make recourse to external advisors and the adequate financial resources made available by the Issuer in order to carry out its assigned tasks.

With regard to the procedures for providing pre-meeting information to the members of Board committees, art. 13 of the Board Regulation establishes that deadlines for sending that information and the procedures for safeguarding its confidentiality are those envisaged in arts. 4 and 5 of the Board Regulation (see Section 4.4 of the Report).

The deadlines and procedures for managing this information were respected during the year.

The current committees were appointed by the Board on 14 May 2021 and the conditions envisaged in the Code for their composition were respected.

None of the committee functions recommended in the Code have been reserved for the entire Board, with coordination by the Chairman (Rec. 16).

Having regard for the total number of directors, the Board determined the composition of the committees with reference to the expertise and experience of its members (Rec. 17).

Additional committees (other than those envisaged in the regulations or recommended in the Code)

At the meeting held on 14 November 2018, the Board assigned to the Control and Risks Committee - with reference to the sustainability matters identified in Decree 254/2016 - the task of helping the Board, by carrying out investigations, making recommendations and providing advice, to evaluate and decide on any sustainability matters associated with the conduct of the business and its interactions with all stakeholders; corporate social responsibility; the examination of scenarios needed to prepare the strategic plan, and the corporate governance of the Company and the Group (Rec. 1, letter a).

These duties were added to art. 9 (para. 9.4) of the Regulation of the Control and Risks Committee.

The composition and functioning of this committee are discussed above and are described in Section 6 of the Report.

The activities carried out during the year by the Control and Risks Committee, in its role as the Sustainability

Committee, included:

- a) analysis and proposal of the new materiality matrix;
- b) periodic analysis of the activities carried out in relation to the progress of the 2018-2022 Sustainability Plan;
- c) approval of the 2023 business plan;
- d) analysis of the regulatory evolution relating to EU Reg. 852/2020 and the related activities to be planned for the next few years;
- e) approval of the proposed diversity policy and refinement of environmental, human rights and anti-corruption policies;
- f) approval of the matrix for identifying and assessing climate change risks and opportunities.

It met as a Sustainability Committee twice during the year: on 7 March and 14 November.

In 2023 it has already met once, on 15 March.

7.0 SELF-ASSESSMENT OF DIRECTORS AND SUCCESSION - NOMINATIONS COMMITTEE (Art. 4 Code)

7.1 SELF-ASSESSMENT OF DIRECTORS AND SUCCESSION

The Board assesses periodically the efficacy of its activities and the contribution made by each member, applying formalised procedures and monitoring their implementation (Principle XIV) with the support of the Nominations Committee.

Periodically, the Board and its Committees carry out a self-assessment regarding, in particular, their size, composition and functioning in practice. This process takes account of the role played by the Board in defining strategies and monitoring both the results of operations and the adequacy of the system of internal control and risk management (Rec. 11).

The self-assessment process has a composite nature and takes place in a number of phases.

The process is completed on expiry of the Board mandate, in order to prepare guidance for the shareholders on the quali-quantitative composition of the new body and, then, immediately after appointment of the new Board, on the allocation and delegation of functions and, lastly, on appointment of the Board committees. Commencing from the Year the evaluation takes place on a three-year basis.

The assessment is preceded by an analysis of the composition and functioning of the Board by the Nominations Committee, which is then examined by the Board prior to making a final assessment. In particular, the size and composition of the Board and its committees are checked for consistency with the regulations (TUF and the Consob Regulation) and the Code, the Articles of Association and the Composition and Diversity Policy.

At the same time, a questionnaire on various aspects of the role and functioning of the Board, sent to and completed by the directors, is examined. This process is supported by an IT platform that facilitates the submission of replies while keeping track of the work performed. The questionnaire address five topics: strategic planning; the organisational structure, the delegation of powers, conflicts of interest; the system of internal control; remuneration and incentive policies; financial information. Each director is asked to express their degree of personal satisfaction (high, medium-high, medium-low, low), based on multiple indicators, with the conduct of discussions, the participation and contribution of members, the discussion among members, the timing and procedures for receiving pre-meeting information and, from the current year, the role of the secretary.

Lastly, in terms of the effectiveness of Board activities, consideration is given to the performance of the Company and the Group, including over the medium term, and the results achieved with respect to the strategic objectives set.

On the occasion of the election of the Board in office, the self-assessment was carried out on 5 March 2021 in view of the renewal of the administrative body by the outgoing Board in order to formulate guidelines to shareholders on the composition of the new Board and, subsequent to its appointment, on 14 May 2021, in order to check compliance with the guidance published, as well as with the applicable rules, regulations and soft laws.

In particular, at the meeting held on 14 May 2021, the new Board determined, after receiving a favourable opinion from the Board of Statutory Auditors, that it reflects the guidance provided to the shareholders and the indications given in the illustrative report and during the Shareholders' Meeting on the size and composition of the Board, in terms of the diversified professionalism and expertise of a complementary nature needed for its efficient functioning. The new Board was also found to comply with the requirements of the Articles of Association, the Composition and Diversity Policy adopted by the Company, and the legal obligations regarding gender balance and the presence of independent directors; furthermore, the appointed Board committees were deemed compliant with the requirements for their members specified in the Code, while the distribution of the powers assigned for their functioning has not concentrated mandates and operational powers solely in the hands of the Chairman; however, since pursuant to art. 3, Rec. 13 of the Corporate Governance Code the chairman of the administrative body holds significant operational mandates, the new Board determined that it would be necessary and appropriate to designate an independent director (Fabia Romagnoli) as the Lead Independent Director, assigning her the duties envisaged in Rec. 14 of the Code.

With regard to competing activities carried out by the directors and the assessment, reserved for the Board, should the Shareholders' Meeting grant an advance, general waiver of the ban on competition, the Shareholders' Meeting (on 15 May 2007) authorised the inclusion, in art. 19, final paragraph, of the Articles of Association, of a provision stating that no authorisation is needed if the competing activity consists in being a member of the administrative body of a subsidiary.

This authorisation is limited to the scope of consolidation.

The Board first, when preparing the proposal for the shareholders, and the Shareholders' Meeting later, therefore made *a priori* assessments that the acceptance of appointments within the scope of consolidation would be in the interests of the Issuer, as the parent company, in order to coordinate the activities of the subsidiaries.

The Board ensures, to the extent of its responsibilities, that the process of appointing and replacing directors is transparent and functional for the purpose of optimising the composition of the administrative body (Principle XIII).

Specifically:

(i) ahead of the most recent renewal, the Board gave guidance on its optimal quantitative and qualitative composition,

having regard for the outcome of its self-assessment (Rec. 23). This guidance was approved, disseminated and published on the website of the Issuer <https://elengroup.com/investor-relations/shareholders-meeting-documents.html> on 5 March 2022, which was reasonably before publication on 18 March 2021 of the notice of Shareholders' Meeting called inter alia to renew the Board (Rec. 23);

(ii) in the report illustrating the related point on the agenda for the Shareholders' Meeting, the Board requested any party submitting a list containing a number of candidates greater than half of the directors to be elected to provide adequate information, in the documentation presented for submission of the list, about compliance by the list with the guidelines given by the Board (also with reference to the diversity criteria envisaged in Principle VII and Rec. 8), and to indicate its candidate for the office of Chairman of the Board (Rec. 23);

(iii) the Company is "not large" and, therefore, is not required to prepare succession plans for the Chief Executive Officer and the executive directors (Rec. 24). This topic is, however, examined and assessed by the Issuer which, acting on the opinion of the Nominations Committee, has decided not to prepare at this time a proper succession plan for its executive directors, bearing clearly in mind that any new directors chosen to replace one or more current directors would have to be persons with an in-depth knowledge of the organisational and functional characteristics of the Company.

The Board based this assessment, in part, on the fact that - over time, thanks to investment by the business in this sense - experienced employees of the Issuer have acquired operational capabilities enabling them, in all cases, to cope at any time with any transition that might be needed.

These considerations and assessments are confirmed by appointment of the general manager, effective 1 January 2017, who is still in office.

Finally, on an annual basis, as illustrated in paragraph 4.7 above, the Board carries out a qualitative assessment of the existence of the independence requirements for independent directors deemed sufficient also in quantitative terms to the requirements of the Articles of Association, the Code, and the TUF.

7.2. NOMINATIONS COMMITTEE (Rec. 19)

The Board appointed an internal Nominations Committee in 2000 (Rec. 16).

Composition and functioning of the nominations committee (pursuant to art. 123-bis, para. 2, letter d), TUF)

The current Nominations Committee was appointed by resolution adopted on 14 May 2021, following renewal of the administrative body, and comprises: Alberto Pecci (non-executive), Fabia Romagnoli (non-executive, independent), Michele Legnaioli (non-executive, independent).

General information about the functioning of this and all committees, as envisaged in their respective regulations, is presented in Section 6.0 of the Report.

During the Year, the Committee did not need to meet as the Board decided to carry out the evaluation on a three-year basis and none of the cases provided for in the Committee's regulations regarding its intervention had occurred.

The composition of the Nominations Committee has not changed.

The Nominations Committee consisted of three members during the year, the majority of whom are independent directors (Rec. 20 and Rec. 7).

Functions of the Nominations Committee (Rec. 19)

The functions of the Nominations Committee are defined in art. 9 of its regulation, as amended since the establishment of the committee on 5 September 2000.

The current art. 9 of the above regulation assign the following duties to the Nominations Committee:

- a) monitor the transparency of the process of director selection and compliance with the appointment procedures envisaged in art. 19 of the Articles of Association;
- b) propose candidate directors to the Board of Directors, who could be co-opted if the replacement of independent directors becomes necessary (Rec. 19, letter c);
- c) express opinions to the Board of Directors regarding its size and composition and make recommendations about the professional profiles that should be present on the Board to facilitate its proper and effective functioning, as well as about the maximum number of appointments held as director or statutory auditor and any competition-related issues (Rec. 19, letter b);
- d) express opinions and make proposals to the Board of Directors about the definition of diversity policies (age, gender, professional expertise and training background) for the composition of the administration and control bodies, in particular with reference to their overall objectives and how they are implemented (Rec. 19, letter b);
- e) carry out investigations and make proposals regarding the possible adoption of succession plans for the executive directors and, if necessary, help to prepare that plan (Rec. 19, e);

f) monitor the self-assessment process followed by the Board of Directors (Rec. 12, letter e), and Rec. 19, letter a).

At present, the Board is not allowed to present its own list of candidate directors. The functions of the Nominations Committee will be extended if this power is included in the Articles of Association.

In the performance of its functions, the Nominations Committee has access to the corporate information and functions required for performance of its duties, has financial resources and may make use of external consultants, on the basis established by the Board (Rec. 17).

8.0 REMUNERATION OF THE DIRECTORS - REMUNERATION COMMITTEE ART. 5 CODE

8.1 REMUNERATION OF DIRECTORS

The following information must be considered supplemented by the contents of the Report on the *remuneration policy and remuneration paid* pursuant to *articles 123-ter T.U.F. and 84-quarter of Consob Regulation 11971/1999*, Section I, paragraphs 1 and 2 approved by the Shareholders' Meeting first on 29 April and then on 15 December and available on the Issuer's website <https://elengroup.com/investor-relations/shareholders-meeting-documents.html> ("Remuneration Report").

Remuneration policy

The procedure followed by the Board to define the policy for the remuneration of directors, statutory auditors and top management (Principle XVI) is described in the Remuneration Report, Section I, Part A), paras. 1 and 2.

The policy for the remuneration of directors, statutory auditors and top management and Managers defined by the Board contributes to the pursuit of sustainable success by the Issuer, taking account of the need to employ, retain and motivate persons with the expertise and professionalism required by their roles (Principal XV).

The goals pursued by the remuneration policy and the related underlying principles are described in the Remuneration Report, Section I, Part A) para. 5, as are the policies adopted in relation to the directors (Section 1, Part A), para. 16) and the statutory auditors (Section 1, Part B) (Rec. 25).

