



**REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
OF EL.EN. S.P.A.**

pursuant to art. 123-bis of Italian Legislative Decree of 24 February 1998, no. 58

(traditional management and control model)

approved by the Board of Directors at its meeting on 14 March 2024

Financial year 2023

Website: www.elengroup.com

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GLOSSARY

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

Code/CG Code: the Corporate Governance Code for Listed Companies approved in January 2020 by the Corporate Governance Committee.

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

Committee/CG Committee/Corporate Governance Committee: the Italian Committee for Corporate Governance of Listed Companies, promoted not only by Borsa Italiana S.p.A., but also by ABI, Ania, Assogestioni, Assonime and Confindustria.

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

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

Group: the group of companies controlled by the Issuer.

Financial Year: the financial year ending 31 December 2023, to which the Report refers.

Consob Issuers Regulation: the Regulation issued by Consob with Resolution No. 11971 of 1999 (as subsequently amended) on issuers.

Consob Market Regulation: the Regulation issued by Consob with Resolution No. 20249 of 2017 on markets.

Consob Related Parties Regulation: the Regulation issued by Consob with Resolution No. 17221 of 12 March 2010 (as subsequently amended) concerning related party transactions.

Report: the 2024 Corporate Governance and Ownership Structure Report prepared and published pursuant to Art. 123-bis Consolidated Law on Finance.

Remuneration Report: the report on remuneration policy and compensation paid prepared and published pursuant to Art. 123-ter Consolidated Law on Finance and 84-quater Consob Issuers Regulation.

Consolidated Law on Finance/TUF: the Italian Legislative Decree of 24 February 1998, no. 58.

Where not otherwise stated, the Code's definitions (pages 3 and 4) concerning: **directors, executive directors, independent directors, significant shareholder, chief executive officer (CEO), board of directors, supervisory body,**

business plan, concentrated ownership company, large company, sustainable success, *top management*, must also be understood as referenced.

1.0 ISSUER PROFILE

Since the admission in 2000 of its ordinary shares to the MTA stock market (formerly MTAX and, previously, Nuovo Mercato) organised and managed by Borsa Italiana s.p.a., it has always been the intention of El.En. to maintain and perfect, compatibly with its own organisation and structure, a corporate governance system aligned with what is suggested and recommended by the Code and identified as *best practice*, as a valid and indispensable opportunity to increase its reliability and reputation with the market as well as to ensure a guide capable of ensuring the success of the Issuer and the Group in continuous evolution and lasting over time.

The Issuer has been a member of the Techstar segment since its establishment in 2004 and has been listed in the Star segment since 2005.

From 9 December 2016 to the end of 2018, it was included in the FTSE Italia Mid Cap Index, FTSE Italia Star segment. Subsequently, it was included in the FTSE Italia Small Cap Index, FTSE Italia Star segment, before being included again in the FTSE Italia Mid Cap Index, FTSE Italia Star segment, at the end of 2019.

El.En.'s *corporate* governance consists of a board of directors, a supervisory body and the shareholders' meeting body. When complying with the provisions of Italian Legislative Decree 17 January 2003, no. 6 and subsequent amendments and corrections, the shareholders of El.En. chose to maintain a traditional management and control system.

Currently, therefore, the Company is administered by a board of directors governed, in all its aspects (composition, functioning, compensation, powers, representation of the company), as well as by current legislation, by Articles 19 to 23 of the Articles of Association and is subject to the control and supervision of a board of statutory auditors governed in all its aspects by Article 25 of the Articles of Association.

The statutory audit of accounts is carried out by a company chosen from among those listed in the relevant CONSOB register.

Pursuant to and for the purposes of art. 2-ter Consob Issuers Regulation, the Issuer as of 31 December 2023 lost its SME qualification under Article 1, paragraph 1, letter *w-quater*, 1) TUF. On 8 January 2024, the public was informed, in the manner set out in Articles 65-quinquies, 65-sexies and 65-septies, of the change in qualification. The relevant press release can be found on the Issuer's website www.elengroup.com (<https://elengroup.com/it/investor-relations/comunicati-stampa.html>). It should also be noted that the market capitalisation threshold (equal to EUR 500 million) envisaged by Article 1, paragraph 1, letter *w-quater*, 1) of the Consolidated Law on Finance was raised as of 27 March 2024 to one billion euros following the enactment of Law 21/2024. The Company, therefore, will proceed with any fulfilments that will be established in implementation.

The value of the Issuer's capitalisation over the last three financial years, by which is meant the simple average of the daily capitalisations calculated with reference to the official price recorded during the year was as follows:

YEAR	DAYS	AVERAGE
2021	256	913,000,000
2022	255	1,057,000,000
2023	253	911,000,000

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

YEAR	CAPITALISATION AS AT 30 DECEMBER
2021	1243
2022	1138
2023	780

Furthermore, there is no person who holds the majority of the votes exercisable at the Shareholders' Meeting, not even indirectly. None of the relevant shareholders has disclosed the existence of shareholders' agreements, nor is this known to the Company.

The Issuer therefore does not qualify as a "large company" and cannot be defined as a "concentrated ownership company".

This Report is drafted on the basis of the relevant *format*, 9th edition, prepared for this purpose by Borsa Italiana S.p.A..

The Board of directors

It is the board of directors, which is vested with the broadest powers of ordinary and extraordinary administration for the performance of activities aimed at the pursuit of the corporate purpose with a view to the creation of long-term value for the benefit of the shareholders, taking into account the interests of other *stakeholders* relevant to the Issuer.

The Board pursues these objectives by means of responsible management that respects the economic, social and environmental balances of the context in which it operates, integrating into the strategies of the Issuer and the Group and into the remuneration policy targets linked to sustainable and lasting success, which take into account the internal and external environment in which all Group companies operate.

For a description of the Issuer's *mission* and the profiles relating to its sustainability, please refer to the non-financial statement published pursuant to Italian Legislative Decree no. 254/2016 on the Issuer's website at <https://elengroup.com/it/sostenibilita/dichiarazione-consolidata-carattere-non-finanziario>.

More information on how this role is interpreted is described in the Sections of the Report where the following are illustrated: (i) how this objective is integrated into strategies (Section 4.1), remuneration policies (Section 8) and the internal control and risk management system (Section 9); (ii) the corporate governance measures specifically adopted in this regard.

The current Board was elected by the Shareholders' Meeting held on 27 April 2021 and, following a Board resolution of the same date, is made up of executive and non-executive directors organised, for the performance of advisory and proposal-making functions in support of the Board, into three committees: for control and risk, related party transactions and sustainability; for remuneration; and for appointments.

Three directors were elected because they meet the independence requirements of Article 148-ter Consolidated Law on Finance and Article 2 of the Code.

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

Pursuant to the Board resolution of 27 April 2021, the executive directors have been vested with all powers of ordinary and extraordinary administration for the performance of all activities falling within the corporate purpose, with the sole exception of those powers that are prohibited from being delegated pursuant to Article 2381 of the Italian Civil Code and the Articles of Association.

The Board expires with the approval of the 2023 annual budget and must therefore be renewed by the Shareholders' Meeting in 2024.

Since 5 September 2000, the Board has set up the following committees, the majority of which are made up of non-executive and independent directors, who have been entrusted with the tasks described and governed by the respective regulations:

- a) *committee for nominations to the office of director* (hereinafter also referred to as the "Appointments Committee");
- b) *committee for remuneration* (hereinafter "Remuneration Committee");
- c) *control and risk committee for transactions with related parties and for sustainability* (formerly *internal control committee* and hereinafter "Control and Risk Committee").

The committee regulations also regulate their composition and role.

They were approved in an initial version on 5 September 2000, and are revised periodically and on the occasion of adjustments to new laws and regulations or internal organisational changes within the Issuer.

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

Furthermore, the company has entrusted a specific committee with the task of supporting the Board in analysing issues relevant to long-term value generation and sustainable success (Section 6).

As of 5 September 2000, the Board also appointed an internal control officer. The internal control and risk management system has been in a process of continuous evolution expanded and organised as described later in the Report (Section 9) with the aim of preserving the integrity of the Issuer and the Group with a view to enabling the achievement of the strategic and long-term objectives set by the Board.

The Board also meets at least quarterly to ensure that the Board of Statutory Auditors is adequately informed on the activities carried out, on the most significant transactions carried out by the Issuer and its subsidiaries, as well as, where necessary, on the execution of transactions with related parties or of particular complexity and/or importance, and, lastly, whenever the Chairman and/or the executive directors intend to share with the entire Board issues and decisions within their competence.

The Issuer's directors participate, as members, in the board of directors of most of the subsidiaries or serve as their sole director. In other cases, the Board of Directors of the subsidiaries provides the broadest information necessary for the organisational definition of the Group's activities and the accounting information required to fulfil legal obligations: by the end of the month following the end of the quarter in question, the subsidiaries provide all the information necessary for the preparation of a consolidated economic and financial *report*.

The provisions of the Articles of Association concerning the appointment of directors, the composition of the Board of Directors and the powers reserved to it – Articles 19, 21 and 22, respectively - were amended by the Shareholders' Meeting held on 15 May 2007 in order to adapt them, to the extent necessary and not already provided for, to the new Consolidated Law on Finance and the Code, and then adapted by the Shareholders' Meeting held on 28 October 2010 to the provisions of Italian Legislative Decree 27/2010 cit.. On that occasion, the Board was also given the authority to make use of the provisions of Articles 11 and 13 of the Consob Related Parties Regulation on the subject of urgent related party transactions.

At the shareholders' meeting held on 15 May 2012, Article 19 of the Articles of Association was adapted to comply with Law 12 July 2011, no. 120 on the subject of balance between genders represented. Referring to the legislation in force, it did not need, even following the amendments introduced to Article 147-ter Consolidated Law on Finance as amended by Article 1, paragraph 302 of Law No. 160 of 27.12.2019 in the text republished in the Official Gazette No. 13 of 17.1.2020, to be amended in the relevant part.

Finally, the Shareholders' Meeting of 15 May 2013 removed from the text of Articles 19 and 25 - regulating the election mechanism, respectively: the first, of the Board of Directors; the second, of the supervisory body - the prohibition on withdrawing the certificates attesting the right to submit nomination proposals before the actual meeting. On this occasion, other typos in these articles referring to the date of filing/communication of the certification were removed.

For a detailed description, please refer to the following respective paragraphs in the part of the Report devoted to information on adherence to the Code.

With regard to the required presence of so-called independent directors, which since 2005 has been a legal obligation, the Articles of Association provide for this obligation in implementation of the practice that the Issuer, in compliance with the Code's regulations, has perpetuated since 2000, the year in which its securities were admitted to listing.

The Board of Statutory Auditors

The Board of Statutory Auditors is the supervisory body which, by virtue of legal, regulatory and statutory provisions, is responsible for supervising compliance with the law, the articles of association and correct administration principles, the adequacy of the Company's organisation structure for its areas of competence, the internal control system and the administrative-accounting system adopted by the Company, and their actual functioning. The Board of Statutory Auditors also supervises the matters provided for in Article 19 of Italian Legislative Decree 27 January 2010 no. 39 as well as the concrete implementation of the corporate governance rules provided for in the Code, compliance with Consob provisions and the concrete implementation of corporate procedures concerning related parties.

This body is also responsible for supervising the adequacy of the instructions given to the subsidiaries so that they provide all the information necessary to fulfil their statutory reporting obligations.

The current Board of Statutory Auditors, elected at the shareholders' meeting of 29 April 2022, expires with the approval of the financial statements for the financial year 2024.

The Articles of Association establish a limit to the accumulation of offices, pursuant to Article 148-bis of the Consolidated Law on Finance, by providing as a cause of ineligibility and disqualification, for candidates or elected auditors, the fact that they hold the office of standing statutory auditor in more than five listed companies, as well as those who find themselves in situations of incompatibility or exceed the maximum limit provided for by the Consob Issuers Regulation (Articles 144-duodecies et seq.).

It was also specified – following an amendment to the Articles of Association approved by the Shareholders' Meeting of 15 May 2007 - in Article 25 of the Articles of Association, which already provided for election by list voting, that the standing statutory auditor drawn from the minority list that came first is elected chairman of the board of statutory auditors.

Finally, with the shareholders' meeting of 15 May 2012, the company adapted Article 25 of the Articles of Association to Law 12 July 2011, no. 120 on the subject of balance between genders represented. Referring to the legislation in force, it did not need to be amended again as a result of what was introduced in Article 147-ter Consolidated Law on Finance by Article 1, paragraph 302 of Law No. 160 of 27.12.2019 in the text republished in the Official Gazette No. 13 of 17.1.2020.

Pursuant to art. 144-septies, paragraph 2, Consob Issuers Regulation, the minimum shareholding in the share capital required at the last election for the submission of lists of candidates for members of the Board of Statutory Auditors was 1%, in accordance with Art. 25 of the Articles of Association, by Art. 144-sexies Consob Issuers Regulation and CONSOB Determination no. 60 of 28 January 2022.

Statutory audit of accounts

The statutory audit of accounts is entrusted (pursuant to the provisions introduced by Italian Legislative Decree 39/2010) to an auditing company registered in the appropriate CONSOB register.

The Shareholders' Meeting convened to approve the financial statements for the financial year 2019, appointed EY s.p.a. for the financial years 2021-2029 pursuant to Article 17 of Italian Legislative Decree 39/2010.

Internal dealing

Until 30 March 2006, the Issuer had approved - as of 1 January 2003 - a “Code of Conduct” for the parties that could be defined as relevant pursuant to and for the purposes of Articles 2.6.3 and 2.6.4. of the “Regulation of Markets Organised and Managed by Borsa Italiana s.p.a.” then in force, which, with reference to the transactions carried out by them, governed the disclosure obligations and behavioural procedures to be observed in order to ensure maximum transparency and uniformity of information towards the market.

By virtue of the amendments made to the Consolidated Law on Finance by the 2004 Community Law (L. 18 April 2005, no. 62), in transposition of the EU directive on *market abuse*, and the subsequent implementing regulations issued by Consob, as of 1 April 2006, the Company was required to comply with the provisions on *internal dealing* set forth in Articles 114, paragraph 7, of the Consolidated Law on Finance and Articles *152-sexies* to *152-octies* of the Consob Issuers Regulation, respectively.

As of 1 April 2006, therefore, the obligation to disclose to the public the transactions carried out by relevant persons, and persons closely related to them, on financial instruments of the Company became law and, consequently, the *internal dealing* rules contained in the Regulation of Markets Organised and Managed by Borsa Italiana s.p.a. were repealed.

As a result of the foregoing, the code of conduct adopted in 2003 by the Issuer was replaced by a new document - adopted on 31 March 2006 and subsequently amended on 13 November 2006 and on 13 November 2015 - which, in addition to organically reproducing the legal obligations, provides for periods of limitation or prohibition on the performance of transactions by the aforementioned persons.

During the financial year 2016 and following the entry into force of E.U. Reg. 596/2014, the period of prohibition to carry out transactions on the Issuer’s financial instruments was extended, bringing it into line with the new legislation.

During the 2017 financial year, the code of conduct was brought into line with the new rules also in relation to the amendments to Title VII, Chapter II, of the Issuers' Regulations introduced by Consob with resolution 19925 of 22 March 2017. With this resolution, in fact, it made use of the option provided for in Article 19, paragraph 9, E.U. Reg. 596/2014 to raise the threshold above which reporting obligations are triggered to EUR 20,000.00 per year.

In the course of 2019, the code of conduct was further amended by specifying the extension of the *black-out periods* under Article 19 of EU Reg. 596/2014 also to the 30 days preceding the approval of quarterly financial reports.

* * *

2.0 INFORMATION ON PROPRIETARY STRUCTURES (pursuant to art. 123-bis, paragraph 1, Consolidated Law on Finance) AS OF 31 DECEMBER 2023

a) Share capital structure (pursuant to art. 123-bis, paragraph 1, letter a), Consolidated Law on Finance)

As at 31 December 2023, the subscribed and paid-up share capital was EUR 2,598,871.99 divided into 79,965,292 ordinary shares with no express par value.

The Board, following the delegation received at the Shareholders' Meeting of 12 May 2016 pursuant to Art. 2443 of the Italian Civil Code, implemented the Stock Option Plan 2016-2025 described in the Management Report accompanying the 2022 Financial Statements section "STOCK OPTIONS OFFERED TO DIRECTORS, COLLABORATORS AND EMPLOYEES" and in the information document prepared 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) – section *Investor Relations – Corporate Documents – Stock Option Plan 2016-2025*.

As of 31 December 2023, n. 693,851 option rights had been exercised out of the 800,000 exercisable over the entire period of the Plan.

On 20 July 2021, the Shareholders' Meeting approved the elimination of the express par value of the shares and the increase of the total number of shares through a one-for-four split of the outstanding ordinary shares. The split then resulted in an increase in the number of outstanding shares from 19,929,586 to 79,718,344 ordinary shares, through the withdrawal and cancellation of the issued and pre-existing ordinary shares, and the assignment, for each ordinary share withdrawn and cancelled, of 4 newly issued ordinary shares. The share capital did not change as a result of the *stock split*. Accordingly, the Shareholders' Meeting approved the amendments to Article 6 of the Articles of Association (paragraphs 1-3-4) concerning the share capital, pursuant to and for the purposes of Articles 2328, 2346 and 2443 of the Italian Civil Code, and the amendment of the 2016-2025 Stock Option Plan. Withdrawal and issuance of fractional shares without express par value began on 2 August 2021 with allocation of a new ISIN code: IT0005453250.

The Board, following the delegation received from the Shareholders' Meeting of 15 December 2022 pursuant to Art. 2443 of the Italian Civil Code, on 15 March 2023 implemented the 2026-2031 Stock Option Plan described in the Management Report accompanying the 2023 Financial Statements section "STOCK OPTIONS OFFERED TO DIRECTORS, COLLABORATORS AND EMPLOYEES" and in the information document prepared 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) – section *Investor Relations – Corporate Documents – Stock Option Plan 2026-2031*.

(b) Restrictions on the transfer of securities (pursuant to Art. 123-bis, paragraph 1, letter b), Consolidated Law on Finance)

There are no restrictions on the transfer of shares.

(c) Significant holdings of capital (pursuant to art. 123-bis, paragraph 1, letter c), Consolidated Law on Finance)

According to the information and data available as at 31 December 2023, the shareholders listed in the attached Table 1 have a significant shareholding (greater than 5%) in the Issuer's share capital.

Following the public disclosure on 8 January 2024 of the Issuer's changed qualification pursuant to Article 1, paragraph 1, letter w-quater, 1) of the Consolidated Law on Finance and, therefore, of the lower threshold (3%) provided for by Article 120, paragraph 2, of the Consolidated Law on Finance, as a relevant shareholding, the Issuer, up to the date of publication of this Report, has not received any related communication.

(d) Securities conferring special rights (pursuant to Art. 123-bis, paragraph 1, letter d), Consolidated Law on Finance)

None.

e) Employee share ownership: mechanism for exercising voting rights (pursuant to art. 123-bis, paragraph 1, letter e), Consolidated Law on Finance)

No mechanism.

(f) Restrictions on voting rights (pursuant to Art. 123-bis, paragraph 1, letter f), Consolidated Law on Finance)

None.

(g) Shareholders' agreements (pursuant to Art. 123-bis, paragraph 1, letter g), Consolidated Law on Finance)

No agreement known to the Issuer.

h) Clauses of change of control (pursuant to art. 123-bis paragraph 1, letter h), Consolidated Law on Finance) and statutory provisions on takeover bids (pursuant to art. 104, paragraph 1-ter, and 104-bis paragraph 1)

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

With regard to the provisions of the Articles of Association concerning takeover bids, the Shareholders' Meeting, by resolution of 13 May 2011, included among the powers of the Board, pursuant to Article 104, paragraph 1-ter, Consolidated Law on Finance, the power to implement defensive manoeuvres in the event of a takeover bid, even in the absence of authorisation by the Shareholders' Meeting.

No further statutory provisions on takeover bids.

i) Powers to increase the share capital and authorisations to purchase treasury shares (pursuant to art. 123-bis, paragraph 1, letter m), Consolidated Law on Finance)

On 13 September 2016, the Board fully exercised the authority granted to it by the Shareholders' Meeting of 12 May 2016 pursuant to Article 2443, Italian Civil Code.