Remuneration of the executive directors and top management

The policy for the remuneration of executive directors and top management establishes:

- a) an adequate balance between the fixed and variable components, consistent with the strategic objectives and risk management policies of the Issuer, having regard for the nature of its business activities and the sector in which it operates, while nevertheless determining that the variable element should represent a significant part of overall remuneration (Rec. 27, letter a);
- b) maximum limits on the provision of variable components for executive directors (Recommendation 27, b). For the *top management* and, specifically, for the General Manager, a maximum disbursement limit of the variable component has been established starting from 1 January 2023. The fact that this limit has recently been introduced is linked to the considerations set out in the Remuneration Report (Section I, Part A) paragraph 5) with reference to the need to maintain certain characteristics of the remuneration previously received. The consolidation of the relationship led to a revision of the remuneration of the same for the years 2021-2024 in 2021 in line with the requirements of the Code regarding long-term objectives. The following step was to provide a maximum limit to the variable component;
- c) performance objectives - to which payment of the variable components is tied - that are: (i) predetermined, measurable and linked, to a considerable extent, to a long time horizon; (ii) consistent with the strategic objectives of the Issuer and seek to promote its sustainable success, even including - where significant - certain non-financial parameters (Rec. 27, letter c);
- d) an appropriate deferral period - after vesting - before paying a significant part of the variable component, consistent with the characteristics of the business activities carried out and the related risk profiles (Rec. 27, letter d);
- e) contractual agreements that allow the Issuer to request the return, in whole or in part, of any variable components of remuneration paid (or to withhold deferred amounts) that were determined with reference to data that was later found to be clearly incorrect, or to other factors identified by the Issuer (Rec. 27, letter e);
- f) clear and predetermined rules for the payment of indemnities for loss of office that: (i) define a maximum limit on the total indemnity payable, linking it to a specific amount or a given number of years of remuneration, and (ii) envisage non-payment should the relationship be terminated as a consequence of achieving results that are objectively inadequate (Rec. 27, f). On this last requirement, as explained in the Remuneration Report (Section I, Part A), para. 13), it is not currently deemed appropriate to predetermine any additional indemnity for loss of office, beyond the end-of-mandate indemnity authorised for the executive directors at the Shareholders' Meeting and, with regard to the general manager, that established in the national collective employment agreement for the sector.

Share-based remuneration plans (Rec. 28)

2016-2025 Stock Option Plan

The 2016-2025 Stock Option Plan mentioned in Section 2.0, letter a) of this Report, as implemented by the Board resolution adopted on 13 September 2016, establishes with regard to the directors of the Issuer:

- a) vesting in three years for all beneficiaries: the first tranche of the options granted on 13 September 2016 became exercisable from 14 September 2019, while the second tranche from 14 September 2020;
- b) with reference to beneficiaries who are directors or top managers of the Issuer, exercise of the options granted subject to achievement, with reference to the year prior to the option exercise year, of the gate value for at least one of the

objectives assigned to them in the annual incentive remuneration plans approved by the Board, acting on a proposal from the Remuneration Committee;

c) with reference to beneficiaries who are directors or top managers of the Issuer, retention by the directors until the end of their mandate (three years), as later specifically agreed by them on the grant date, of at least 5% of the shares obtained on exercise of the options granted to them.

The 2021-2024 incentive remuneration plan for the general manager envisages payment of part of the variable compensation (20% of the remuneration due on achievement of the annual objectives) in the form of shares in the Company, subject to a four-year lock-up period from the grant date.

Currently, the share retention period is aligned with the duration in office of the directors and the duration of the contract with the general manager.

2026-2031 Stock Option Plan

The 2026-2031 Stock Option Plan mentioned in section 2.0, letter a) of this report, as implemented by the Board with resolution of 15 March, establishes:

(a) for all beneficiaries a three-year vesting: the options granted on 15 March will become exercisable for a first tranche from 1 April 2026 and for the second tranche from 1 April 2027;

b) for beneficiaries who are directors or members of the top management of the Issuer, the subordination of the exercisability of the options assigned to the fact that, with reference to the year preceding that of the possible exercise of the options, the recipients reach the cancel value of at least one of the objectives assigned to them and approved by the Board itself on the proposal of the Remuneration Committee;

c) for beneficiaries who are directors or members of the top management of the Issuer that they must retain until the end of their mandate and in any case for a minimum period of five years between the deed of assignment and any sale, 10% of the shares deriving from the exercise of the options assigned to them.

Remuneration of non-executive directors (Rec. 29)

The remuneration of the non-executive directors, including the independent directors, has been determined for the period until expiry of the mandate of the current Board, comprising the same fixed basic annual amount of Euro 17,000.00 for each of the above directors, established at the Shareholders' Meeting that appointed them.

In addition, a modest fixed annual amount of Euro 3,000.00 is recognised to each non-executive director appointed as the chairman of a Board committee.

The remuneration of the non-executive directors is determined as a fixed amount at the Shareholders' Meeting and is not linked, in any way, to the economic results achieved by the Issuer.

The non-executive directors do not benefit from the share-based incentive plans.

Earning and payment of remuneration (Principle XVII)

The Board ensures that the remuneration earned and paid is consistent with the principles defined in the policy, having regard for the results achieved and other relevant factors.

For more information about the principles, methods of verification and payment mechanisms, see Section I, Part A), paras. 9, 10 and 11, of the Remuneration Report; the compensation actually paid and deferred is covered in Section II.

* * *

Indemnity of directors in the event of resignation, dismissal or termination following a public tender offer (pursuant to art. 123-bis, para. 1, letter i), TUF)

Except for the end-of-mandate indemnity totalling a maximum of Euro 19,500.00 for each year of service, authorised pursuant to art. 17 TUIR (Consolidated Income Tax Law), at the Shareholders' Meeting that appointed the Chairman and the persons later appointed as managing directors, there are no other agreements between the Issuer and the directors for the recognition of indemnities in the event of resignation, dismissal/revocation without just cause or termination following a public tender offer.

At present, no additional rights have been assigned with respect to the end-of-mandate indemnity described above, there are no agreements for the assignment or retention of non-monetary benefits in favour of persons no longer in office and no post-termination consultancy contracts have been signed; lastly, there are no agreements that envisage compensation for no-competition commitments.

On appointment, the general manager signed a no-competition agreement for the entire duration of the working relationship and for two years subsequent to the termination of his employment. The indemnity for this is being paid together with his annual remuneration. See the Remuneration Report for further information.

No directors ceased to serve during the year and the relationship with the general manager was not terminated.

8.2 REMUNERATION COMMITTEE

On 5 September 2000, the Board established a Remuneration Committee in order to guarantee full information and clear transparency about the compensation due to the Directors (Rec. 16, 25 and 26).

Composition and functioning of the Remuneration Committee (pursuant to art. 123-bis, para. 2, letter d), TUF)

The current Remuneration Committee was appointed by resolution adopted on 14 May 2021, following renewal of the administrative body, and comprises: Fabia Romagnoli (non-executive, independent), Alberto Pecci (non-executive) and Michele Legnaioli (non-executive, independent).

During the year, the Remuneration Committee met four times (15 March; 12 September; 21 October; 14 November).

All components were present.

The average duration of meetings was 47.5 minutes.

The business conducted during these meetings was coordinated by the chairman and proper minutes were taken.

The chairman informed the Board about these meetings and the activities carried out at the first available meeting.

The composition of the committee has not changed.

The Remuneration Committee has already met once during 2023, on 14 March.

The Committee will hold the meetings needed to carry out its activities regarding the evolution of the corporate system of remuneration and the legislative and regulatory changes that occur in the meantime.

During the year, the Remuneration Committee comprised three non-executive directors, the majority of whom are independent. The chairman was elected from among the independent directors (Rec. 26 and Rec. 7).

As mentioned, all the members of the Remuneration Committee are persons of stature, with lengthy experience working on behalf of listed and/or large companies (Aeroporto di Firenze; KME; Mediobanca s.p.a.; Fondazione Cassa di Risparmio di Prato etc.).

As such, the Board did not consider it necessary to make any additional assessments regarding the specific expertise of any members on accounting, financial and/or remuneration policy matters, as those characteristics are clear from their curricula vitae, which were presented together with their candidacy on the lists for the appointment of the current Board (Rec. 26).

Pursuant to art. 4 of the regulation governing the Remuneration Committee, no director participates in discussions or resolutions at committee meetings that make proposals to the Board about personal remuneration (Rec. 26).

On invitation from the committee chairman, the following persons attended the meetings of the Remuneration Committee during the year: the secretary, the Board of Statutory Auditors in full (4/4 of the meetings); Independent Director Daniela Toccafondi, as part of her Induction Programme (Rec. 17).

Functions of the remuneration committee

The functions and duties of the Remuneration Committee are defined in its regulation, as amended since approval by the Board of Directors on 5 September 2000.

The Remuneration Committee assists the Board with preparation of the remuneration policy, providing advice and making recommendations as, pursuant to art. 2389, para. 3, of the Italian Civil Code and art. 20 E of the Articles of Association, the Board has sole responsibility for determining the remuneration of the delegated bodies, the chairman and the directors with specific responsibilities, after hearing the necessary opinion of the Board of Statutory Auditors in this regard.

As envisaged in art. 9 of its regulation, the Remuneration Committee is assigned the duties specified in art. 5 of the Code. Accordingly, in providing advice and making recommendations, the Committee:

- assists the Board drawing up the policy for the remuneration of the directors and top management;
- submit proposals or expresses opinions to the Board on the remuneration of the executive directors and the other directors with specific responsibilities, as well as on setting performance targets related to the variable component of that remuneration;
- monitors application in practice of the remuneration policy and verifies, in particular, effective achievement of the performance targets;
- evaluate periodically the adequacy, overall consistency and actual application of the policy for the remuneration of directors and key management personnel, using information in this last regard provided by the managing directors;

- carries out suitable studies and preparatory work needed for preparation of the remuneration policy, both on its own initiative and as requested by the Board;
- reports to the shareholders on how its functions are performed.

When making proposals, the Remuneration Committee ensures that:

- the remuneration of the executive directors and top management contributes to the pursuit of sustainable success by the Company and, therefore, is determined in a way that aligns their interests with pursuit of the primary objective of creating value for the shareholders over the medium-long term;
- the Company is able to attract, retain and motivate persons equipped with the expertise and professionalism required by the executive director and top management roles;
- a significant part of the total remuneration of the directors with operational mandates, or who perform business management functions, is linked to the achievement of specific, predetermined and measurable objectives, including some of a non-financial nature.

The Remuneration Committee carried out the following activities during the Year:

- a) verified the level of achievement of the objectives envisaged in the 2021 incentive remuneration plan and of the variable part of the remuneration due to the executive directors and key management personnel;
- b) defined proposals for the incentive policy and the 2022 incentive remuneration plan. In that context, the committee formulated the proposed remuneration policy described in the report presented to the shareholders for approval;
- c) verified, at the start of the period for exercising options granted pursuant to the 2016-2025 Stock Option Plan, the conditions established in the related regulation governing the exercise rights of the executive directors and the general manager;
- d) contribution to the definition of the 2026-2031 Stock Option Plan and the amendments and additions to the remuneration policy submitted to the Shareholders' Meeting on 15 December;
- e) verified the conformity of the compensation actually paid with the remuneration policy approved by the shareholders.

In the performance of its functions, the Remuneration Committee has access to the corporate information and functions required for performance of its duties, and may make use of external consultants on the basis established by the Board (Rec. 17).

At this time, the Remuneration Committee has not considered it necessary to make use of external consultants.

9.0 SYSTEM OF INTERNAL CONTROL AND RISK MANAGEMENT - CONTROL AND RISKS COMMITTEE - ART. 6 CODE

As part of work to manage the Issuer and define its strategic, industrial and financial plans, the Board assesses the nature and level of risks compatible with the established objectives and the sustainable success of the Issuer and the Group.

The Board has defined guidelines for the system of internal control and risk management, granting related mandates to the various bodies involved in that system (managing directors, internal auditor, committees, supervisory body, executive responsible for preparing corporate accounting documents etc.), so that the main risks facing the Issuer and its subsidiaries are correctly identified and adequately measured, managed and monitored, while also determining the extent to which such risks are compatible with management of the business in line with the strategic objectives identified for the sustainable success of the Issuer and the Group (Principle XIX, Rec. 33).

The principal characteristics of the system of internal control and risk management of the Issuer are represented, on the one hand, by rules and procedures and, on the other, by governance and control bodies.

The rules, above all, comprise a series of fundamental principles set down in the Code of Ethics; next, they consist of a set of second-level procedures (those envisaged in Decree 231/01, Law 262/05, Law 81/09, internal regulations on the treatment of confidential information, transactions with related parties, internal dealing etc.) that make it possible to address business reality and apply in practice the above general principles.

On the other hand, based on the responsibilities and functions defined and assigned by the Board to the various bodies at their respective levels, compliance with the rules and procedures is checked by: the internal auditor; the executive responsible for preparing corporate accounting documents; the supervisory body pursuant to Law 231; the Control and Risks Committee, the independent auditors; the Board of Statutory Auditors; the data protection officer designated pursuant to art. 37 of Regulation (EU) 679/2016.

See Attachment 1 for the main features of the systems of internal control and risk management currently applied in relation to the separate and consolidated financial reporting process (pursuant to art. 123-*bis*, para. 2, letter b), TUF). Here, the path followed by the Issuer after the entry into force of Law 262/2005 is outlined.

In application of art. 154-*bis* TUF and to formalise the addition of a set of rules and tests to the established system for preparing separate and consolidated financial reports, on 15 May 2007 the Board designated Enrico Romagnoli, employee of the Company since the admission of its shares to trading on the market organised and managed by Borsa Italiana s.p.a., as the executive responsible for preparing corporate accounting documents.

Firstly, the Issuer - with support from PricewaterhouseCoopers (firm different to that appointed as the legal auditor of the Issuer) - established a working party to analyse the system of internal control with regard, in particular, to the duties assigned by law to the executive responsible for preparing corporate accounting documents.

This analysis was carried out with reference to the CoSO Report – Internal Control Integrated Framework. A document prepared on completion of the above project summarised the results obtained and identified the specific tools needed to ensure the coordination and functioning of all elements of the system of internal control over the information and data about the economic and financial position required by law and/or disseminated to the market.

Since then, the responsible executive performs his work with a view to continuous improvement, checking constantly the tools adopted in this regard. In 2012/2013, the responsible executive - working in collaboration with Deloitte ERS - revised the procedures adopted by the companies within the scope of reporting at that time, adopting a risk-based approach that improved the analysis of financial reporting risks. This model was later applied to new companies included within the scope of report.

On 14 November 2022, the Board approved the 2023 plan of work prepared by the internal audit manager, having first consulted the Control and Risks Committee, the Board of Statutory Auditors and the managing director responsible for internal control.

Based on the work carried out and coordinated by the Control and Risks Committee and by the Board of Statutory Auditors, as well as on the work reports prepared by the internal audit manager, the responsible executive, the supervisory body pursuant to Law 231 and the data protection officer designated pursuant to art. 37 of Regulation (EU) 679/2016, the Board assessed positively by sector - at meetings held on 15 March, 13 May, 12 September and 14 November - the adequacy and effectiveness of the system of internal control and risk management with respect to the characteristics of the business and the risk profile accepted.

9.1 CHIEF EXECUTIVE OFFICER

The Board has identified a director responsible for establishing and maintaining the system of internal control and risk management (Rec. 32, letter b).

This responsibility has been assigned to Andrea Cangioli, managing director.

Acting in the name of the Board, his responsibility is to supervise the functioning of the system of internal control and risk management and perform the duties and functions identified in the Code including, in particular: identification of the principal business risks (strategic, operational, financial and compliance), having regard for the characteristics of the activities carried out by the Issuer and its subsidiaries, and their periodic presentation to the Board when illustrating financial data and the results of operations of the Issuer and the Group; execution of the guidelines defined by the Board, supervising the design, implementation and management of the system of internal control and risk management, and checking constantly on its adequacy and effectiveness; adaptation of the system to the dynamics of operating conditions and the legislative and regulatory background; regular requests for the internal audit function to perform checks on specific operational areas and compliance with internal rules and procedures in the execution of business operations, keeping the Control and Risks Committee and the Board of Statutory Auditors informed; regular notification of the Control and Risks Committee/Board of Directors and the Board of Statutory Auditors about any problems or issues arising from the work performed, or that otherwise become known (Rec. 34) - something that was not necessary during the past year.

9.2 CONTROL AND RISKS COMMITTEE

In 2000, the Board established an internal control committee that was renamed the “Control and Risks Committee” in 2012, and the “Committee for control and risks, related-party transactions and sustainability” in 2021.

Composition and functioning of the Control and Risks Committee (pursuant to art. 123-bis, para. 2, letter d), TUF)

Since its establishment in 2000, the composition of this committee has always complied with the various subsequent versions of the Code.

The current Control and Risks Committee was appointed by resolution adopted on 14 May 2021, following renewal of the administrative body, and comprises: Fabia Romagnoli (non-executive, independent), Daniela Toccafondi (non-executive, independent), Alberto Pecci (non-executive) and Michele Legnaioli (non-executive, independent).

The Control and Risks Committee always meets before approval by the Board of the draft annual financial report and the half-yearly report, and whenever requested by any of its members, the Board, the managing director responsible for internal control or the internal audit manager.

During the year it met six times (16 February; 7 March; 15 March; 12 September; 14 November; 23 December).

The average duration of meetings was 75 minutes.

The work carried out during the meetings was coordinated by the President. He gave news and reported on the activities carried out in the council meeting.

In 2023, the Control and Risk Committee met once: on 15 March.

At least two meetings are currently scheduled, one in September and one in November in addition to those that the Committee deems necessary in the context of carrying out its composite functions.

Currently, at least two more meetings are scheduled, one in September and the other in November, in addition to those that the Committee may consider necessary in the performance of its multiple functions.

During the year, the Control and Risks Committee consisted entirely of non-executive directors, the majority of whom are independent.

The Committee was composed of four directors.

All Committee members have experience in accounting, finance and risk management matters, which the Board deemed adequate at the time of their appointment for the reasons given in relation to the Remuneration Committee.

Committee meetings are attended by the Board of Statutory Auditors, the executive responsible for preparing corporate accounting documents, the managing director responsible for internal control, the secretary, the internal auditor and, when necessary in relation to individual agenda items, the persons or professionals invited by the chairman.

Functions assigned to the control and risks committee

The functions and duties of the Committee are defined in its regulation, as amended since approval by the Board of Directors on 5 September 2000.

In particular, in view of Decree 39/2010 which redesigned certain aspects of internal control and Market Notice 18916 dated 21 December 2010 - on requirements for issuers belonging to the STAR segment - the Issuer resolved on 13 May 2011 to assign the Committee just a supporting role with reference to the activities that Decree 39/2010 reserves solely for the Board of Statutory Auditors with regard to the legal audit of the accounts.

In addition, following the changes made to the Code in July 2015, the regulation of the Control and Risks Committee was amended in November 2015 to clarify its investigative role in support of Board assessments and decisions regarding the management of risks deriving from any adverse facts that come to its attention.

Lastly, by resolution on 14 November 2018, the regulation was expanded to include the role of the Control and Risks Committee in expressing opinions and making proposals to the Board on the definition of sustainability policies pursuant to Decree 254/2016.

Accordingly, the Committee currently has the duties identified below.

Firstly, those identified in the Consob Related Parties Regulation:

- (a) examine, analyse and express advance opinions on the procedures and any related amendments adopted by the Board in relation to transactions with related parties;
- (b) perform the task assigned in those procedures regarding the investigation and examination of the related-party transactions subject to the procedures.

In addition, in the context of the Code, the Committee analyses, gives advice and makes proposals, as necessary, on issues and matters relevant to the control of business activities and, in particular, to the extent compatible with the functions assigned by law to the boards of statutory auditors of listed companies:

- (a) assisting the Board, including via the expression of advance opinions, with the definition of guidelines for the system of internal control and risk management, and the periodic assessment of its adequacy and effectiveness; the identification and adequate management of the principal business risks facing the Company and its subsidiaries; determination of the compatibility of those risks with conduct of the business in a manner consistent with the strategic objectives identified, including pursuit of the sustainability of the Issuer over the medium-long term;
- (b) assessing, together with the executive responsible for preparing corporate accounting documents and after consultation with the independent auditors and the Board of Statutory Auditors, proper application of the accounting standards adopted and, in the case of groups, their consistency for the purpose of preparing the consolidated financial statements;
- (c) expressing opinions on specific aspects concerning identification of the main business risks;
- (d) examining periodic reports that evaluate the system of internal control and risk management, as well as any of particular importance prepared by the internal audit function;
- (e) monitoring the independence, adequacy, effectiveness and efficiency of the internal audit function;
- (f) requesting, at its discretion with simultaneous notification to the Chairman of the Board of Statutory Auditors, the internal audit function to perform checks in specific operational areas;
- (g) assisting the Board of Statutory Auditors, upon express request, to assess proposals from firms of independent auditors for assignment of the related appointment, as well as to assess the audit plan and the results described in the auditors' report and letter of recommendations;
- (h) assisting the Board of Statutory Auditors, upon express request, to monitor the effectiveness of the auditing process;
- (i) updating the Board, at least on approval of the annual and half-year financial reports, on the activities carried out and on the adequacy of the system of internal control and risk management;
- (j) expressing opinions on the appointment, dismissal and remuneration of the internal audit manager and on allocation to the latter of adequate resources for performance of the related functions and responsibilities;
- (k) supporting, with appropriate investigations, the assessments and decisions made by the Board on the management of risks deriving from any adverse events that come to its attention;
- (l) performing any additional tasks that, from time to time, may be assigned by the Board.

Lastly, with reference to the sustainability matters identified in Decree 254/2016, the Control and Risks Committee has the task of helping the Board, by carrying out investigations, making recommendations and providing advice, to evaluate and decide Board of Directors on any sustainability matters associated with the conduct of the business and its interactions with all stakeholders; corporate social responsibility; the examination of scenarios needed to prepare the strategic plan, and the corporate governance of the Company and the Group.

The Control and Risks Committee carried out the following activities during the year:

- a) examined and assessed the activities carried out by the responsible executive pursuant to Law 262/2005;
- b) examined and assessed the 2023 audit plan and the work carried out by the internal auditor to: verify the operation and suitability of the system of internal control and risk management with regard to preparation of the financial statements; update the table of areas subject to audit and the audit activities carried out and/or scheduled; Information Technologies area and in particular the processes aimed at restoring systems, data and infrastructures necessary for the

provision of information services in the face of serious disasters, the so-called Disaster Recovery; after-sales area – technical assistance medical area in light of the implementation of a new portal for the management of service activities;

c) examined and assessed the recommendations contained in the letter from the Chairman of the Corporate Governance Committee of Borsa Italiana, assisting the Board to implement the related activities;

d) supported the Board with the assessment of transactions between subsidiaries, considering their terms and conditions, as well as the requirements of Consob Regulation 17221/2010;

e) performed the work described in Section 6 of the Report in its role as the Sustainability Committee;

f) performance of the tasks entrusted to it by the Regulation for the regulation of transactions with related parties of El.En. s.p.a. (as defined in paragraph 10.0 of this report) and Consob Regulation 17221/2010;

In the performance of its functions, the Committee has access to the corporate information and functions required for performance of its duties and, if it wishes, may make use of external consultants on the basis established by the Board.

The Committee did not make direct use of external consultants during the Year.

Following the renewal of its mandate, the Board confirmed the framework of the system of internal control and risk management and assigned a total budget of Euro 80,000.00 for monitoring the entire system of internal control and risk management, including the work of the Control and Risks Committee.

9.3 INTERNAL AUDIT MANAGER

Since 2000, the Board has appointed one or more persons to check that the system of internal control always remains adequate, operational and functioning (internal audit manager(s) or internal auditors (Rec. 33, letter b).

The current internal audit managers are Cristina Morvillo, for most areas, and Alessio Paoli with a specific focus on the preparation of financial reports. Both were appointed following a proposal from the managing director responsible for supervising the functioning of the system of internal control, after obtaining the opinion of the Control and Risks Committee and consent from the Board of Statutory Auditors.

The Board is responsible for determining the remuneration of the internal audit manager(s), consistent with corporate policies, acting on a proposal from the managing director responsible for supervising the functioning of the system of internal control, after obtaining the opinions of the Control and Risks Committee and the Board of Statutory Auditors.

The internal audit managers are not responsible for any operational areas which they control and they report directly to the Board.

The internal audit managers, working in compliance with international standards, check the operation and suitability of the system of internal control and risk management, both continuously and in response to specific needs. They implement an audit plan, approved each year by the Board, that is based on a structured analysis and gives priority to the principal risks.

To the extent of their specific responsibilities, each internal audit manager has direct access to all the information needed to perform their duties; they have prepared half-yearly reports containing adequate information about their work, about how risks are managed in the audit areas assigned to them and about compliance with the plans devised to contain them, as well as an assessment of the suitability of the system of internal control and risk management. These reports were sent to the chairmen of the Board of Statutory Auditors, the Control and Risks Committee and the Board of Directors, as well as to the managing director responsible for the system internal control and risk management. There were no events of particular significance for them to report on. Drawing on the verification work and checks performed by the responsible executive pursuant to Law 262/2005 and in conformity with the COBIT “Control Objectives for Information and related Technology” model, they have also checked the reliability of the IT systems that support accounting activities.

Currently, they have not considered it necessary to make recourse to external consultants or, therefore, to obtain access to specific financial resources for the performance of the duties. Following the renewal of its mandate, the Board confirmed the current framework of the system of internal control and risk management and assigned a total budget of Euro 80,000.00 for monitoring the entire system of internal control and risk management.

The checks carried out during the Year by the internal audit function covered the operation and suitability of the system of internal control and risk management with regard to preparation of the financial statements; update the table of areas subject to audit and the audit activities carried out and/or scheduled; Information Technologies area and in particular the

processes aimed at restoring systems, data and infrastructures necessary for the provision of information services in the face of serious emergencies and disasters, the so-called Disaster Recovery; After-sales area – Technical assistance medical area in light of the implementation of a new portal for the management of service activities; work in the context of Law 262/05.

The internal audit work on the preparation of financial reports, being a specific area within the monitoring work carried out pursuant to Law 262/05, has been entrusted to Alessio Paoli who, as an external public accountant, is deemed to satisfy the relevant professional, independence and organisational requirements. This outsourcing of the internal control function in the area of financial reporting derives from efforts made by the Board in February 2005 to optimise the use of resources, at the time of rotating the duties of the person responsible for internal control who, within the finance and reporting office, was dedicated to preparing the financial statements of Group companies.