For details, please refer to what has already been said above under letter a) of this section regarding the share capital structure and the references therein for consulting the relevant documents.

On 27 April 2021, the Shareholders' Meeting authorised the purchase of treasury shares under the conditions proposed by the Board of Directors, pursuant to, for the effects and within the limits set by Articles 2357 and 2357-ter of the Italian Civil Code. The authorisation expired on 26 October 2022.

On 27 April 2023, the Shareholders' Meeting once again authorised the Company to purchase treasury shares under the conditions proposed by the Board of Directors, pursuant to, for the effects and within the limits set by Articles 2357 and 2357-ter of the Italian Civil Code. The authorisation will expire on 26 October 2024.

As of 14 March 2024, the Company held 35,970 treasury shares.

The Shareholders' Meeting held on 15 December 2022 resolved, in the ordinary session, to approve a share incentive plan (so-called stock option) 2026-2031 reserved for directors, collaborators and employees of the company and its subsidiaries ("Stock Option Plan 2026-2031") and in the extraordinary session to delegate to the Board pursuant to Art. 2443, II co., of the Italian Civil Code, to increase the share capital in one or more instalments, also in divisible form, within five years from the date of the resolution, for a maximum nominal amount of Euro 65,000.00 by issuing a maximum of no. 2,000,000 ordinary shares without express par, for a fee, to be freed through payment of a price to be decided by the Board in a unit value, inclusive of surcharge, equal to the arithmetical mean of the official prices registered by the ordinary shares of the Issuer on the Market organised and managed by Borsa Italiana s.p.a. in the 6 months prior to the single resolution of the Board, to increase capital, even partially, as long as that value is not lower than the one decided based on the net consolidated equity of the El.En. Group as at 31 December of the last financial statements published at the date of the respective single increase resolution, even partial, in execution of the powers attributed.

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

The Board, pursuant to Art. 2443 of the Italian Civil Code, on 15 March 2023 partially exercised the proxy by implementing the 2026-2031 *Stock Option* Plan described in the Management Report accompanying the 2023 Financial Statements section "STOCK OPTIONS OFFERED TO DIRECTORS, COLLABORATORS AND EMPLOYEES" and in the information document prepared 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) – section *Investor Relations – Corporate Documents – Stock Option Plan 2026-2031*.

The first *tranche* of the options granted will be exercisable as of 1 April 2026.

I) Management and coordination activities (pursuant to art. 2497 et seq. of the Italian Civil Code)

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

* * *

The information required by Article 123-bis, paragraph 1, letter i) of the Consolidated Law on Finance ("*agreements between the company and the directors ... providing for indemnities in the event of resignation or dismissal without just cause or if their employment ceases as a result of a takeover bid*") is contained in the remuneration section of the Report (Section 8.1);

The information required by Article 123-*bis*, first paragraph, letter l), first part of the Consolidated Law on Finance (“*the rules applicable to the appointment and replacement of directors ... if different from the laws and regulations applicable on a supplementary basis*”) is illustrated in the section of the Report dedicated to the Board (Section 4.2);

The information required by Article 123-*bis*, paragraph one, letter l), Part II of the Consolidated Law on Finance (“*the rules applicable ... to the amendment of the articles of association, if different from the laws and regulations applicable on a supplementary basis*”) is explained in the section of the Report dedicated to the Shareholders' Meeting (Sect. 13).

* * *

3.0 COMPLIANCE (*pursuant to art. 123-bis, paragraph 2, letter a), first part, Consolidated Law on Finance*)

The Issuer has adhered to the Code, in its various editions and versions, since the original 1999, since the admission, in 2000, of its securities to listing on the market organised and managed by Borsa Italiana s.p.a., consistent with its size and structure, in a process of continuous evolution towards progressive alignment with what is suggested and recommended therein.

The version of the Code (2020) under which the Report is prepared is publicly accessible on the Corporate Governance Committee's *website* at <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>

The information referred to in Article 123-*bis*, paragraph 2, letter a) of the Consolidated Law on Finance is contained in the following different, related and relevant sections of the Report.

* * *

Neither the Issuer, nor its subsidiaries, are subject to non-Italian law provisions affecting the structure of *corporate governance* 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 is the body vested with the broadest powers for the management of the company and it guides the Company by pursuing its sustainable success and exercising the powers vested in it by Articles 20 and 22 of the Articles of Association.

In accordance with the provisions of Principles P.I. and P.II. of the Code, the Board defines the strategies of the Company and the Group - by approving a three-year strategic plan of the Company and Group, drawn up taking into account the issues relevant to the generation of long-term value and supplemented with goals, also of a non-economic nature, relating to sustainable success - and monitors their implementation.

For the definition of the sustainability plan, the activities performed and planned and the objectives that the Board deems material in this respect, please refer to the non-financial statement published pursuant to Italian Legislative Decree no. 254/2016 on the Issuer's website at <https://elengroup.com/it/sostenibilita/dichiarazione-consolidata-carattere-non-finanziario>.

To the Council are reserved:

- a) the examination and approval of the Issuer's and the Group's strategic plan, also on the basis of the analysis of the issues relevant to the generation of long-term value (Rec. 1(a)).
- b) the periodic monitoring of the implementation of the business plan, as well as the assessment, on a quarterly basis, of the general operating performance, periodically comparing the results achieved with those planned (Rec. 1(b));
- c) the definition of the nature and level of risk compatible with the Issuer's strategic objectives, including in its assessments those elements that may be relevant to the Issuer's sustainable success (Rec. 1(c));
- d) the definition of the Issuer's corporate governance system and Group structure (Rec. 1(d), first part);
- e) the assessment of the adequacy of the organisational, administrative and accounting structure of the Issuer and its strategically important subsidiaries, with particular reference to the internal control and risk management system (Rec. 1(d), second part) (Section 9 for details);
- f) resolution on transactions of the Issuer and its subsidiaries that have significant strategic, economic, capital or financial importance for the Issuer, establishing the general criteria for identifying significant transactions (Rec. 1(e));
- g) the adoption of a procedure for the internal management and external disclosure of documents and information concerning the Issuer, with particular reference to inside information (Rec. 1, letter f)) (Section 5 for related information), upon the proposal of the chairman, in agreement with the director responsible for the management of corporate information.

On 5 March 2021, the Board approved the 2021-2023 development plan for the entire Group with reference to both the industrial and medical sectors, which takes into consideration as its primary objective the success of the company's business in the medium and long term, a *focus* always been central to the Company and the Group before its more social and environmentalist version became the pervasive meaning today *in vogue* in common feeling. Central to this, the Board considers and takes into account: the valorisation of human resources, environmental protection, investment in research and development and high product quality, as well as the safeguarding of interests and the creation of value for all relevant *stakeholders* (Rec. 1(a)). In defining the plan, the Board has defined and taken into account the aforementioned issues in order to be able to accept and deal with the challenges and risks that the social activities may present in its opinion in the period under review (Rec. 1(c)).

In the course of the financial year, at its meeting on 27 February, the Board reviewed the implementation of the strategic plan (Rec. 1(b)) and updated it with the forecast developments up to 2025.

On 12 September, the Board approved the Sustainability Plan 2023-2027, which can be found on the website www.elengroup.com in the "Sustainability" section (<https://elengroup.com/it/sostenibilita>).

At the date of publication of the Report, on 29 February, the Board approved the new strategic plan for the entire Group for the three-year period 2024-2026, also for the purpose of expressing to shareholders the guidelines on the qualitative and quantitative composition of the new board of directors that the shareholders' meeting is called upon to elect.

With regard to the definition of the Issuer's corporate governance system and the Group's structure, the first act of the Board expiring with the approval of the 2023 financial statements consisted of the assignment of management powers following the appointment of the new body on 27 April 2021 and the establishment of the board committees (Rec. 1(d), first part).

Furthermore, the Board – according to Art. 20 B of the Articles of Association - meets at least quarterly to ensure the performance of strategic policy-making and verification activities in relation to the exercise of delegated powers, also with reference to the relevant subsidiaries and, among these, those subject to management and coordination activities that include among the members of their respective boards of directors one of the Issuer's managing directors or the chairman.

The planned frequency of meetings is also aimed at ensuring that the Board operates in an informed and knowledgeable manner and assesses management performance on a quarterly basis, analysing the information received from the delegated bodies and the General Manager and the results achieved (Rec. 1(b)).

In fact, in the course of its meetings, the Board receives information from the delegated bodies, the general manager and other executives who are heard, and proceeds at each board meeting devoted to the approval of financial reports for the period, and, therefore at least every three months, to compare the results achieved with those planned. (Rec. 1(b)).

During the meetings, the Board is also informed, together with the Board of Statutory Auditors, on the activities carried out in the financial year of the delegated powers, on the general operating performance and outlook, as well as on the most significant economic, financial and equity transactions carried out also by subsidiaries, on those in potential conflict of interest, with related parties and those that are atypical or unusual with respect to the business operations.

Finally, the purpose of this periodicity is to also allow the non-executive directors to have the necessary elements to assess the organisational, administrative and accounting structure of both the Issuer and its main subsidiaries, prepared in their concrete operation by the managing directors with particular reference to the internal control and risk management system (Rec. 1(d)).

In implementation of the functions assigned to it, the Board, through the activities implemented and coordinated by the Control and Risk Committee, the Board of Statutory Auditors, as well as the written reports submitted every six months by the internal control/internal *auditors* and the manager in charge of drafting accounting and corporate documents, assessed, by sector respectively at the meetings of 15 March 2023 (referring to the activities of the second half of 2022 verification of the operation and suitability of the internal control and risk management system with reference to the area of financial statement preparation; updating of the matrix of areas subject to control and the control activities carried out and/or planned; area of real estate asset management and ordinary and extraordinary maintenance activities; activities carried out under L. 262/05), of 12 September 2023 (referring to the first half of 2023: update of the matrix of areas subject to control and the control activities performed and/or planned; verification of the operation and suitability of the internal control and risk management system with reference to the budgeting area; procurement area and planning of purchases for production; activities performed under L. 262/05), the adequacy of the general organisational, administrative and accounting structure of the Issuer set up by the managing directors, with particular reference to the internal control and risk management system.