The Board has maintained this approach since then, in order to ensure proper segregation between operational and control activities.

9.4 ORGANISATIONAL MODEL pursuant to Decree 231/2001

The Issuer has adopted an organisation, management and control model pursuant to Decree 231/2001.

With regard to the subsidiaries of strategic importance, this model has also been adopted by Quanta System s.p.a., ASA s.r.l. and Dekka M.E.L.A. s.r.l.

The current model adopted by the Issuer contains the periodic revisions made with respect to that initially approved, taking account of the continuous updates made by the legislator to the list of specified offences. With a view to preventing the commitment of offences related in any way to the activities of the Issuer, considering its structure and the area in which it operates, the Board has decided to include a section on occupational health and safety in the 231 model that responds to the requirements of art. 30 of Law 81/09.

In addition to offences relating to occupational health and safety, the current 231 model of the Issuer seeks to prevent the commitment of offences against the public administration; corporate, market abuse, environmental and transnational offences; receiving, laundering and the use of money, goods or benefits obtained from unlawful sources.

The supervisory body comprises a board with three members, one of whom is Paolo Caselli, serving statutory auditor.

Pursuant to the Articles of Association, this function could be assigned to the Board of Statutory Auditors; however, the Issuer has decided that the current organisation of the body is more effective: a serving statutory auditor and one of the internal audit managers. The third member is a lawyer expert in Legislative Decree 231/2001.

9.5 AUDITING FIRM

Pursuant to arts. 13, 17 and 19 of Decree 39/2010, the external audit is assigned to an auditing firm recorded on the relevant CONSOB register: the Shareholders' Meeting held on 4 June 2020 appointed EY s.p.a. to audit the separate and consolidated financial statements of the Company for the years 2021-2029.

This appointment will expire on approval of the financial statements for 2029.

In this regard, during the year, the Issuer appointed the legal auditor of the accounts of El.En. s.p.a. and El.En. Group companies for the nine-year period 2021-2029.

9.6 EXECUTIVE RESPONSIBLE FOR PREPARING CORPORATE ACCOUNTING DOCUMENTS

The executive responsible for preparing corporate accounting documents is Enrico Romagnoli, who is in charge of the Issuer's financial reporting office and also the Investor Relations Officer.

Pursuant to the Articles of Association, the responsible executive is appointed by the Board and, in accordance with art. 20 G, must satisfy the integrity requirements envisaged by law for directors and statutory auditors, as well as possess the professional characteristics - in terms of preparation, training and practical experience - needed to perform the assigned duties.

The executive responsible for preparing corporate accounting documents exercises all the powers needed for the proper performance of this function, with access to all necessary resources.

The principles and procedures applied by the responsible executive are detailed in Attachment 1.

9.7 COORDINATION BETWEEN PARTIES INVOLVED IN THE SYSTEM OF INTERNAL CONTROL AND RISK MANAGEMENT

As already stated and without seeking to repeat, the Issuer ensures close coordination among the various parties involved in the system of internal control and risk management, not least by cross-assigning persons belonging to one body as members of others or as joint participants in aspects of the system of internal control and risk management.

10.0 DIRECTORS' INTERESTS AND RELATED-PARTY TRANSACTIONS

With regard to transactions in which one of the directors has an interest or to transactions with related parties, being those identified with reference to Attachment 3 of the CONSOB Related Parties Regulation, art. 20 of the Articles of Association states that the Board must give advance approval for significant strategic, economic and financial transactions, with particular reference to transactions with related parties, those in which a director has an interest, whether directly or on behalf of third parties, and those that are unusual or atypical.

In addition, pursuant to art. 2391-*bis* of the Italian Civil Code, on 30 March 2007 the Board adopted the “*Regulation governing the related-party transactions of El.En. s.p.a.*” that, as established in the CONSOB Related Parties Regulation issued in 2010, was revised in that year. This regulation is available on the Issuer's website

[www.elengroup.com](https://elengroup.com) (<https://elengroup.com/investor-relations/corporate-documents.html>) and contains rules governing the approval and implementation of transactions carried out by the Issuer, both directly and via subsidiaries, with counterparties with which pre-existing relations (ownership, working, professional or close family relations) might condition the conclusion, governance or nature of the contractual relationship. The regulation formalised the intention, always pursued by the Issuer, to ensure that transactions with related parties - including those in which a director or statutory auditor also has an interest, whether directly or on behalf of third parties - take place with maximum respect for transparency and propriety, both procedurally and in substance.

The Issuer and its directors have always acted in compliance with the provisions of the Italian Civil Code in this area (arts. 2391 and 2391-*bis*).

In addition, for the purpose of mapping the related parties of the Issuer, the manual of administrative and operational procedures, in force since 2000, envisages specific checks on relations with related parties and the existence of possible conflicts of interest involving the administrative or control bodies.

The manual requires the internal control manager/internal auditor to interview the members of the Board of Directors and the Board of Statutory Auditors, at least every six months, in order to identify any additional related parties and the existence of situations that might lead to conflicts of interest.

In practice, these checks are carried out as a written interview in the form of a questionnaire completed and signed by the above persons and held on file by the internal control manager/internal auditor.

The procedure, approved by the Board, contains criteria for identifying transactions that must be approved by the Board, after receiving the opinion of the Control and Risks Committee.

In addition to the relevant Articles of Association (art. 20 E) and the internal regulation that, in particular, require the managing directors to notify promptly - in order to obtain advance approval - any transactions involving possible conflicts of interest, with related parties, or that may be unusual or atypical with respect to ordinary operations, the Board had originally envisaged that the director with interests, whether personal or on behalf of third parties, in a given operation should first inform the meeting called to resolve on the matter and then leave.

The internal regulation governing related-party transactions has been supplemented by including certain provisions of the Consob Related Parties Regulation, in place of mere references, in order to facilitate readers and understand the practical framework, as well as to govern in detail the relevant controls and refine the provisions of art. 6 in relation to resolutions on transactions in which a director or statutory auditor has an interest. In this regard, the requirement to leave the meeting/abstain from voting has been replaced by the power of the independent directors to request deferral of the meeting and the resolution in order to obtain additional information.

Lastly, during the Year, the Board supplemented and amended the Regulation governing the related-party transactions of El.En. s.p.a. following the amendments made to Consob Reg. 17221/2010 by Consob Resolution 21624 dated 10 December 2020, issued in order to adopt Directive (EU) 2017/828 – *Shareholder Rights Directive 2* (“SHRD 2”) – which amended Directive 2007/36/EC with regard to Consob encouragement of the long-term commitment of shareholders, in implementation of the regulatory mandate contained in art. 2391-*bis* c.c., as extended by Decree 49/2019.

The Italian regulations governing related parties' transactions were already essentially consistent with SHRD 2 with regard to approval procedures, the transparency obligations and certain of the exemptions identified therein. The amendments to the regulations contained in the last Consob measure sought complete alignment of their text with the Directive and, based on the experience accumulated by Consob since 2011 in carrying out the related supervisory role, included certain additional changes that clarify a number of the procedures for approving transactions with related parties and other aspects of the regulations.

The regulatory solutions adopted seek to maintain the flexibility already envisaged in the previous regulations and, where possible, retain the long-established practices followed by operators.

Essentially, the Board approved the proposed amendments to the internal regulation governing the related-party transactions of El.En. in order to align it with the new regulatory framework, considering that the Italian framework was already mature in the context of the European regulation and that, therefore, it was a case of fine-tuning internal procedures that El.En. had already adopted at the end of 2010.

The proposed amendments to the El.En. Related Parties' Transactions regulation covered:

a) rewording the definition of a related party: the Directive and, therefore, Consob refer to the definition contained in the international accounting standards in force at the time;

- b) abstention of the director involved in the transaction: this requirement, previously adopted by El.En., was amended in 2019. This requirement was included again, consistent with the new regulation applying to all transactions, even of lesser significance, in which a director has interests, whether directly or on behalf of third parties, that conflict with those of the Company;
- c) approval procedures: the administrative body is now solely responsible for resolving on transactions of greater significance. This is consistent with a key principle of the Code, being the central role of the Board of Directors in making strategic decisions and approving transactions of economic or financial importance. In addition, the procedures now formalise practices already adopted by El.En.: (i) express requirement for the committee of independent directors to check in advance the independence of any experts selected and qualified as independent; (ii) timely involvement of the committee of independent directors in the negotiation and investigation of transactions of greater significance; (iii) express requirement to attach the opinion of the committee of independent directors to the minutes of the meetings of that committee;
- d) exemptions: certain slight changes relating to:
 - i) Exempt minor transactions: confirmation that amounts are considered minimal up to Euro 100,000.00 (one hundred thousand/00);
 - ii) Routine transactions of greater significance on market or standard terms: annual verification by the Control and Risks Committee of exempted transactions of greater significance and rules for the related information flows.

The Company has set up a committee for transactions for related parties, it is merged with the Control and Risk Committee.

Please refer to paragraph 9.2 of the composition, functions and activities carried out during the year.

In particular, of the meetings held by the Control and Risk Committee, two were specifically and exclusively dedicated to transactions with related parties: 16 February and 23 December.

11.0 BOARD OF STATUTORY AUDITORS

11.1 APPOINTMENT AND REPLACEMENT

As required by art. 144-*sexies* of the Consob Issuers' Regulation, art. 148, para. 2, TUF as amended most recently by Decree 27/2010, and the gender balance rules contained in Law 120 dated 12 July 2011, art. 25 of the Articles of Association envisages the following appointment procedure.

“Art. 25 – Board of Statutory Auditors – (... omissis ...) *The members of the Board of Statutory Auditors are appointed using the following procedure. Shareholders that intend to nominate candidate Statutory Auditors must file the following at the registered office at least twenty-five days before the date fixed, in first calling, for the Ordinary Shareholders' Meeting:*

- a) a list containing the names indicated in numerical order and divided into two sections: one for candidate Serving Statutory Auditors and, the other, for Alternates;*
- b) together with the list, a complete professional profile of each person nominated, giving adequate reasons for their nomination, and the curriculum vitae of each candidate;*
- c) together with the list, a statement in which each candidate accepts his/her candidacy and certifies, under his/her personal responsibility, the absence of reasons for ineligibility or incompatibility, as well as satisfaction of the requirements specified in the applicable regulations and the Articles of Association for the respective appointments;*
- d) together with the list, a statement from shareholders other than those holding, together or alone, a controlling or relative majority interest, that confirms the absence of relations of association with the latter, as defined in art. 144-quinquies of Consob Regulation 11971/1999.*

Each list must indicate the name(s) of the shareholder(s) presenting the list, providing full identification details and stating the percentage of share capital held both individually and collectively.

The composition of lists containing at least three candidates must comply with the regulatory requirements governing gender balance.

Each shareholder may present or contribute to the presentation of just one list, subject otherwise to ineligibility.

Shareholders are only entitled to present lists if, alone or together with other shareholders, they represent at least the percentage share ownership established in art. 147-ter of Decree 58 dated 24 February 1998 or that, even if greater, established by Consob regulation having regard for the capitalisation, free float and ownership structure of listed companies.

Ownership of the minimum equity interest needed to present lists is determined with reference to the shares registered in favour of the shareholders concerned on the day on which their list is filed with the Company. The related certification must be produced at least twenty-one days before the date fixed, in first calling, for the Ordinary Shareholders' Meeting.

The Statutory Auditors are appointed at the Ordinary Shareholders' Meeting on the basis of lists presented by the shareholders in which the candidates are listed in numerical order. Each shareholder with voting rights may only vote for one list.

*If only one list has been filed by the above deadline envisaged for the presentation of lists, or only lists presented by shareholders that, as established in art. 144-*sexies*, para. 4, of Consob Regulation 11971/1999, have relations of association as defined in art. 144-quinquies of Consob Regulation 11971/1999, the time limit for the presentation of lists is extended to the fifth day subsequent to that date. In that case, the equity ownership thresholds envisaged above for the presentation of lists are halved.*

If several lists are presented, the members of the Board of Statutory Auditors are elected as follows:

- a) the votes obtained by each list will be divided by one, two, three etc., depending on the sequence number allocated to the candidates to be elected;*
- b) the quotients thus obtained will be assigned sequentially to the candidates on each list, in the order they appear on that list, and then ranked in decreasing order in a single list;*
- c) the persons obtaining the highest total quotients will be elected.*

At least one Serving Statutory Auditor must always be drawn from the minority list that obtains the largest number of votes. Accordingly, if the three highest total quotients are all obtained by candidates on the majority list, the last Serving Statutory Auditor to be elected will, nevertheless, be drawn from the minority list that obtained the largest number of votes, despite that person having obtained a lower total quotient than the majority candidate with the third-highest total quotient.

If more than one candidate obtains the same total quotient, the candidate from the list that has not yet elected a Statutory Auditor will be elected; alternatively, if all lists have elected the same number of Statutory Auditors, the candidate on the list that obtained the largest number of votes will be elected. If more than one candidate obtains the same total quotient and the total number of list votes is also the same, the entire Ordinary Shareholders' Meeting will vote again and the candidate obtaining a simple majority of the votes cast will be elected.

The Chairman of the Board of Statutory Auditors will be the Serving Statutory Auditor elected first from the minority list that obtained the largest number of votes or, in the absence of a minority list, the Serving Statutory Auditor elected first from the list that obtained the largest number of votes. On the replacement of a Serving Statutory Auditor, the Alternate drawn from the same list as the person to be replaced will take over.

If no lists are presented by the deadlines indicated, the appointments will be made by resolution of a relative majority of the shareholders present at the Shareholders' Meeting.

If only one list is presented, the Serving Statutory Auditors and Alternates will be elected from that list, in numerical order of listing.

If no votes are cast for any minority list, Statutory Auditors will be replaced by resolution of a relative majority of the shareholders present at the Shareholders' Meeting.

The composition of the elected body must, in all cases, ensure balance between the genders represented pursuant to art. 148, para. 1-bis, of Decree 58 dated 24 February 1998.

The appointment of replacements to the Board of Statutory Auditors pursuant to art. 2401 of the Italian Civil Code is made by a relative majority of the shareholders present at the Shareholders' Meeting.

Should one or more members of the control body cease to serve, the replacement members are nominated or appointed in compliance with the requirements for gender balance in force at the time."

The current Board of Statutory Auditors was elected by resolution of the ordinary shareholders' meeting of 29 April 2022 for the financial years 2022-2024, will expire with the approval of the financial statements at 31 December 2024.

As at 31 December 2022, the Board of Statutory Auditors of El.En. s.p.a. is composed as follows: Dr. Carlo Carrera, Chairman; Dr. Paolo Caselli, standing auditor; Dr. Rita Pelagotti, standing auditor; Alessandra Pederzoli and Gino Manfriani, alternate auditors.

The Chairman of the Board of Statutory Auditors Carlo Carrera and the Alternate Auditor Alessandra Pederzoli were elected from the only minority list presented.

Pursuant to art. 144-septies, para. 2, of the Issuers' Regulation), the minimum equity investment needed to present lists of candidate Statutory Auditors currently is 1.00% of share capital, pursuant to art. 25 of the Articles of Association, art. 144-sexies of the Issuers' Regulation and CONSOB Decision 76 dated 30 January 2023.

11.2 COMPOSITION AND FUNCTIONING (pursuant to art. 123-bis, para. 2, letters d) and d-bis), TUF))

The Board of Statutory Auditors is the body that, pursuant to the law, regulations and Articles of Association, oversees compliance with the law, the Articles of Association and the principles of proper administration; the adequacy of the organisational structure of the Issuer, to the extent of its responsibilities, the internal control system and the administrative and accounting system adopted by the Issuer, and their functioning in practice. The Board of Statutory Auditors also monitors the matters envisaged in art. 19 of Decree 39 dated 27 January 2010, as well as implementation in practice of the corporate governance rules envisaged in the Code, compliance with Consob instructions and proper implementation of the corporate procedures governing related-party transactions.

Lastly, this body also oversees the adequacy of the instructions given to subsidiaries, so that they provide all the information needed to comply with the communication obligations envisaged by law.

As envisaged in the Articles of Association, upon request from the Board of Directors, the Board of Statutory Auditors performs the functions of the Supervisory Body pursuant to art. 6 of Decree 231 dated 8 June 2001.

Pursuant to the Articles of Association, the statutory auditors must satisfy all legal requirements including, therefore, the independence requirements specified in art. 148 TUF.

They remain autonomous and independent, even in relations with the shareholders that elected them.

The current Board of Statutory Auditors comes from two lists submitted:

a) the first (List 1) presented by Andrea Cangioli, a natural person representing 14.476% of the share capital; containing the following candidates:

Section One – Standing Auditors

- Caselli Paolo;

- Pelagotti Rita;

- Pilla Vincenzo;

Section Two – Alternate Auditors

- Gino Manfriani;

- Moroni Daniela;

b) the second (List 2) presented jointly by a group of shareholders representing together 3.88399% of the share capital and composed as follows:

Section One – Standing Auditor

- Carlo Carrera;

Section Two – Alternate Auditor

- Alessandra Pederzoli.

The election took place with the favorable vote of 60,531,140 shares equal to 75.843572% of the share capital as follows:

Nomina del Collegio Sindacale

	N. AZIONISTI (IN PROPRIO O PER DELEGA)	N. AZIONI	% SU AZIONI ORDINARIE RAPPRESENTATE	% SU AZIONI AMMESSE AL VOTO	% SU CAPITALE SOCIALE ORDINARIO
LISTA 1	16	38.447.370	63,516679	63,516679	48,173318
LISTA 2	276	22.063.022	36,449044	36,449044	27,644257
Contrari	1	20.748	0,034277	0,034277	0,025997
Astenuti	0	0	0,000000	0,000000	0,000000
Non Votanti	0	0	0,000000	0,000000	0,000000
Totale	293	60.531.140	100,000000	100,000000	75,843572
Non Computate	0	0	0,000000	0,000000	0,000000

In accordance with the provisions of art. 25 of the Articles of Association, two serving auditors (Paolo Caselli and Rita Pelagotti) and one alternate auditor (Gino Manfriani) from List no. 1, the Chairman of the Board of Statutory Auditors (Carlo Carrera) and an alternate auditor (Alessandra Pederzoli) from List no. 2 were elected.

The lists presented were not linked in any way.

The current Board of Statutory Auditors will remain in office for three years, until approval of the financial statements for 2024.

The professional profiles and personal characteristics of the statutory auditors are detailed in their curricula vitae, published on the website of the Company.

As of 31 December 2022, the Board of Statutory Auditors comprises three Serving Statutory Auditors and two Alternates:

Name	Office	Address	Place and date of birth
Carlo Carrera	Chairman	Milano, Corso XII Marzo, 38	Torino il 13 June 1968
Paolo Caselli	Serving Auditor	Pistoia, Via Venturi, 1/B	Firenze, 14 April 1966
Rita Pelagotti	Serving Auditor	Firenze, Via Francesco Cortecchia 28/2	Firenze il 6 December 1956
Alessandra Pederzoli	Alternate Auditor	Modena, Via Cesare Battisti, 11	Mirandola (MO), il 1'8 July 1974
Gino Manfriani	Alternate Auditor	Firenze, Viale Segni, 1/3 Firenze	Borgo San Lorenzo (FI) il 26 April 1963

The average duration of their Board meetings was 120 minutes.

A total of 16 (sixteen) meetings were held during the year.

A total of 6 (sixr) meetings are scheduled for the current year (2023), of which three have already been held: on 30 January, on 9 February and 3 March.

See the attached Table 4 for actual attendance at the meetings of the Board of Statutory Auditors.

The Issuer always makes its personnel and resources available to the Board of Statutory Auditors, whenever deemed useful in each case by that body in order to perform its functions pursuant to art. 25 of the Articles of Association.

The Board of Statutory Auditors participates actively in the meetings and activities of the Control and Risks Committee, and collaborates with the internal audit manager.

In addition, pursuant to the Board resolution adopted on 31 March 2008 and subsequently confirmed on each renewal of the Board of Statutory Auditors, most recently on 13 May 2022, Serving Statutory Auditor Paolo Caselli is also the chairman of the Supervisory Body pursuant to Decree 231/2001.

Relations with the internal audit manager and the responsible executive are maintained via an extended "internal control committee", comprising the Control and Risks Committee and the Internal Control Committee pursuant to Decree 39/2010.

At 31 December 2022, the following serving members of the Board of Statutory Auditors were also members of the control bodies of the following subsidiaries:

Name and Surname	Activities
Paolo Caselli	<ul style="list-style-type: none"> - Sole Auditor of Dekam M.E.L.A. s.r.l. - Chairman of the Statutory Auditor of Lasit s.p.a. - Serving Statutory Auditor of Quanta System s.p.a.

Diversity criteria and policies (Rec. 8)

In addition to the general discussion of the Composition and Diversity Policy in Section 4.2, we note here that the formalisation of policies on the composition of the control body is heavily conditioned by the detailed regulations that govern this aspect.

Accordingly, the Composition and Diversity Policy adopted by the Issuer merely makes reference to the key elements of the regulations.

In quantitative terms, pursuant to the law and art. 25 of the Articles of Association, the Board of Statutory Auditors comprises five members: three Serving Statutory Auditors, including one with the role of Chairman, and two Alternates. In qualitative terms, the Board of Statutory Auditors comprises persons who satisfy the integrity, professionalism, expertise and independence requirements established by law.

Since the Board of Statutory Auditors of the Issuer is identified as the “Internal control and audit committee” pursuant to art. 19 of Decree 39/2010 (as amended by Decree 135/2016), the members of that Board must, taken together, be competent in the sector in which the Company operates.

In addition, its membership must be diversified in terms of gender - with at least one third drawn from the less represented gender (art. 148, para. 1-*bis* TUF) - age, training and professional experience, so that different views and approaches to control matters are guaranteed, together with the skills needed to ensure proper performance of its assigned functions.

With regard to the limit on the accumulation of appointments, the Company complies with art. 144-*terdecies* of the Consob Issuers’ Regulation issued pursuant to art. 148-*bis* TUF. The Articles of Association establish a limit on the cumulative number of appointments held, pursuant to Article 148-*bis* TUF, envisaging among the reasons for the ineligibility or lapsing of candidate or elected statutory auditors, their appointment as serving statutory auditor by more than five listed companies, as well as their incompatibility pursuant to the Issuers’ Regulation (arts. 144-*duodecies* et seq.), including by exceeding the maximum limit envisaged therein.

The Composition and Diversity Policy of El.En. is implemented by providing guidance to the shareholders, prior to their appointment of the administration and control bodies, and by checking compliance with the composition and functioning requirements at the time of elections and then, each year, as part of work to verify the independence of the Board of Statutory Auditors.

With regard to checking the achievement of objectives, the assessment takes account of the actual results of the Issuer and the Group when approving the amount of incentive remuneration due to recipient directors and the general manager.

Independence (Rec. 9 and 10).

The expiring Board of Statutory Auditors:

- checked the independence of its members on the first available occasion after their appointment, confirming their satisfaction of the independence requirements specified in art. 148, para. 3, TUF (art. 144-*novies*, para. 1-*bis*, Issuers' Regulation); the Board of Directors acknowledged the personal statements confirming satisfaction of these requirements when accepting the related candidacies;
- during the year, checked continuous satisfaction by its members of the independence requirements, notifying the outcome of these checks to the Board of Directors;
- when making the above assessments, applied the criteria envisaged in the Code with reference to the independence of directors. In particular, with reference to the duration of the mandate, the Board of Statutory Auditors decided that the fact that one of them have held their respective appointments by El.En s.p.a. for more than nine years does not, per se, establish a relationship that affects their independence, given the absence of other significant relations or connections from among those listed in art. 148, para. 3, of Decree 58/98 and in Rec. 7.

Accordingly, the outcome of the checks was positive and this was notified to the Board of the Issuer, which acknowledged it at the Board meeting held on 15 March.

The Board of Statutory Auditors elected by the Shareholders' Meeting of 29 April, recalling, in addition to the Articles of Association and regulations, the qualitative and quantitative criteria adopted by the Company in relation to the assessment of the independence of directors:

- predefined at the meeting of 4 May, at the beginning of its mandate, the quantitative and qualitative criteria for assessing the significance of the circumstances relevant under the Code for the purpose of assessing the independence of each member (Recommendation 7, as referred to in Recommendation 9), or, in addition to those provided for by the statutes and legislation:
 - with regard to Recommendation 7 lett. c) of the Code, that a commercial, financial or professional relationship is significant to the extent that it is significant pursuant to and for the purposes of the provisions of the Regulation of El.En. S.p.a. for transactions with related parties;
 - with regard to Recommendation 7 letter d) of the Code, that the additional remuneration compared to the fixed remuneration for the office and that provided for any positions held in other control bodies of the same Company or its subsidiaries, is significant if it exceeds 30% of the total remuneration received for the offices.
- in the same meeting of 4 May, it evaluated, giving an account to the Council which then took note of it in the meeting of 13 May, the independence of the individual components, specifying the evaluation criteria concretely applied
- the occurrence of circumstances relevant to independence and in any case at least once during its mandate will assess the continued independence requirements for the members of the Board of Statutory Auditors (Recommendation 6 as referred to in Recommendation 9) and
- in carrying out the above assessments, it will take into account all the information made available by each member of the Board of Statutory Auditors (Recommendation 9), assessing all the circumstances that appear to compromise the independence identified by the TUF and the Code (Recommendation 6, as referred to in Recommendation 9) and applying (among others) all the criteria provided for by the Code with reference to the independence of directors (Recommendation 7, as referred to in Recommendation 9).