In relation to the general organisational, administrative and accounting structure of strategically important subsidiaries prepared by the managing directors, with particular reference to the internal control and risk management system, the Board, within the scope of its activities *pursuant to* L. 262/2005, also proceeded for the year 2023 to review and define, in terms of risk, the limits of materiality and tolerable error, the scope of intervention for *compliance*, aimed at identifying companies and processes in *scope* and reviewing the *risk rating* associated with control. While the perimeter of the companies subject to control remained unchanged, the type of processes and cycles tested was expanded as a result of the significant growth of certain subsidiaries of a strategic nature.

The companies selected as relevant for the Financial year, in addition, of course, to the Issuer, are: Deka Mela S.r.l., Cutlite Penta S.r.l., Quanta System S.p.a., Asclepion Laser Technologies GmbH, With US Co. Ltd, Penta Laser (Wuhan) Co. Ltd. and Penta-Laser (Zhejiang) Co., Ltd, Penta Laser (Shandong) Co., Ltd. The company Esthelogue S.r.l. is selected as relevant only for the purpose of carrying out specific *tests* on individual, specific budget areas.

The results of the activities carried out during the year and the *tests* performed are summarised in written reports, which were, as usual, delivered and illustrated to the Control and Risk Committee and the Board of Statutory Auditors in its capacity as the Internal Control Committee at its regular meetings.

Art. 20 of the Articles of Association reserves to the Board the examination and prior approval of transactions of the Issuer and its subsidiaries, when such transactions have a significant strategic, economic, capital or financial significance for the Issuer (Rec. 1(e)) or subsidiaries, as well as on transactions in potential conflict of interest, those with related parties, and those that are atypical or unusual with respect to normal business operations. On 12 November 2021, the Board formalised the general criteria for the identification of significant transactions that it already used in this regard (Rec. 1(e)).

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

Please refer to the respective sections of the Report for further attributions to the Board regarding its composition, functioning, appointment and self-assessment (Section 7), remuneration policy (Section 8) and internal control and risk management system (Section 9).

In the course of 2021, in view of the renewal of the board, the Board proceeded to express its opinion on the size, composition, appointment and term of office of the board when issuing guidance to shareholders for the renewal of the board of directors. While neither in 2021 nor in the course of the Financial Year did it deem it necessary to draw up

reasoned proposals to be submitted to the Shareholders' Meeting for the definition of a different corporate governance system (Rec. 2).

During 2021, the Board adopted a document formalising the policy of dialogue with the general public (Rec. 3). For further information, please refer to Section 12 of the Report.

4.2. APPOINTMENT AND REPLACEMENT (pursuant to Art. 123-bis, paragraph 1, letter l), first part, Consolidated Law on Finance)

The appointment of Board members is by list voting and is governed by Art. 19 of the Articles of Association.

This article has been amended several times to adapt to the repeated legislative and regulatory interventions on the subject. It was first amended by the extraordinary shareholders' meeting held on 15 May 2007 in compliance with Art. 147-ter, paragraph 1 of the Consolidated Law on Finance and Consob Issuers Regulation, then by the extraordinary shareholders' meeting held on 28 October 2010 in compliance with Art. 147-ter, paragraph 1-bis introduced by Art. 3 of Italian Legislative Decree 27 January 2010, no. 27, then by the one held on 15 May 2012 in compliance with Article 147-ter, paragraph 1-ter, as well as the implementing provisions set forth in Article 144-undecies of the Consob Issuers Regulation, in relation to compliance with the gender balance, both in the formation of lists of candidates and in the composition of the elected body, as well as in the case of replacement of any members who may have ceased to hold office.

Moreover, prior to the introduction of Article 147-ter, paragraph 1-bis, of the Consolidated Law on Finance, in order to satisfy the interest of the generality of shareholders in knowing the personal and professional characteristics of the candidates with the advance notice necessary to be able to consciously exercise their right to vote, to anticipate the deadline for filing the lists with the statutory provisions (as provided for in Code 2006 6.C.1).

Lastly, the Shareholders' Meeting held on 15 May 2013, in view of the changed legislation and regulations on the right to submit lists of candidates following Italian Legislative Decree 18 June 2012, no. 91, removed from the text of the articles of association the prohibition on the withdrawal of certifications prior to the Shareholders' Meeting.

It currently reads, on the subject of appointment and composition:

“Art. 19 – Board of directors – (... omissis ...) *The following procedure is followed to appoint members of the board of directors. Shareholders intending to propose board member candidates must deposit in the registered office at least twenty-five days before the date set for the ordinary shareholders' meeting in first call:*

a) a list containing a progressive number of candidate names for the position of director and indication of which ones hold requirements of independence pursuant to art. 147-ter, paragraph 4, of Italian Legislative Decree of 24 February 1998, no. 58 and the Code of Self- Regulation prepared by the Corporate Governance Committee of listed companies promoted by Borsa Italiana s.p.a.;

b) together with the list shareholders must deposit: a full description of the professional profile of candidates presented, providing adequate motives for the proposal;

a curriculum vitae for each candidate which also includes the appointments as members of the board of directors or supervisory bodies held in other companies. And a declaration in which each candidate accepts the candidacy and states, under his/her responsibility, that there are no causes for ineligibility and incompatibility and that he/she holds the requirements prescribed by laws applicable and by the articles of association for the respective positions.

The creation of lists containing no less than three candidates must comply with regulations on gender balance.

The lists must provide identification of shareholders, or the name of the shareholder, presenting the list with full indication of personal details and the capital percentage owned singly and as a whole.

Each shareholder may present or take part in presenting just one list and each candidate may be presented in just one list, penalty the person's ineligibility. Shareholders adhering to a same shareholders' agreement may present just one list.

Shareholders with the right to present lists are those who alone or together with other shareholders represent that share of share capital established by art. 147-ter of Italian Legislative Decree of 24 February 1998, no. 58, or the share, even higher, established by the Consob with regulations considering the capitalisation, free float and proprietary structures of listed companies.

Ownership of the minimum share needed to present lists is decided considering shares registered to shareholders on the day on which the lists are deposited with the company. However, the relative certification must be produced at least twenty-one days before the date set for the ordinary shareholders' meeting in first call.

Directors are appointed by the shareholders' meeting based on the lists presented by shareholders in which candidates are listed progressively.

Each shareholder with right of vote may vote just one list.

Directors are extracted from the list obtaining the highest number of votes; in any case a percentage of votes that is at least equal to half what is needed to present them.

At least one board member must always be taken from the minority shareholders' list obtaining the highest number of votes.

In a list votes draw, the entire shareholders' meeting will vote again and the list obtaining the simple majority will be elected.

If no list should be presented by terms indicated, the shareholders' meeting resolves with the relative majority of shareholders present at the meeting.

If just one list is presented, all directors will be elected from that list.

If no minority shareholders' list should receive votes, the board will be integrated by a majority resolution of shareholders present at the meeting.

Candidates elected must include, pursuant to law, an adequate number of directors holding the independence requirements established for statutory auditors by art. 148, paragraph 3, of Italian Legislative Decree of 24 February 1998, no. 58 and the Code of Self-Regulation prepared by the Corporate Governance Committee of listed companies promoted by Borsa Italiana s.p.a.. The director who should lose those independence requirements after appointment must notify the board of directors immediately and, in any case, forfeits office.

In any case, the composition of the body elected must be able to guarantee representation of a gender balance pursuant to art. 147-ter, paragraph 1-ter, of Italian Legislative Decree of 24 February 1998, no. 58.

The members of the Board of Directors remain in office for 3 (three) financial years or for the shorter period decided each time by the Shareholders' meeting, in compliance with art. 2383, paragraph 2 of the Italian Civil Code and may be re-elected. If one or more directors should resign or fall from office during the financial year, the others shall replace that person in compliance with art. 2386 of the Italian Civil Code.

When one or more directors fall from office for any reason whatsoever, new members shall be appointed in compliance with gender balance regulations in force. (... omissis...)"

The Articles of Association currently do not provide for the possibility of the outgoing Board to submit a list.

Consob's determination of 30 January 2023, no. 76 set the required shareholding for the submission of candidate lists for the election of the management and control bodies for the 2023 Shareholders' Meeting at 1%.

Consob's determination of 31 January 2024, no. 92 set the required shareholding for the submission of candidate lists for the election of the management and control bodies for the 2024 Shareholders' Meeting at 2.5%.

On the occasion of the publication of the notice of call relating to the Shareholders' Meeting called to elect the board of directors, the Issuer makes express mention in the full text of what CONSOB recommended in its communication no. DEM/9017893 of 26-2-2009 concerning the need for those who intended to submit a list of candidates for the office of so-called minority directors to file together with the list a declaration attesting to the absence of any relationship of connection, even indirect, pursuant to Art. 147-ter, paragraph 3, Consolidated Law on Finance and Art. 144-quinquies of the Consob Issuers Regulation, with the shareholders who hold, also jointly, a controlling interest or a relative majority, where identifiable on the basis of the notifications of significant shareholdings pursuant to Art. 120 of the Consolidated Law on Finance or the publication of shareholders' agreements pursuant to Art. 122 of the same Consolidated Law on Finance.

In addition to the express provisions of the Consolidated Law on Finance and its implementing legislation in force and Art. 19 of the Articles of Association, the Issuer is not subject to further special rules regarding the composition of the Board, in particular with reference to the representation of minority shareholders and/or the number and characteristics of independent directors.

The role of the Board and the board committees in the processes of self-assessment, nomination and succession of directors are explained in Section 7 of the Report.

4.3. COMPOSITION (*pursuant to Art. 123-bis paragraph 2(d) and d-bis*) Consolidated Law on Finance

The Board is composed of seven members: three executive and four non-executive directors, all of whom have professionalism and skills commensurate with the tasks entrusted to them (Principle V).

The number and competencies of the non-executive directors are such as to ensure that they have significant weight in the taking of board resolutions and to guarantee effective monitoring of management; a significant component (three) of the non-executive directors (four) is independent (Principle VI).