The Board announced, when appointing the current Board, that they will remain with the independence requirements declared at the time of acceptance of the candidacy and then, on 13 May, announced the outcome of the independence assessments received by the Board itself through a press release released to the market.

With regard to any initiatives taken by the President of the Council for the purposes of the *induction programme*, it has already been said, the members of Board of the Statutory Auditors are all of preparation and experience from a technical-regulatory point of view. One of them has been involved in internal control activities since the inception of this activity within the Issuer.

In order to introduce the Chairman of the Board of Statutory Auditors elected from the so-called minority list to the activities of the Company and the Group and to the regulatory context in which it operates, various *induction programme* initiatives involving the various corporate bodies and functions have been undertaken since June. In

particular, visits were organised to all departments of the Issuer, interviews were held with the Managing Directors, the General Manager and the main corporate functions. In addition, during both board and committee work, illustrative sessions were held on the activities carried out by the various bodies, on company dynamics and on the internal regulations and procedures in force.

Remuneration

The remuneration of the Board of Statutory Auditors was approved at the Shareholders' Meeting that elected its members, acting on a proposal from the Board of Directors and consistent with the commitment required, the importance of the role played and the size and sector characteristics of the Issuer.

Management of interests

A statutory auditor who has an interest, directly or on behalf of third parties, in a given transaction carried out by the Issuer must inform the other statutory auditors and the chairman of the Board of Directors, promptly and fully, about the nature, terms, origin and extent of that interest and in accordance with art. 6 of the internal regulation governing related-party transactions; the independent directors are entitled to request deferral of the meeting and the related resolution in order to obtain additional information.

In accordance with procedures described elsewhere in this Report, the Board of Statutory Auditors has, in the performance of its activities, coordinated constantly with the internal audit function and the Control and Risks Committee.

Among other activities, the Board of Statutory Auditors has performed checks on the transactions with related parties and participates actively, via a serving statutory auditor, on the Supervisory Body pursuant to Law 231/2001 of the Issuer and of certain subsidiaries; in addition, the control body has carried out the functions assigned by Decree 39/2010 with reference to monitoring the activities of the auditing firm appointed at the Shareholders' Meeting held on 4 June 2020.

12.0 SHAREHOLDER RELATIONS

Access to information

The Issuer has made two easily identifiable and accessible sections of its website www.elengroup.com available to the shareholders.

The first contains all information about the Issuer of importance to its shareholders, so they can exercise their rights in an aware manner.

The section, called “Investor Relations”, is accessible from the home page of the Issuer’s website.

Enrico Romagnoli and Managing Director Andrea Cangioli are responsible for managing relations with the shareholders (investor relations managers).

The next section contains information about the additional steps taken to provide timely and easy access to information about the Issuer of importance to its shareholders.

Compatible with the organisation and structure of the Issuer, the Investor Relations team strives to facilitate the participation of shareholders at general meetings and the exercise of their rights, establishing furthermore a constant dialogue with them. The Board arranges convenient dates, times and places - usually the registered office - for meetings and satisfies promptly all legal obligations with regard to the calling of meetings, dissemination of the related notice of meeting, and shareholder attendance.

Pursuant to the provisions of the Code on shareholders’ meetings, they are usually attended by all directors and, at that time, the shareholders are given information about El.En. that always complies with the regulations governing price sensitive news.

The Chairman of the Board of Directors and the managing directors have identified Enrico Romagnoli (employee) and Andrea Cangioli (managing director), acting together, as the persons responsible for relations with the institutional investors and the other shareholders. The Investor Relations division is part of the organisational structure of the Issuer, comprising employees who process documents and information of an accounting, administrative and financial nature.

In compliance with the procedure for the communication of documents and information about El.En., this division is responsible for dialogue with the shareholders and the institutional investors, as well as for making suitable documentation available in proper compliance with the law and the “*Regulation for processing the corporate information of El.En. s.p.a.*”, especially with regard to inside information.

Dialogue with the shareholders and the other relevant stakeholders (art. 1, Rec. 3)

The second section of the Issuer’s website dedicated to the shareholders, also accessible from the home page at www.elengroup.com, is entitled “*Dialogue with the shareholders*”.

This contains the document approved by the Board on 12 November 2021, acting on a proposal from the Chairman, that formalises the policy for managing dialogue with the shareholders as a whole (Rec. 3).

The aim of the proposed policy is to facilitate dialogue between El.En. and its shareholders and investors, promoting an understanding by the shareholders and the market of the business objectives of the Company and the industrial group it controls, as well as communications to align the various interests with a view to pursuing sustainable success.

The procedures for managing the dialogue and reporting of information are carried out in accordance with the “*Regulation for processing the corporate information of El.En. s.p.a.*”, in compliance with the provisions of Regulation (EU) 596 dated 16 April 2014, Decree 58 dated 24 February 1998 and the related enabling regulations.

The dialogue policy is published on the Issuer’s website (<https://elengroup.com/shareholder-policy>).

During the year, the subject of dialogue with shareholders concerned the appropriateness of setting a maximum limit on the allocation of the variable part of the remuneration of the general manager of the Issuer and the availability of certain information, which is also present therein, of the remuneration report approved by the shareholders’ meeting held on 29 April. In this regard, following the expression by some minority shareholders of a vote against the remuneration policy presented, the Board, on the occasion of the integration of the remuneration policy intervened and approved by the shareholders on 15 December, supplemented the report with a summary table summarizing the salient data already contained in the report in order to allow a more immediate and rapid reading. With regard to the limitation of the variable part of the remuneration of the general manager of the Issuer, see what is set out in relation to the relevant paragraph in section 8.1. of this report.

With regard to other relevant stakeholders, the Company carries out specific listening and dialogue activities in relation to which reference is made to paragraph 1.2, entitled “Our stakeholders” of the consolidated non-financial report available on the Issuer’s website www.elengroup.com Sustainability Section (<https://elengroup.com/it/sostenibilita/dichiarazione-consolidata-carattere-non-finanziario>).

13.0 SHAREHOLDERS' MEETINGS (pursuant to art. 123-bis, para. 2, letter c), TUF)

Shareholders' meetings are governed by Title III of the Articles of Association (arts. 11-18), which specify - in accordance with the law and other regulatory requirements - their duties, functioning, procedures for convocation, quorums, participation etc. The version of these articles updated to 31 December 2014 is presented below.

Article 11

Shareholders' Meeting

The Shareholders' Meeting, legally convened and quorate, represents all Shareholders and its resolutions, adopted in accordance with the law and the Articles of Association, bind all Shareholders even if not in attendance or dissenting.

The Shareholders' Meeting may be held in ordinary or extraordinary session and even in second or third convocation.

The ordinary Shareholders' Meeting must be called at least once each year, by the legal deadlines, to approve the annual financial statements. The Shareholders' Meeting may be called within one hundred and eighty days of the end of the financial year, for those years in which the Company is required to prepare consolidated financial statements and when required by special, justified reasons relating to the structure and corporate objects of the Company.

The Shareholders' Meeting is also called whenever deemed appropriate by the administrative body or when formally requested by legally-entitled parties, or by the Board of Statutory Auditors or by individual Statutory Auditors, in the manner envisaged in art. 25 of these Articles of Association.

Article 12

Place of Meeting

Shareholders' Meetings are held at the registered office of the Company, or elsewhere in Italy at the address specified in the notice of meeting.

Article 13

Convocation of Meeting

The Shareholders' Meeting is called, usually by the Administrative Body, in compliance with the relevant regulations, by publishing a notice by the legal deadline on the website of the Company and in ITALIA OGGI, a daily newspaper (unless specified otherwise by law).

The notice must state the date, time and place of the meeting, the list of matters on the agenda and the other information envisaged the relevant regulations.

A single notice may contain the meeting dates in first, second and third calling.

Article 14

Participation at Meetings

Participation at Shareholders' Meetings is governed by the relevant laws and regulations in force.

Meetings may be attended by shareholders that are entitled to vote, on condition that the number of shares to be voted has been deposited on the basis and with the timing envisaged by law.

Shareholders entitled to attend the Shareholders' Meeting are entitled to be represented by a written proxy, without prejudice to the mandatory instructions for proxy voting envisaged in Decree 58 dated 24 February 1998 and other applicable instructions. The written proxy, signed electronically, may be sent to the Company by certified e-mail.

The Company does not make recourse to the "Representative designated by companies with listed shares", envisaged in art. 135-undecies of Law 58 dated 24 February 1998.

Article 15

Chairman of the Meeting

The Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, if absent or unavailable, by the Deputy Chairman; failing this, by the person elected by a majority of the headcount votes cast by the Shareholders present.

The Shareholders' Meeting elects a Secretary, who need not be a Shareholder, and - if deemed appropriate - two scrutineers.

The Secretary is not needed if the minutes are taken by a Notary.

The Meeting Chairman checks that the meeting has been properly convened and is quorate, checking the identity of those present and their right to attend. After making that determination, the validity of the quorum cannot be challenged due to the fact that certain participants have left the meeting.

The Chairman is also responsible for moderating the business of the Shareholders' Meeting, directing and disciplining the discussions and, if necessary, setting limits on the duration of each contribution, for determining the procedures for and the order of voting, as well as for checking the related results, all in full compliance with any Meeting Regulations that, prepared by the Board of Directors and approved at the Shareholders' Meeting, may govern the orderly and functional conduct of both ordinary and extraordinary sessions.

Article 16

Minutes

The resolutions adopted at the Shareholders' Meeting must be recorded in minutes and signed by the Chairman, the Secretary or the Notary and the Scrutineers, if any.

When required by law and, additionally, when deemed appropriate by the Meeting Chairman, the minutes are taken by a Notary.

Article 17

Ordinary Meeting

The Ordinary Meeting, held in first calling, is quorate with the presence of Shareholders representing at least half of the share capital, as calculated in compliance with art. 2368, para. 1, c.c.; it adopts resolutions by an absolute majority of the votes cast.

In second calling, regardless of the share capital represented, the Ordinary Meeting adopts resolutions by an absolute majority of the votes cast on matters that should have been addressed in first calling. Appointment of the Board of Statutory Auditors also complies with the provisions of art. 25 of these Articles of Association.

Postal voting is allowed in accordance with the applicable laws and regulations.

Article 18

Extraordinary Meeting

The Extraordinary Meeting, held in first or second calling, is quorate with the presence of Shareholders representing that portion of capital specified, respectively, in art. 2368, para. 2, and art. 2369, para. 3, c.c. In third calling, the Meeting is quorate with the presence of Shareholders representing at least one fifth of the share capital. Resolutions are adopted, in first, second or third calling, with the votes in favour of at least two thirds of the share capital represented at the Meeting.”

Since 2000, the Articles of Association have allowed shareholders to cast postal votes.

The notices of Shareholders’ Meeting and related polite communications about the actual date of the meeting are published in the manner envisaged by law, including on the website of the Company and, if requested and allowed, even in extract form in a daily newspaper with broad national distribution (currently ITALIA OGGI).

The largest shareholders of the Issuer sit in the Board and, to date, none of them has submitted proposals to the Shareholders’ Meeting on matters for which the directors have not made a specific proposal.

Unless unavailable, the Chairman of the Board chairs the Shareholders’ Meeting, explains in detail the proposals and matters on the agenda, and ensures that the business of the Meeting is conducted in an orderly and functional manner.

In this regard, the Shareholders’ Meeting held on 15 May 2007 approved the Meeting Regulation prepared by the Board (Criterion 9.C.3), which was amended on 13 May 2011 with regard to participation at Meetings. This need to revise the Meeting Regulation emerged from the amendment made to art. 14 of the Articles of Association, approved at the Shareholders’ Meeting held on 28 October 2010, following the changes made by the legislator in Decree 27 dated 27 January 2010 to art. 2370 c.c., regarding the right to attended Meetings and exercise the right to vote, and the addition of art. 83-sexies TUF, which introduced the record date concept.

The Meeting Regulation of El.En. s.p.a. presented below is available on the website www.elengroup.com in the section “Investor Relations/Governance/Statuto e Regolamenti”

“MEETING REGULATION OF EL.EN S.P.A.

Art. 1 - Object and scope of application

This regulation governs the orderly and functional conduct of the Shareholders’ Meetings of El.En. s.p.a. (the “Company”), whether held in ordinary or extraordinary session.

This regulation can be consulted and is available to the shareholders at the registered office and on the website (www.elen.it in the section on investor relations) of the Company, as well as at the meeting location on each occasion.

Art. 2 - Meeting location and Chairman

The Shareholders’ Meeting is held in first, second or third calling at the locations and times established in the notice of meeting published pursuant to art. 13 of the Articles of Association; it is usually chaired by the Chairman of the Board of Directors or, if absent or unavailable, by persons identified pursuant to art. 15 of the Articles of Association.

Art. 3 - Participation at the Meeting

3.1. The right to attend meetings is governed by art. 14 of the Articles of Association, pursuant to which shareholders and persons entitled to attend may participate at the meeting and exercise the right to vote, on condition that the number of shares to be voted has been deposited on the basis and with the timing envisaged by law.

3.2. Upon invitation from the chairman, the Shareholders’ Meeting may be attended by employees of the Company, as well as by consultants and representatives of the firm appointed to audit the accounts of the Company, should their presence be deemed useful or appropriate in relation to the matters to be discussed, or functional for the conduct of business.

3.3. Again with consent from the Meeting Chairman and unless voted down by the shareholders present, the Shareholders’ Meeting may be attended by experts, financial analysts and journalists who, for that purpose, must send a written request to participate to the Chairman of the Board no later than the second weekday prior to the date fixed for the Meeting.

3.4. Before opening illustration and discussion of the items on the agenda, the chairman informs the Meeting about the participation and attendance at the Meeting of the persons mentioned in paras. 3.2 and 3.3 above.

Art. 4 - Check on the right to participate at the Meeting and access to the meeting location

4.1. Access to the meeting location is restricted to those entitled or authorised to attend pursuant to art. 3 above, on presentation of personal identification and verification of their right to participate at the meeting.

4.2. The personal identification and right to participate at the meeting are checked by duly authorised ancillary personnel positioned at the entrance to the premises where the meeting will be held. In general, this procedure starts thirty minutes prior to the time fixed for the meeting, unless stated otherwise in the notice of meeting.

4.3. Persons entitled to participate at the meeting show the ancillary personnel positioned at the entrance to the meeting location both a personal identification document and the certification specified in the notice of meeting. Following identification and the check envisaged in para. 4.2 above, the ancillary personnel give those attending a pass to be retained for the entire time while participating in the business of the meeting, which must be returned to the ancillary personnel on leaving the meeting location, even if only temporarily.

4.4. In order to accelerate checks on the powers of representation held, those attending the meeting as a legal or voluntary representative of the shareholders or other parties entitled to vote, may deliver the documentation evidencing those powers to the Company during the two days prior to the date fixed for the meeting.

4.5. With the exception of any audio-visual equipment authorised by the chairman in order to assist minute-taking and the documentation of meeting business, it is forbidden to use recording devices of any kind (including mobile phones), cameras and similar, on the premises in which the meeting is held.

Art. 5 - Formation of the Meeting and start of business

5.1. The Meeting Chairman is assisted with the preparation of minutes by a secretary, who need not be shareholder, appointed at the meeting on a proposal from the chairman, or by a notary or, if required by law, by two scrutineers designated in the same way, who also need not be shareholders. The secretary of the notary may be assisted by persons in their trust and, as an exception to the provisions of art. 4.5 with prior authorisation from the chairman, by audio-visual recording equipment.

5.2. The chairman is responsible for checking and noting the proper nature of each proxy and, in general, the right of those present to participate at the meeting and, therefore, for checking and declaring the meeting to be quorate. The chairman may establish a chairman's office with the task of helping him to check the rights of those present to attend and vote, as well as with regard to certain specific meeting procedures.

The chairman resolves any objections concerning the right to participate.

5.3. The Meeting Chairman may arrange for specifically authorised ancillary personnel to provide marshalling services.

5.4. Should the shareholders present not reach the proportion of share capital needed for a meeting quorum pursuant to the provisions of arts. 17 and 18 of the Articles of Association, the Meeting Chairman - after waiting for a reasonable time and, in all cases, not less than one hour from the time fixed for the start of the meeting - informs those present and defers examination of matters on the agenda to the next calling.

5.6. After determining that the meeting is quorate, the Meeting Chairman declares it open for business.

Art. 6 - Discussion of matters and proposals on the agenda

6.1. The Meeting Chairman explains to those present the matters and proposals on the agenda, with support - should he deem it appropriate - from the directors, statutory auditors and employees of the Company. The matters and proposals may be discussed in a different order approved, on a proposal from the chairman, by a majority of the share capital represented; similarly, proposals by the chairman to combine discussions, in whole or in part, may also be approved.

6.2. The Meeting Chairman moderates the business, directing and disciplining discussions and the right to speak, and establishes procedures and even time limits for each contribution.

The Meeting Chairman is entitled: to solicit the conclusion of contributions that exceed the time limit or are not relevant to the agenda item or proposal under discussion; reclaim the floor from persons who speak without having the right or who carry on despite a request to conclude; shut down words and attitudes that are inappropriate, spurious, aggressive, insulting, verbose or clearly excessive, reclaiming the floor when he deems it appropriate and, in the most serious cases, arranging for the ejection of anyone from the meeting for the entire period of the discussion.

6.3. Requests to speak by those present on individual matters on the agenda are made to the chairman, who usually gives the floor in the order in which the requests to speak were made. Persons requesting the floor are later entitled to reply briefly.

6.4. The Meeting Chairman or, at his request, the directors, statutory auditors, employees or consultants of the Company, generally reply after all contributions have been made on the agenda item under discussion. Members of the administrative body or the Board of Statutory Auditors may request to speak on the matters under discussion.

6.5. In order to respond adequately or reply to the considerations expressed, having regard for the nature and importance of the matters and proposals under discussion, the Meeting Chairman may at his sole discretion suspend business for a period not exceeding two hours.

6.6. Following all contributions, answers and replies, the Chairman declares the discussions closed and puts the proposals to the vote.

Art. 7 - Voting and close of business

7.1. *Voting usually takes place, in order of business, on each agenda item and related proposed resolution, unless determined otherwise by the Meeting Chairman, who may arrange for voting to take place in a different order or after closing the discussion of all or some matters.*

7.2. *Prior to the start of voting, the Meeting Chairman readmits those he desires from among the shareholders who were ejected or left during the discussion phase.*

7.3. *Unless specifically required otherwise by law, voting is conducted by open ballot.*

7.4. *The Meeting Chairman establishes the procedure for casting votes, normally by show of hands, and for recognising and counting the votes; he may also fix a time limit for the casting of votes.*

After the completion of voting, the counts are checked and the chairman, assisted by the secretary or the notary and any scrutineers appointed, declares the result.

7.5. *Votes not cast in the manner indicated by the Meeting Chairman are void.*

7.6. *Shareholders who vote against or abstain must, at the time of voting, make their names known together with the number of shares that they hold or represent. After dealing with all items on the agenda, the Meeting Chairman declares the meeting closed and formalises documentation of the minutes.*

Art. 8 - Final provisions

8.1. *This Regulation was approved pursuant to art. 15 of the current Articles of Association at the Ordinary Shareholders' Meeting held on 15 May 2007; it may only be amended or abrogated by resolution adopted at another such meeting.*

8.2. *In addition to the provisions of this Regulation, the Chairman may adopt all measures that he deems appropriate to ensure the proper and functional conduct of business at the meeting and the exercise by attendees of their rights."*

The Board reported on the work performed and planned at the Shareholders' Meeting held to approve the financial statements for 2021. In addition, at the Shareholders' Meeting held during the year, every effort was made to provide adequate information to the shareholders about the elements needed to make informed decisions on the matters addressed, not least by making the documentation and proposed resolutions available to them by the established deadlines.

In terms of guaranteeing the right of each shareholder to speak on the matters under discussion, the Meeting Chairman - in practice, in accordance with the above Meeting Regulation and as evidenced in the minutes - invites those present to intervene in the discussion held after each item on the agenda has been explained.

The Remuneration Committee, present and available at the Shareholders' Meeting, considers that the shareholders are adequately informed by the contents of the Remuneration Report and this Report.

The Control and Risk Committee, present and available to the Shareholders' Meeting, believes that it has reported to shareholders through this report.

During the Year, the market capitalisation of the shares of the Issuer varied considerably, while the presence of long-standing shareholders within the ownership structure of the Company remained (overall) essentially unchanged.

Accordingly, the Board has not considered it necessary to propose amendment at the Shareholders' Meeting of the percentages specified in the Articles of Association for exercising the rights and prerogatives that protect minority investors.

This decision is partly based on the fact that the Articles of Association reference the law and current regulations for determining the percentage interest in share capital needed to exercise the rights and prerogatives that protect minority investors.

14.0 ADDITIONAL CORPORATE GOVERNANCE PRACTICES (pursuant to art. 123-bis, para. 2, letter a), TUF)

There are no other corporate governance practices to disclose, beyond those indicated in the above points.

15.0 CHANGES SINCE THE END OF THE REPORTING PERIOD

There have not been any other changes in the corporate governance structure.

16.0 CONSIDERATIONS ON THE LETTER FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

The recommendations contained in the letter received from the Chairman of the Corporate Governance Committee on 3 December 2021, were brought to the attention of the Board and the Board of Statutory Auditors by email on 7 December, The document was then analyzed by the Control and Risk Committee at its meeting of 7 March 2022 and was examined at the Board meeting of 15 March 2022 in order to plan any necessary activities for the year. Specifically, the following areas for improvement have been identified:

- assessment of the feasibility of providing further clear rules for the definition of the Director-General's severance pay;
- evaluation of the introduction in the Articles of Association, with the measures recommended by Consob in Attention Recall no. 1/22 of 21 January 2022 of the possibility for the Board to present its own list;
- continuation of the process of continuous improvement and evolution of the variable remuneration policy, increasingly aimed at integrating predetermined and measurable non-financial parameters linked to the sustainability strategy.

The first two points are still being evaluated. With reference to the last point, the Company is proceeding in the wake of the current 2021-2023 remuneration policy to specify in an increasingly specific way the non-financial objectives linked to sustainability, which are already predetermined and measurable, and proposes in the new remuneration policy that will be adopted from 2024 to continue on this path.

With reference to the Letter containing the recommendations for 2023, it was sent to the Board and the Board of Statutory Auditors as soon as it was received, on 27 January 2023. The Board of Statutory Auditors met on 9 February 2023 to examine the recommendations contained in the Letter and shared its considerations with the Company. It was then examined preliminarily by the Board at its meeting of 27 February 2023 with the decision to supplement this report where appropriate with more detailed information on the issues highlighted in the Letter and then in the meeting held on 15 March 2023 following which the mandate was given to the internal board committees to continue the process of evolution of the remuneration policy also in light of the new activities relating to the evolution of sustainability legislation. On the other issues covered by the recommendation, the Council has assessed a substantial alignment at present.

For the Board of Directors
The Chairman - Gabriele Clementi

TABLES

TABLE 1 - INFORMATION ON THE OWNERSHIP STRUCTURE

based on information available to the Issuer on 31 December 2022

STRUCTURE OF SHARE CAPITAL				
	No. shares	% of share capital	Listed	Rights and obligations
Ordinary shares (state if increased voting rights are possible)	79,837,760	100%	Milan Stock Exchange	Ordinary, by law
Preference shares	0			
Shares with multiple votes	0			
Other categories of share with voting rights	0			
Savings shares	0			
Convertible savings shares	0			
Other categories of share without voting rights	0			
Other	0			

OTHER FINANCIAL INSTRUMENTS
(assigning the right to subscribe to newly-issued shares)

	Listed (indicate markets) / not listed	No. outstanding instruments	Category of shares to service conversion/exercise	No. shares to service conversion/exercise
Convertible bonds	===	0	===	0
Warrants	===	0	===	0

SIGNIFICANT INTERESTS IN THE SHARE CAPITAL based on information obtained by the Issuer from the TUF 120 forms received by 31 December 2022*

Declarant	Direct shareholder	% of ordinary capital	% of voting capital
ANDREA CANGIOLI	ANDREA CANGIOLI	14,741	14.741
ALBERTO PECCI	S.M.I.L. s.r.l.	10,079	10,079
ALBERTO PECCI	ALBERTO PECCI	0,334	0,334
GABRIELE CLEMENTI	GABRIELE CLEMENTI	9,578	9,578
IMMOBILIARE DEL CILIEGIO	IMMOBILIARE IL CILIEGIO s.r.l.	7,263	7,263
KEMPEN ORANJE PARTICIPATIES N.V.	KEMPEN ORANJE PARTICIPATIES N.V.	6,833	6,833
KEMPEN INTERNATIONAL FUNDS	KEMPEN ORANJE PARTICIPATIES N.V.	0,145	0,145

* the percentages reflect the certifications deposited for attendance at the Shareholders' Meeting held on 15 December, the TUF 120 forms received during the Year; the changes include the effect of exercising options pursuant to the 2016-2025 Stock Option Plan

TABLE 2: COMPOSITION OF THE BOARD OF DIRECTORS ON THE REPORTING DATE

<i>Board of Directors</i>													
<u>Office</u>	<u>Members</u>	<u>Year of birth</u>	<u>Date first appointment</u>	<u>In office from</u>	<u>In office until</u>	<u>List of submitters</u>	<u>List (M/m)</u>	<u>Exec.</u>	<u>Non-Exec.</u>	<u>Ind., Code</u>	<u>Ind., TUF</u>	<u>No. other appointments</u>	<u>% meeting attendance</u>
<i>Chairman and Managing Director</i>	Gabriele Clementi	1951	5 September 2000	27 April 2021	Approval 2023 FS	Shareholders	M	X				0	8/8
<i>Managing Director</i> •	Andrea Cangioli	1965	5 September 2000	27 April 2021	Approval 2023 FS	Shareholders	M	X				0	8/8
<i>Managing Director</i>	Barbara Bazzocchi	1940	5 September 2000	27 April 2021	Approval 2023 FS	Shareholders	M	X				0	7/8
<i>Director</i> ◦	Fabia Romagnoli	1963	28 April 2015	27 April 2021	Approval 2023 FS	Shareholders	M		X	X	X	0	8/8
<i>Director</i>	Daniela Toccafondi	1962	27 April 2021	27 April 2021	Approval 2023 FS	Shareholders	M		X	X	X	0	8/8
<i>Director</i>	Alberto Pecci	1940	16 July 2002	27 April 2021	Approval 2023 FS	Shareholders	M		X			0	7/8
<i>Director</i>	Michele Legnaioli	1964	5 September 2000	27 April 2021	Approval 2023 FS	Shareholders	M		X	X	X	0	8/8

Number of meetings held during the year: 8

Quorum required for the presentation of minority lists for the election of one or more members (pursuant to art. 147-ter TUF): 2.5% (2021); 1% (2022); 1% (2023).