Current composition

The current Board is composed as follows:

Qualification	Name	Genre	Year of birth	Role	Year of first election since listing
Chairman and Executive Director	Gabriele Clementi	M	1951	Executive	2000
Executive Director	Andrea Cangoli	M	1965	Executive	2000
Executive Director	Barbara Bazzocchi	F	1940	Executive	2000
Director	Alberto Pecci	M	1943	Non-Executive	2002
Director	Fabia Romagnoli	F	1963	Independent non-executive pursuant to Article 147-ter Consolidated Law on Finance and Art. 2 of the Code	2015
Director	Daniela Toccafondi	F	1962	Independent non-executive pursuant to Article 147-ter Consolidated Law on Finance and Art. 2 of the Code	2021
Director	Michele Legnaioli	M	1964	Independent non-executive pursuant to Article 147-ter Consolidated Law on Finance and Art. 2 of the Code	2000

The number of members was set at seven by the Shareholders' meeting of 27 April 2021, which elected the current Board. It expires with the approval of the financial statements for the financial year ending 31 December 2023.

The Board was elected with 62.858% of the voting capital, by the Shareholders' Meeting held on 27 April 2021 and, following the Board's resolution of the same date, is made up of executive and non-executive directors organised, for the performance of advisory and proposal-making functions in support of the Board, into three committees: for control and risk management, related party transactions and sustainability; for remuneration; and for appointments.

At the time of the election, only one list containing the names of all the candidates who were subsequently elected was presented and filed at least twenty-five days prior to the meeting.

The list was submitted by shareholder Andrea Cangoli and contained the names of all the candidates who were then elected and contained in the table above.

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

GABRIELE CLEMENTI – Chairman and executive director - born in Incisa Valdarno (Florence) on 8 July 1951. He graduated in Electronic Engineering from the University of Florence in 1976, with which he collaborated until 1981, at the same time working on setting up, together with Ms Bazzocchi, a biomedical equipment application testing centre. In 1981, together with Ms Barbara Bazzocchi, he founded the Issuer in the form of a general partnership. Since then, he has devoted himself full-time to the running and management of the Issuer and the group within which he holds various corporate positions. Since 1989, when the Issuer was converted into a limited liability company, he has been chairman of the board of directors.

In 2017, he was made a Knight of Labour.

Since 2000, he has also been an executive director and director of several group companies.

BARBARA BAZZOCCHI – executive director - born in Forlì on 17 June 1940. She graduated first in accountancy in 1958 and then in senior management secretarial in 1961. From 1976 to 1981, she managed and administered a centre for the testing and application of biomedical equipment, then, in 1981, together with Mr. Clementi (Engineer), she founded the Issuer, to the management of which she has been a full-time executive director ever since it was founded.

Since 1989, she has been executive director of the Issuer and sole director or chairman of the board of directors of a number of other group companies.

ANDREA CANGIOLI – executive director - born in Florence on 30 December 1965. He graduated from the Milan Polytechnic in 1991 with a degree in Industrial Technology Engineering with an Economic-Organisational focus. Since 1992 he has been a member of the Board of Directors of El.En. s.r.l. and since 1996 Executive Director of the Issuer and Chairman or Director of several group companies.

ALBERTO PECCI - non-executive director - born in Pistoia on 18 September 1943. Graduated in Political Science, after a short work experience at B.N.L. U.S.A. he dedicated himself to Lanificio Pecci, of which he is Chairman, as well as to the other companies of the textile group that belong to it. Knight of Labour since 1992, he was first Deputy Chairman (1988-1993) then Chairman (1993-2002) of La Fondiaria Assicurazioni; he has served on the boards of Mediobanca s.p.a. (as non-executive vice-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. She has gained numerous professional experiences, including from 2006 to 2012 membership of the Training Commission of the Unione Industriale Pratese (Confindustria), for 2012 and 2013 the delegation of the Unione Industriale Pratese to internationalisation, since 2013 the presidency of the Fondazione Cassa di Risparmio di Prato, since 2021 she has been vice-chairman of Confindustria Toscana Nord with delegation to sustainability.

Non-executive and independent director of the Issuer since 2015.

DANIELA TOCCAFONDI – independent director - born in Prato on 18 July 1962. She has gained numerous professional and academic experiences including from 2014 to 2019 the position of Councillor for simplification and economic and labour policies at the Municipality of Prato and from 2014 to 2019 the presidency of ACTE Italia. Since 1988 she has been the director of the non-profit cultural association Pratofutura; since 1997 she has been an adjunct lecturer at the University of Florence for the course Laboratorio di Economia Distrettuale (District Economic Laboratory); since 2005 she has collaborated with the Fondazione Cassa di Risparmio di Prato; since 2020 she has been president of the consortium company of the Polo Universitario di Prato, PIN s.c. a r.l.

Non-executive and independent director of the Issuer since 2021.

MICHELE LEGNAIOLI – independent director - born in Florence on 19 December 1964. He has gained numerous professional experiences, among others, as chairman of Fiorentinagas s.p.a. and Fiorentinagas Clienti s.p.a., of the Young Industrialists Group of Florence, national vice-chairman of the Young Entrepreneurs of Confindustria, since May 2003 member of the Confindustria Council, and then, from 28 April 2004 until 2010 chairman of the company Aeroporto di Firenze s.p.a., listed on the Italian Stock Exchange.

Non-executive and independent director of the Issuer since 2000.

Diversity Criteria and Policies in Board Composition and Company Organisation

By resolution of 14 November 2017, the Board approved, upon the proposal of the Appointments Committee, formulated following the meeting held on 10 November 2017, which concluded a process that had begun at the beginning of the 2017 financial year, the formalisation of the *Policies applied with regard to the composition of the bodies of El.En. s.p.a.* (hereinafter the “Composition and Diversity Policy”) pursuant to art. 123-bis, paragraph 2, letter d-bis, Consolidated Law on Finance.

By resolution of the Board of Directors of 5 March 2021 in view of the publication on the same date of the guidelines for the election of the new Board of Directors by the 2021 Shareholders' Meeting, the number of directors was increased to seven at the proposal of the Appointments Committee. This was followed by the amendment made in order to take into account the assessments made in relation to the numerical size of the Board and the changes made to Art. 147-ter Consolidated Law on Finance by Art. 58-sexies, par. 1 of Italian Legislative Decree no. 124 of 26.10.2019, converted with amendments by Law no. 157 of 19.12.2019 and then by Art. 1, paragraph 302 of Law no. 160 of 27.12.2019 in the text republished in Official Gazette no. 13 of 17.1.2020 and the provisions of paragraph 304 of Art. 1 of Law no. 160 of 27.12.2019 in the text republished in Official Gazette no. 13 of 17.1.2020 in relation to the increase from one-fifth to two-fifths of the required proportion of the least represented gender in management and control bodies.

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

- a) ensure the effective management of the Issuer and the Group;
- b) create value for shareholders in the medium to long term;
- c) make the Issuer's and the Group's activity sustainable in the medium to long term in respect of *stakeholders*.

Board

With regard to the Board, the Composition and Diversity Policy, in addition to the provisions, in quantitative terms, expressed by Article 19 of the Articles of Association - and reported in paragraph 4.2. above - and the indication that the current numerical size of the Board (7 members) ensures both dialectics and agility in deliberation, in qualitative terms it hopes that the Board will include individuals:

1) fully aware of the duties and responsibilities inherent in the office and of the powers and obligations inherent in the roles each of them is called upon to perform;

2) endowed with diversified skills and professionalism, appropriate to the role to be covered, also in possible internal Board committees, and calibrated in relation to the Issuer's operations and size, taking into account, in this regard, both the theoretical knowledge acquired during the relevant training course and the practical experience gained.

It is considered a sufficient indicator of the professionalism required to sit on the Board, that they have a good knowledge and experience preferably in at least two of the following areas:

- *experience in business management and corporate organisation*: acquired through many years of activity in administration, management or control in companies or groups of size, structure and geolocation similar to those making up the Group;
- *ability to read and interpret financial statements prepared and drawn up in accordance with the regulations applicable to the Issuer and the Group*: acquired through many years of experience in management and control in listed or large companies, professional experience or university teaching;
- *expertise in the corporate field* (internal control, *compliance*, legal, corporate, etc.): acquired through *auditing* or management control experience within listed or large companies, professional activities or university teaching;
- *knowledge of the Group's foreign target markets*: acquired through the performance of business or professional activities over several years in companies or groups with an international vocation and a similar sector to that of the Group;
- *knowledge of market mechanisms in the sector in which the Group operates*: acquired through business or professional activities over several years in companies in the Group's technology sector;
- *technical knowledge in the Group's field of operation*: acquired through many years of activity at companies in the same technological sector as El.En. s.p.a..

The Board hopes that all of the aforementioned areas of expertise be represented within the Board of Directors, as the coexistence of diverse skills and experience is deemed to ensure the complementarity of professional profiles and promotes the efficient functioning of the Board.

In particular, it is believed that the diversification of skills ensures that each of the members, both within the committees in which they participate and in the collective decisions, can effectively contribute to analysing the various themes and issues from different perspectives with a view to contributing to dialogue inside the Board, an essential tool for pursuing suitable strategies and ensuring effective governance of the Issuer and the Group.

As for the directors who qualify as independent pursuant to Art. 147-ter, paragraph 4, Consolidated Law on Finance and Art. 2 of the Code, it is advisable that at least one of them has qualified experience to chair Supervisory Bodies or Internal Control and Risk Committees of listed companies of a similar size to El.En. s.p.a. or has served on the board of directors of banking, financial or insurance institutions, so as to effectively contribute to the governance of the risks to which the Issuer is exposed;

3) possessing personal characteristics consistent with the requirements of good corporate governance, thus requiring the fulfilment of a series of subjective requirements suitable to ensure the efficient functioning of the body;

4) who devote time and resources commensurate with the complexity of their duties, subject to compliance with the limits on the accumulation of offices envisaged in the implementation of the regulations and the resolutions passed by the Issuer in this regard.

In this regard, see the Board's deliberations on the accumulation of offices;

5) diversified in gender – in the sense that at least two-fifths of the members must belong to the least represented gender – in order to bring to the Board a different vision and approach to the various issues and to the Issuer's management in general.