NOTES

The following symbols must be included in the "Office" column:

• This symbol indicates the director responsible for the system of internal control and risk management.

◦ This symbol indicates the Lead Independent Director (LID).

(*) The date of first appointment of each director is the date on which that director was appointed for the very first time to the Board of Directors.

(**) This column indicates if the list from which each director was drawn was submitted by shareholders ("Shareholders") or the Board ("Board").

(***) This column reports the list from which each director was drawn ("M": majority; "m": minority).

(****) This column reports the number of appointments held by the person concerned as a director or statutory auditor of other listed or large companies. The appointments are detailed in full in the Report on corporate governance.

(*****) This column reports the attendance of directors at Board meetings (indicate the number of meetings attended with respect to the total number of meetings held; e.g. 6/8; 8/8 etc.)

TABLE 3: COMPOSITION OF BOARD COMMITTEES ON THE REPORTING DATE

Board		Executive Committee		RPT Committee		Control and Risks Committee		Remuneration Committee		Nominations Committee		Sustainability Committee	
Position/Status	Members	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman of the Board	Name and Surname	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CEO	Name and Surname	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Non-Executive Director - Independent, TUF and/or Code	Fabia Romagnoli			6/6	M	6/6	M	4/4	C	0	M	6/6	M
Non-Executive Director - Independent, TUF and/or Code	Michele Legnaioli			6/6	C	6/6	C	4/4	M	0	M	6/6	C
Non-Executive Director - Independent, TUF and/or Code	Daniela Toccafondi			6/6	M	6/6	M					6/6	M
Non-Executive Director - not independent	Alberto Pecci			6/6	M	6/6	M	4/4	M	0	C	6/6	M
DIRECTORS WHO CEASED TO HOLD OFFICE DURING THE YEAR (NOT APPLICABLE)													
Executive/Non-Executive Director - Independent, TUF and/or Code / not independent	Name and Surname												
ANY MEMBERS WHO ARE NOT DIRECTORS (NOT APPLICABLE)													
Executive of the Issuer/Other	Name and Surname												
Number of meetings held during the year		N/A		6		6		4		0		6	
NOTES: The committee for control and risks, related-party transactions and sustainability met 6 times in total. (*) This column reports the attendance of directors at committee meetings (indicate the number of meetings attended with respect to the total number of meetings held; e.g. 6/8; 8/8 etc.). (**) This column reports the role of the director on the committee: "C": Chairman; "M": Member.													

With regard to the meetings of the committee for control and risks, related-party transactions and sustainability, this is just one committee comprising four directors that met 6 times in total, dealing on a case-by-case basis with the items on the agenda.

TABLE 4: COMPOSITION OF THE BOARD OF STATUTORY AUDITORS

Office	Members	In office from	In office until	List (M/m)	Independence, Code	% participation at BSA meetings	No. other appointments in companies listed on Italian regulated markets
Chairman	Carlo Carrera	29 April 2022	Approval FS 2024	M	X	100%	0
Serving Auditor	Paolo Caselli	29 April 2022	Approval FS 2024	M	X	100%	0
Serving Auditor	Rita Pelagotti	29 April 2022	Approval FS 2024	M	X	94%	0
Alternate Auditor	Alessandra Pederzoli	29 April 2022	Approval FS 2024	m	X	= =	0
Alternate Auditor	Gino Manfriani	29 April 2022	Approval FS 2024	M	X	= =	0
AUDITORS WHO CEASED TO HOLD OFFICE DURING THE YEAR							
Dott. Vincenzo Pilla, on 29 Aprile, due to the expiring of the term							
Number of meetings held during 2021: 16 (sixteen)							
CONSOB Decision 76 dated 30 January 2023 fixed at 1.00% of share capital the ownership needed in order to present lists.							

ATTACHMENTS

Attachment 1: Section on “Main features of the systems of internal control and risk management applied in relation to the separate and consolidated financial reporting process”, pursuant to art. 123-bis, para. 2, letter b), TUF

This document describes the “main features of the systems of internal control and risk management applied in relation to the separate and consolidated financial reporting process”, pursuant to art.123-bis, para. 2, letter b) TUF (hereinafter, the “System”).

1) Introduction

The Issuer has defined its own system of internal control and risk management in relation to the financial reporting process, making reference in accordance with international best practice to the CoSO Framework, devised by the Committee of Sponsoring Organizations of the Treadway Commission (as supplemented for IT matters by the CoSO Enterprise Risk Management (ERM) Framework), and the Confindustria Guidelines.

The CoSO Report defines internal control as the process, implemented by the Board of Directors, management and all personnel, designed to provide reasonable assurance about achievement of the following business objectives:

- effective and efficient operating activities (operations);
- reliable financial disclosures (reporting), in order to ensure that they present a true and fair view of the economic and financial position, in accordance with generally accepted accounting standards;
- compliance with applicable laws and regulations (compliance).

The control system of the Issuer rests on the following main pillars:

Control environment: it is the environment in which individuals operate and represents the culture of control permeated in the organization. It consists of the following elements: Code of Ethics, Company Organization Chart, system of proxies and powers of attorney, organizational provisions, Code Of conduct *Internal Dealing* for transactions carried out on financial instruments of El.En. s.p.a., Regulation for the Processing of Corporate Information of El.En. s.p.a., Regulation for Transactions with Related Parties of El.En. s.p.a., Consolidated Non-Financial Statement, Manual for the Protection of Personal Data (GDPR), Risk Assessment Document (RAD), Integrated Management System Manual, Organizational Model pursuant to Legislative Decree 231/2001 and the Policies Environmental, Human Rights, Anti-Corruption and Diversity approved by the Board of Directors of the Issuer, accepted and approved by all subsidiaries and disseminated to all Group employees.

Identification and assessment of risks: the process that ensures the identification, analysis and management of business risks, with particular reference to the analysis of administrative-accounting risks linked to accounting disclosures and the controls intended to contain them.

Control activities: the set of control practices and procedures implemented to contain business risks and reduce them to an acceptable level, while guaranteeing achievement of the established business objectives. They comprise the following elements:

- i. *Administrative-accounting procedures:* set of business procedures involved in the preparation and dissemination of accounting information (e.g. administrative-accounting procedures relating, in particular, to the financial statements, periodic reporting and the administrative-accounting control matrices);
- ii. *Business procedures involved in the prevention and monitoring of operational risks, such as the quality management system ISO 9001:2015, ISO 13485:2016 MDSAP and Directive 93/42/EEC (already in part replaced by the European Medical Devices Regulation (EU) 2017/745 - MDR).*

Monitoring and reporting: the process followed to ensure the accurate and timely collection and communication of information, as well as the set of activities needed to check and periodically assess the adequacy, operation and effectiveness of the internal controls. Here, the focus is on the process of assessing the adequacy and effective application of the procedures and controls applied to the accounting information, so that the Director responsible for the system of internal control and risk management and the Responsible Executive can issue the attestations and declarations required pursuant to art. 154-bis TUF.

2) Description of the main features of the systems of internal control and risk management applied in relation to the financial reporting process

The system of internal control applied in relation to the financial reporting process seeks to guarantee the credibility, accuracy, reliability and timeliness of financial disclosures.

a) Phases of the system of the internal control and risk management applied in relation to the financial reporting process

The main features of the system of internal control applied in relation to the financial reporting process are described below:

a.1) Identification and assessment of financial reporting risks:

The process of identifying and assessing the risks (risk assessment) associated with accounting and financial reporting is carried out by the Responsible Executive, and discussed with the Director responsible for the system of internal control and risk management and the Control and Risks Committee.

The risk assessment process involves the following activities:

- **analysis and selection of the significant accounting information** disseminated to the market (analysis of the latest financial statements or the latest available half-yearly report of the parent company and the group, in order to identify the main risk areas and significant related processes);
- **identification of significant subsidiaries and the significant administrative-accounting areas**, for each item reported in the consolidated financial statements, based on the quantitative criteria defined;
- **identification and assessment of the inherent risk** affecting the significant administrative-accounting areas, as well as the related input processes/accounting flows, based on an analysis of quali-quantitative indicators;
- **communications**, to the functions involved of the **action areas** for which it is necessary to prepare and/or update administrative-accounting procedures.

a.2) Identification of controls addressing the risks identified:

The risk assessment was followed by identifying specific controls that reduce to an acceptable level the risks associated with failure to achieve the System objectives at both corporate and process level. For this purpose, the Issuer has defined so-called “Administrative-accounting control matrices” within the system of administrative-accounting procedures; these documents describe the control activities existing within each significant administrative-accounting process. The controls described in the matrices are an integral part of the Issuer’s system of administrative-accounting procedures.

At the process level, specific controls have been identified including checks on proper accounting recognition with reference to supporting documentation, the issue of authorisations, the completion of reconciliations and the performance of consistency checks. In addition, the controls identified at the process level have been classified, based on their characteristics, as either manual or automatic.

At corporate level, “pervasive” controls have been identified, being controls applying to the entire organisation including the assignment of responsibilities, the distribution of powers and the assignment of tasks, as well as the general controls existing over the IT systems and the segregation of duties.

a.3) Assessment of controls addressing the risks identified:

The verification and periodic assessment of the adequacy, operation and effectiveness of the administrative-accounting controls comprises the following phases:

- **Continuous supervision** by corporate/function management in the context of routine operations;
- **Performance of control and monitoring activities** intended to assess the design and effective operation of the controls in place. These activities are carried out by the Responsible Executive, who is assisted in the performance of tests by personnel in the Finance Department and external consultants.

The outcome of the above checks on the adequacy and operation of the system of accounting control was documented in a report on the effectiveness of the System that, after agreement with the Director responsible for the system of internal control and risk management, was communicated by the Responsible Executive to the Control and Risks Committee and the Board of Statutory Auditors, in its role as the Internal Control Committee.

B) Roles and Functions involved

The principal responsibilities identified in order to guarantee the proper functioning of the System are indicated below:

- the **Board of Directors** is responsible for appointing the Executive responsible for preparing corporate accounting documents; ensuring that the Responsible Executive satisfies adequate requirements (in terms of authority, professionalism and independence) and has the powers and resources needed to perform the duties assigned; establishing periodic information flows, so that the Responsible Executive can report on the results of the work performed and any issues identified, not least in order to agree the actions needed to overcome and significant problems. In the performance of its functions, the Board is assisted by the **Control and Risks Committee**, which gives advice and makes proposals in various areas, including on the administrative-accounting system of internal control;
- the **Board of Statutory Auditors** performs the function of the Internal Control and Audit Committee, with the duties and responsibilities specified in art. 19 of Decree 39/2010.
- the **Director responsible for the system of internal control and risk management** takes responsibility for implementing and monitoring the system of internal control, with particular reference to the administrative-accounting procedures; validates, together with the Responsible Executive, the results of the periodic risk assessments; assesses, having regard for the investigations carried out by the Responsible Executive, the effectiveness of the procedures implemented; review all the “other financial information” disclosed to the market;
- the **Executive responsible for preparing corporate accounting documents** is, in addition to the responsibilities accepted jointly with the Director responsible for the system of internal control and risk management, responsible for assessing and monitoring the adequacy and operation of the administrative-accounting system of internal control, by carrying out investigative work.
- the **Internal Auditor** responsible for performing checks on the financial reporting area verifies, in compliance with international standards, the operation and suitability of the system of internal control and risk management as it relates to the financial reporting process, both continuously and in response to specific needs.
- the **Supervisory Body** is responsible for monitoring compliance with the Organisational Model pursuant to Decree 231/2001, including respect for the procedures established by the Issuer for the prevention of corporate offences.