In fact, it is believed that, in addition to the diversification of skills and age, gender diversification, practised by El.En. s.p.a. since its establishment in 1981, ensures that the different nature and method of approaching issues that unequivocally characterise the male and female genders effectively contribute to the balanced management of the Issuer and the Group. Furthermore, the presence of different genders on the Board increases the perception of the needs of the different genders in the entire corporate organisation and facilitates the adoption of measures to pervasively promote equal treatment and opportunities throughout the Group;

6) diversified in age in order to enrich the board dynamic of the peculiarities in terms of analysis and management of the various issues in relation to the degree of experience gained and the capacity for initiative and proactiveness possessed;

7) who meet the requirements of good repute under Art. 147-*quinquies* of the Consolidated Law on Finance;

8) who are not in a position of incompatibility, known as *interlocking*, i.e. who are not managing directors of another listed Italian company not belonging to the Group and in which one of the managing directors of El.En. s.p.a. is a director.

The requirements described above must be possessed by both executive and non-executive members, who are co-participants in the decisions taken by the entire Board and called upon to perform an important dialectical and monitoring function on the choices made by the executive members.

The authoritativeness and professionalism of the non-executive members must be adequate to perform tasks that are increasingly crucial for the sound and prudent management of the Issuer and the Group: it is therefore essential that the non-executive directors also possess adequate knowledge of the *business* in which the Issuer operates, the dynamics of the market in which it operates, the regulations of listed companies and, above all, the methods of risk management and control and conflict of interest.

Finally, by virtue of the provisions of Article 147-*ter*, paragraph 4, Consolidated Law on Finance, Art. 2 of the Code and - since El.En. belongs to the STAR segment of the Italian Stock Exchange - by Art. 2.2.3 Market Regulation letter m) and Art. IA.2.10.6 of the Instructions to the Market Regulation, the Board must include among its members an adequate number of independent directors: at least 2 up to 8 members; at least 3 from 9 to 14 members; at least 4 over 14 members.

Board of Statutory Auditors

Please refer to *sub* Section 11.2 on the composition of the Board of Statutory Auditors.

The methods for implementing the described Composition and Diversity Policy consist of expressing to the shareholders when appointing the management and control bodies guidelines consistent with this policy and verifying at the time of election and then, cyclically, every three years at the time of the Board's self-assessment and from year to year at the time of assessing the independence requirements of the Board and the independent directors, compliance with it in terms of composition and functioning.

With regard to the verification of the achievement of objectives, the assessment is made with regard to the result of both the Issuer and the Group when reviewing the degree of achievement of objectives upon approval of the final incentive remuneration due to the target directors and the general manager.

As for measures to promote equal treatment and equal opportunities between genders within the entire company organisation and the monitoring of their correct implementation, the Group recognises the need to value principles such as the integration of diversity and gender equality as forms of protection of the person within the workplace: these values are promoted within the Code of Ethics, in which all Group companies undertake to guarantee their employees equal treatment and the valorisation of the person.

The workforce is 23% female, a figure that rises to 32% if only the white-collar category is considered; in the executive category, the coverage of the role by the female gender rose from 16% to 18%.

As far as the qualification of blue-collar worker is concerned, the predominantly productive nature of the Group's activities results in a higher incidence of male workers.

With this in mind, the El.En. Group has started a *screening* and monitoring process as of 2021 regarding (i) spontaneous applications received, (ii) interviews conducted and (iii) actual hires broken down by department and gender in order to

check whether the percentage of female hires is in line with the percentage of women who have applied and been interviewed.

The data shows that in 2023, spontaneous applications received from women accounted for approximately 32% of the applications received. These were followed by 1929 interviews, 427 of which were carried out by women: this figure, equal to 22% of the total number of interviews carried out, is in line with the applications received. The Group finalised 537 recruitments during the year, of which 121 were women (23%).

On 14 November 2022, the El.En. Board approved a “Diversity Policy” with the intention of taking further steps in the process of promoting gender equality, which was implemented by all subsidiaries and disseminated to all employees during the year. During the Financial Year, training programmes on diversity issues were carried out in order to increase people's awareness of these issues.

The Group's focus on diversity and inclusion is also reflected in the inclusion of differently-abled resources in the companies, in accordance with applicable practices and laws. As at 31 December 2023, there were 45 employees in the Group belonging to protected categories.

A further element in favour of the El.En. Group's commitment to develop a multicultural organisation is the prevalence of local managers in all its subsidiaries: of the 155 managers operating in different countries, 98% were born in the same country, an element that allows them to be more rooted in the territory.

Maximum cumulation to offices held in other companies (Rec. 15)

The Board, with a resolution of 5 March 2021, also in order to provide guidance to the shareholders called to appoint the new board of directors in the shareholders' meeting called to approve the financial statements as of 31 December 2020, partially amending what was decided in the past, established that its directors, including non-executive directors, may not hold directorships and/or auditorships in more than three companies listed on regulated markets, including foreign markets, in financial, banking, insurance or large companies.

This resolution, which reduced the number of positions (from five to three) and extended the limit to non-executive directors as well, compared to the limits provided for in the past, derives from assessments carried out on the basis of the commitment connected to each role (executive, non-executive or independent director), also in relation to the nature and size of the companies in which the positions are held, whether they belong to the Group, and the challenges that the consequences of the recent events related to the Covid 19 pandemic present to all economic operators.

As far as the Issuer is concerned, as at 31 December 2023, none of the directors in office is in breach of the maximum accumulation limit.

At the date of preparation of the Report, the Board, by resolution of 29 February 2024, also in order to provide guidance to the shareholders called upon to appoint the new board of directors at the shareholders' meeting called to approve the financial statements for the year ending 31 December 2023, confirmed that its directors may not hold directorships and/or auditorships in more than three listed companies.

4.4. FUNCTIONING OF THE BOARD OF DIRECTORS (*pursuant to art. 123-bis, paragraph 2, letter d*), Consolidated Law on Finance)

The rules and procedures for the functioning of the Board are contained in Article 20 of the Articles of Association and in the *Regulations of the Board of Directors of El.En. s.p.a.* (“The Board Regulations”) approved by the Board at its meeting on 13 November 2020 with effect from 1 January 2021 (Rec. 11).

The composition, tasks and functioning of the board committees is governed by the respective regulations approved and adopted by the Board since 5 September 2000 (Rec. 11). For the contents of the board regulations, please refer to the respective sections of the Report.

With regard to the Board, Article 20 of the Articles of Association, which is hereby referred to in its entirety and is available on the Issuer's website, regulates the role of the Chairman also in the pre-meeting information phase, the procedures for convening, constituting and holding meetings, taking minutes, delegating powers and reporting to the Shareholders' Meeting.

The Regulation recalls the convocation procedures provided for by the Articles of Association, provides for and regulates the role of the Board Secretary and contains the formalisation of the procedure, already observed by the Issuer, for the effective management of pre-meeting information, including in committee formation (Principle IX). In fact, it provides (Articles 4 and 5) for the manner and timing of preparing and making available to the directors and auditors the information and supporting documentation useful for the Board or committee to make informed and conscious decisions on the matters proposed on the agenda and submitted for examination and approval.

Concretely, in order to ensure the timeliness and completeness of the pre-meeting information, until 2019, all directors and members of the Board of Statutory Auditors were sent, either by *hand* or by e-mail, documentation accompanying the items proposed for discussion on the agenda of the meeting.

During 2019, at the Chairman's instigation, a system was implemented to make the necessary documentation available through a digital platform set up to have an effective system of timely and complete communication and to ensure greater protection of the confidentiality of the data and information provided so that the timeliness and completeness of the information flows are not compromised.

This virtual environment provides restricted access for each director and auditor and is protected by authentication credentials, different for each person authorised to enter, and with tracking of the author, day, and time of the activity of consulting the documentation. Documentation whose confidentiality is to be preserved is not downloadable but only available for consultation on screen.

In addition to directors and auditors, the secretary of the Board, the *internal auditor* and the FGIP, also an executive director, have access to the virtual environment. The latter can thus monitor the activities carried out and the documents made available.

Supporting documentation is collected, prepared and arranged by the Board Secretary, on the instructions of the Chairman and with the help of the relevant functions. The secretary shall ensure that the information is made available as soon as possible, depending on the nature of the document; as from the date on which the meeting is convened and in any case no later than the third day prior to the date set for the meeting, except in cases of urgent convening of the Board or exceptional cases where the documentation is made available as soon as possible.

The Board Regulation also contains the assessment procedure of the Board, its own and the Committees.

During the financial year 2023, the Board of Directors of El.En. met 6 (six) times and on the following dates:

1. 23 February
2. 15 March
3. 15 May
4. 20 July
5. 12 September
6. 14 November

All directors are active and participate in the work of the Board. The percentage of attendance at meetings of individuals is shown in the relevant table at the end of this report.

The average duration of meetings during the Financial Year was 3.3 hours (Principle XII).

During the financial year 2024, the Board has already met on the following dates:

1. 29 February
2. 14 March

and has scheduled the following meetings on 14 November 2023 for institutional tasks:

3. 15 May – Interim Management Report as at 31 March 2024
4. 11 September – Half-yearly financial report
5. 14 November – Interim Management Report as at 30 September 2024

The calendar is supplemented with additional dates if further board meetings are required.

Meetings are conducted under the guidance and coordination of the Chairman, according to the agenda set out in the convocation, and are conducted in such a way that each item under consideration can be given the time deemed necessary by the entire Board to illustrate proposals and build an appropriate debate to which all directors can effectively contribute. In particular, the exhaustiveness and analytical nature of the expositions carried out during the board meeting by the speakers (chairman, executive director, general manager and other persons called upon to expound by the chairman) together with the timely and adequate pre-meeting information allows all board members, even non-operative ones, to deliberate in an informed and conscious manner.

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

In accordance with art. 3, Principle X, the chairman plays a liaison role between the executive and non-executive directors and ensures the effective functioning of the board proceedings.

Art. 20 A of the Articles of Association provides the Chairman with the power/duty to organise the work of the Board of Directors by convening and preparing the agenda as well as coordinating the Board's activities, to guide the conduct of its meetings and to ensure the timely provision of information to the Board members and the Board of Statutory Auditors

for the purpose of informed, conscious and autonomous action and decision-making (Rec. 12(a). Art. 20 A continues by attributing to the Chairman the right to request that managers of the company, of subsidiaries or affiliates, in charge of functions competent for matters being dealt with, take part in board meetings to provide suitable in-depth information on items on the agenda (Rec. 12(c)).

Specifically, the General Manager often attends Board meetings, and in any case when deemed appropriate and necessary by the Chairman, to report on major management issues. In addition, the Issuer's main legal advisor, also secretary to the Board, shall attend for the illustration of regulatory updates; the internal auditor; and, lastly, when appropriate for the in-depth examination and illustration of agenda items of a technical nature or when requested also by individual directors, the manager, the head of the internal function being examined as well as the professional deemed appropriate (Rec. 12(c)). During the Financial Year, the above-mentioned persons attended the Board meetings. In the meeting of 27 February, the three executives respectively in charge of the areas examined participated in an in-depth discussion of the development strategies in the Group's two main business sectors (industrial cutting; medical sector with a *focus* on research and development initiatives). At the meeting of 14 November on the planning of sustainability activities for the financial year 2024, the function *manager* took part in the board meeting.

As for the pre-meeting information, which has been discussed at length in Section 4.4, it is, as stipulated in the Board Regulation, carried out by the chairman with the assistance of the Board secretary. The additional information provided during board meetings is intended to be adequate and comprehensive (Rec. 12(a)). At this meeting, in addition to the exhaustive and analytical nature of the expositions carried out by the speakers mentioned in section 4.4. above, the Chairman has the custom of making the non-executive directors and the Board of Statutory Auditors participate and active on the details, even purely operational, of the corporate activities carried out, the Group's strategies and the prospects for implementation, including in the long term.

With regard to the coordination of the activities of the board committees, the constitution of which is provided for in Article 20 E of the Articles of Association and Article 13 of the Board Regulation, with the activities of the board of directors, this is carried out by the chairman with the help of the secretary in accordance with the provisions of the Board Regulation. The secretary therefore organises and supports the work of the respective committees on the basis of the obligations to be carried and the performance of the social activity (Rec. 12(b)).

The Chairman, with the support of the secretary, deals with the participation of the members of the management and control bodies, after their appointment and during their term of office, in initiatives aimed at providing them with an adequate knowledge of the business sectors in which the Issuer operates, of the company dynamics and their evolution also with a view to the Issuer's sustainable success, as well as the principles of proper risk management and the regulatory and self-regulatory framework of reference (Rec. 12, letter d). In this regard, see what is described in the following paragraph on the induction programme.

The Chairman, with the help of the secretary and the support of the Appointments Committee, ensures the adequacy and transparency of the Board's self-assessment process (Rec. 12(e)). See in this regard what is said in relation to how the self-assessment process was carried out in Section 7 of the Report.

The Chairman ensures that the Board itself is informed, by the first useful meeting, of the development and significant contents of the dialogue that has taken place with all shareholders (Rec. 3). Currently, special cases are reported with respect to the normal dialogue management performed by the *Investor Relations Manager* and the other functions stipulated in the dialogue policy.

Induction Programme (Rec. 12(d))

The current executive members of the Board carry out their day-to-day activities within the Issuer: two of them, the Chairman and Director Bazzocchi, were founders of the Company in 1981 and have been directly involved in the operational management of the Company and the Group since then, each to the extent of his or her competence; Director Cangioli has been a member of the Board of Directors since 1992 and an Executive Director of the Company and several Group companies since 1996. The non-executive director Pecci and the independent director Legnaioli, in addition to their technical expertise in the *corporate* field, have gained more than ten years' experience in the Company through their constant participation in the board committees set up since September 2000. The independent directors Dr. Romagnoli and Prof. Toccafondi have gained experience in management, controls and sustainability.

As for the members of the Board of Statutory Auditors, all of whom have technical and regulatory training and experience, one of the standing statutory auditors has been involved in the Company's internal auditing activities since the Company's listing, and all of them have immersed themselves with dedication and commitment in the Company's reality with reference to the performance of the activities assigned to them.

As for the newly-elected Chairman of the Board of Statutory Auditors, elected by the Shareholders' Meeting of 27 April, he was involved and provided with information on the sectors of activity in which the company operates, on company

dynamics and their evolution also with a view to the sustainable success of the company itself, as well as on the principles of proper risk management and the regulatory and self-regulatory framework of reference. In particular, this took place through interview and illustrative sessions with the executive director also in charge of internal control and sustainability and the Inside Information Management Function, the general manager, the board secretary and the control and sustainability managers.

The content of new developments in the regulatory and self-regulatory framework of the sector in which the company operates is constantly explained in and during board meetings.

In addition, on the occasion of the reports made to the Board by the directors and functions involved in the preparation of financial reports and updates to the internal regulations on the occasion of intervening regulatory changes relevant to the Issuer (executive director, board committees, Supervisory Body Italian Legislative Decree 231/2001, Inside Information Management Function, Data Protection Officer), these persons proceed, with the assistance, where necessary, of the secretary of the board, a lawyer, to illustrate to all directors the regulatory changes underlying their activities.

In particular, during the financial year, the *manager* in charge of sustainability carried out specific training on sustainability issues for the members of the Committee, the other directors and the Board of Statutory Auditors, which mainly concerned the new rules introduced by the European CSRD (Corporate Sustainability Reporting Directive), the new European Sustainability Reporting Standards (ESRS) and EU Taxonomy Regulation 852/2020. (GRI 2-17). During the training sessions, the company's projects for alignment and transposition of the new regulations were also illustrated, as well as projects for the implementation of an internal control system relating to the formation of sustainability reporting. In addition, two initiatives were addressed to all board members, the general manager and the members of the Board of Statutory Auditors, at two board meetings, on 27 February and 20 July. These initiatives were dedicated, respectively, the first to an in-depth information on the Group's activities with reference to both developments in the industrial sector and research and development activities in the medical field, and the second, to an update of training on the organisational model *pursuant to* Italian Legislative Decree 231/2001.

As a general rule, *induction programme* initiatives are measured against directors' seniority in office on the basis of the consideration that they are deemed relevant in the presence of substantial changes in the company's scope of operations, self-regulation and corporate structure. In this regard, on the occasion of the introduction of Prof. Toccafondi into the Board, elected for the first time by resolution of the Shareholders' Meeting of 2021, she was appointed as a member of the Control and Risk Committee and it was agreed that she would also attend the other committees as an auditor in order to provide her with adequate knowledge of the business sectors in which the Issuer operates, the company dynamics and their evolution also in the area of remuneration and *corporate governance*.

Board Secretary (Rec. 12 and 18)

On 13 November 2020, the Board, upon the proposal of the Control and Risk Committee, appointed the board secretary in the lawyer Maria Federica Masotti. She already carried out

Secretary (Rec. 18)

The appointment and dismissal of the secretary, as well as the definition of the candidates' professional requirements, are governed by Article 9 of the Board Regulation, which states:

“Art. 9

Board Secretary

In addition to activities relating to the taking of minutes of meetings, the secretary supports the activities of the chairman and provides impartial assistance and advice to the board of directors on all aspects relevant to the proper functioning of the corporate governance system.

He/she, in particular, assists the Chairman in carrying out activities aimed at:

- (a) that pre-meeting briefings and additional information provided during meetings are adequate to enable directors to act in an informed manner in the performance of their duties;*
- (b) that the work of the board committees with investigative, proposing and advisory functions is coordinated with the work of the board of directors;*
- c) that, in agreement with the chief executive officer, the company managers and those of the group companies, responsible for the company functions competent according to the subject matter, attend Board meetings, also at the request of individual directors, to provide the appropriate details on the items on the agenda;*
- d) that all members of the management and control bodies may participate, after their appointment and during their term of office, in initiatives aimed at providing them with an adequate knowledge of the business sectors in which the company operates, of the company dynamics and their evolution also with a view to the company's sustainable success, as well as the principles of proper risk management and the regulatory and self-regulatory framework of reference;*
- e) if requested by the Chairman, the adequacy and transparency of the Board's self-assessment process, with the support of the appointments committee.*

He is appointed by the Board on the proposal of the Chairman from among persons with qualified competence to perform the function. To this end, legal expertise and at least five years' experience as secretary in listed companies of a similar

size to the Company are required. The Board defines any further requirements, including professionalism, of candidates for the role.

The Secretary may be dismissed by resolution of the Board.”

He is appointed by the Board on the proposal of the Chairman from among persons with qualified competence to perform the function. To this end, legal expertise and at least five years' experience as secretary in listed companies of a similar size to the Company are required. The Board defines any further requirements, including professionalism, of candidates for the role.

The Secretary may be dismissed by resolution of the Board.”

The Board formalised the appointment of the secretary at its meeting of 13 November 2020, identifying her as Maria Federica Masotti, a lawyer, who has performed this role since 22 September 2000 also for various subsidiaries of the Issuer. The Control and Risk Committee first and then the Board assessed the secretary as qualified and suitable to perform the function.

During the financial year, the Secretary convened and recorded the minutes of the Board and the Committees and took care of the preparatory work, coordinating those of the Board with the activities of the Committees.

She drew up and sent to directors and auditors the illustrative sheets relating to board meetings and made the sheets and all accompanying documentation available by depositing them in the virtual environment, ensuring that the functions called upon to report to the Board were present or produced suitable illustrative 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 aware of the Company's and the Group's sectors of activity, the company's dynamics and their evolution, also with a view to the sustainable success of the company itself, as well as the principles of proper risk management and the company's regulatory and self-regulatory framework.

She provided, with impartial judgement, assistance and advice to the Board on aspects relevant to the proper functioning of the corporate governance system, dealing during the year with the promotion of *induction programmes* for 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, and the identification, planning and execution of continuous improvement activities for the purpose of increasing adherence to the dictates of the Code.

She coordinated compliance activities with the sustainability function specifically with reference to activities related to the drafting of the 2023-2027 sustainability plan and in the identification of non-financial objectives of the incentive remuneration of the Board and top management.

She assisted FGIP in analysing and managing corporate information, Investor Relators in managing dialogue with stakeholders.

She supported the Board in activities related to the 2023 Shareholders' Meeting, the implementation of the 2026-2031 Stock Option Plan, related party monitoring and related information flows.

The work of the secretary is evaluated by the entire Board through a questionnaire.

4.6. EXECUTIVE DIRECTORS

Managing Directors

The Board currently in office, elected by the Shareholders' Meeting held on 27 April 2021, appointed from among its members, by resolution of the same date, three executive directors, one of whom is also chairman. By a board resolution of the same date, all powers of ordinary and extraordinary administration were delegated to them, severally between them and with sole signing authority, for the performance of all activities falling within the corporate purpose, with the exception of those powers that are prohibited from being delegated pursuant to law and the Articles of Association.

It is not possible to identify a main Company manager (Rec. 4).

The circumstance that proxies have been granted without any limit is substantially connected to the financial year, in practice, by inveterate custom, of the delegated powers according to a model that to date has provided for a constant commitment on the part of the three executive directors in the pursuit of the corporate purpose, on the one hand, each one autonomously and separately carrying out only the tasks related to day-to-day *management*, each one for the sector to which he/she is actually assigned, and on the other hand, comparing and agreeing on every operation of significance and importance.

As a matter of fact, therefore, there is no concentration of corporate offices in a single person, although any one of them could potentially become one: in concrete terms, even though he/she has held the office of executive director since the date of listing in 2000, it can be affirmed that none of the three executive directors, including the chairman, has ever become or acted as the sole and principal manager of the company (*chief executive officer*). This circumstance was further reinforced by the appointment of the General Manager with effect from 1 January 2017, which, although it did not affect management aspects from a strategic point of view, is certainly significant in terms of the distribution of operational management powers and the implementation of the strategic direction defined by the Board.

Finally, the Articles of Association explicitly state, when defining the competences reserved to the board by Article 20 E,

the power-duty to proceed, when delegating powers to directors, to the adoption of expedients aimed at avoiding in practice the excessive concentration of power and responsibility in the management of the company.

Chairman of the Board of Directors

By virtue of the circumstances outlined above, the Chairman is not the main person responsible for the management of the Issuer, even though he/she is the holder of significant management powers, like the other two executive directors. He is not a controlling shareholder of the Issuer.

Information to the Board by the executive directors

The delegated bodies report to the Board on the activities performed in the financial year of the powers delegated to them at regular intervals:

- normally and at least quarterly;
- on the occasion of significant transactions, those with related parties or, if any, in conflict of interest by convening a special board meeting.

During the financial year, the delegated bodies reported to the Board at less than quarterly intervals due to the lower frequency of the Board meetings actually held in addition to those scheduled for the approval of financial data.

Other executive directors

There are currently no other directors on the Board who qualify as executives within the meaning of the Code's definitions. None of the other four directors hold positions in the Company or the Group.

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

The Issuer contemplates within its Board, currently composed of seven members, three non-executive directors who qualify as independent pursuant to both Art. 148(3), Consolidated Law on Finance, referred to in Art. 147-ter, paragraph 4, Consolidated Law on Finance, both pursuant to Art. 2 of the Code.

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

The election of directors Fabia Romagnoli, Daniela Toccafondi and Michele Legnaioli provided the Board with independent directors in accordance with Art. 19 of the Articles of Association in accordance with Art. 147-ter, paragraph 4, of Italian Legislative Decree 58/98 and Art. 2 of the Code.

At its self-assessment meeting on 14 May 2021 following the election of the new body, the Board assessed the conformity of the number and competences of the directors, including independent ones, with the guidelines expressed and published by the Board itself on 5 March 2021 at the proposal of the Appointments Committee (Rec. 5).

As to their number, they comply with the requirements of Art. 147-ter, paragraph 4, Consolidated Law on Finance, Art. 2, Rec. 5 of the Code and Art. 2.2.3, paragraph 3, letter m), of the Stock Exchange Regulations (letter m), paragraph 3 and the related Instructions (Article IA.2.10.6) applicable to the Company as an issuer of Star-qualified shares.

With regard to competences, the guidelines expressed by the Board require that in relation to directors who qualify as independent pursuant to Art. 147-ter, par. 4, Italian Legislative Decree 24 February 1998, no. 58 ("Consolidated Law on Finance") and Art. 2 of the Code, it is advisable that at least one of them has qualified experience to chair Supervisory Bodies or Internal Control and Risk Committees of listed companies of a similar size to El.En. s.p.a. or has served on the board of directors of banking, financial or insurance institutions, so as to effectively contribute to the governance of the risks to which the Company is exposed. This requirement, taking into account the directors' CVs, was also assessed as fulfilled.

The number and competences of independent directors ensure an effective and Code-compliant constitution of the board committees.

The Board at its meeting on 14 May 2021, at the beginning of its term of office, defined the quantitative and qualitative criteria for assessing the significance of the relevant circumstances under Rec. 7(c) and (d) of the Code for the purposes of assessing the independence of directors. In this regard, it established the following, confirming what was expressed in the guidelines issued on 5 March 2021:

- 1) with regard to Recommendation 7 letter c) of the Code, that a commercial, financial or professional relationship is significant to the extent that it is so pursuant to and for the purposes of the provisions of the *El.En. s.p.a. Regulation for related party transactions*;
- 2) with regard to Recommendation 7 letter d) of the Code, that additional remuneration over and above the fixed remuneration for the office and the remuneration for participation in the committees recommended by the Code or provided for by the regulations in force is significant if it exceeds 30% of the total remuneration received for the office.

These criteria were, it was said, published in the shareholder guidance issued on 5 March 2021 (Rec. 10).

Immediately after its appointment, the Board assessed the existence of the independence requirements for each of the three directors, announcing the outcome of its assessments through a press release to the market pursuant to Art. 144-novies Consob Issuers Regulation at the time of appointment on 27 April 2021, in which the criteria used to assess the materiality of the relationships were indicated (Rec. 6 and 10).

At its meeting of 14 May 2021, the Board then assessed the existence of the independence requirements for each of the non-executive directors qualifying as independent (Recommendation 6) considering all the information available (in particular, that provided by the directors being assessed), evaluating all the circumstances that could have compromised their independence as identified by the Consolidated Law on Finance and the Code (Rec. 6) and applied (among others) all the criteria laid down in the Code with regard to the independence of directors (Rec. 7).

Specifically, the Board assessed the declaration made by the directors at the time of appointment attesting to the absence of all the circumstances referred to in Rec. 7, with the exception of director Legnaioli, the requirement set out in (e) with reference to the duration of the office.

The shareholder who submitted the list and, subsequently, the shareholders who voted in favour of the appointment of the three independent directors, considered that the fact that Mr. Legnaioli had held the position of independent director of the company for more than twenty years did not in itself constitute a relationship that would exclude his eligibility to be qualified as an independent director, given the absence of any other relationship or relationship among those listed in Art. 148 paragraph 3 Italian Legislative Decree 58/98 cited and in Art. 2, Rec. 7 of the Code and in view of his recognised ethical qualities and professional skills as well as his continued independence of judgement and assessment.

Each non-executive director provided all elements necessary or useful for the Board's assessments (Rec. 6).

All directors have undertaken upon accepting their appointment to maintain all declared independence requirements throughout their term of office and to resign should they cease to meet them.

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

For the Year, the Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board to evaluate the independence of its members, expressing a favourable opinion at the Board meeting of 15 March and acknowledging it in the report to the Shareholders' Meeting (see paragraph 7 of the Report of the Board of Statutory Auditors attached sub. C to the minutes of 27 April).

The independent directors, under the leadership of the *lead independent director*, met in a separate meeting during the course of the financial year on 13 November to discuss strategic planning with reference to the Group's cutting sector and the role of the sustainability functions.

Lead Independent Director (Rec. 13)

On 14 May 2021, the Company appointed the director Fabia Romagnoli as *lead independent director* following an assessment of the substantial management powers granted also to the Chairman following the resolution of 27 April 2021. The *lead independent director* was entrusted with the task set out in Rec. 14:

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

During the financial year, she performed these tasks by convening the above-mentioned meeting and continuing to act as a driving force with regard to the sustainable success of the Issuer.

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

Since 2007, the Issuer's Board, by resolution of 30 March, adopted a procedure called “*Regulation for the handling of El.En. s.p.a. corporate information*” (“the Regulation”) by which it implemented the internal practice of handling and disseminating documents and information concerning the company with particular reference to inside information. The aim was to codify the smooth, yet secure and confidential internal management of information and knowledge of specific relevance for the social and corporate activity and functional to its performance. Furthermore, to the extent necessary for the prevention of abusive conduct and the fulfilment of legal obligations applicable to listed companies, this Regulation intended, and intends in its current form, to regulate the proper disclosure of that confidential information that may be defined as being of interest to the stock market.

This document also lays down the rules for the establishment and maintenance of a register of persons with access to inside information.

In accordance with the provisions of the Regulation, corporate information is managed by the Issuer in such a way as to ensure the controlled circulation of confidential information and the treatment and dissemination, in compliance with the regulations in force, of that confidential information that may significantly influence the price of the financial instruments issued.

The processing and dissemination of corporate information shall be carried out in a controlled manner in order, on the one hand, to prevent the dissemination of information that may prejudice the legitimate interests of the Issuer and its shareholders and, on the other hand, to ensure proper, timely and equal disclosure to the market of information that is capable, pursuant to Art. 7 EU Reg. 596/2014, to have a significant effect on the price of the financial instruments issued by the Company.

Therefore, non-public information of a precise nature, which could, if made public, have a significant effect on the price of financial instruments, is treated and disclosed in accordance with Art. 17 EU Reg. 596/2014 and Article 114 Consolidated Law on Finance, so as to ensure symmetry of information, timely therefore and complete.

In particular, all news concerning El.En. is carefully assessed by the top management function appointed by the Board and designated for that purpose (FGIP), which has the following tasks:

- (a) supplement, where necessary, the procedural details of the Regulation;
- b) issues instructions to the corporate functions identified as FOCIP as provided below for the correct application of the Regulation;
- c) analysing corporate information flows and mapping information flows concerning Inside Information;
- d) identifies inside information from time to time by virtue of the criteria laid down in the law and the Regulation;
- e) identify the Organisational Functions Responsible for Inside Information (“FOCIP”) from among the corporate functions that are best placed to assess whether a specific piece of information falling within the flow of confidential information, as defined by the Regulation, can take on the character of Inside Information;
- (f) in the case of persons not already entered in the register of permanently informed persons, establish and update a special section of the register containing the specific confidential information indicating the persons who have access to such information on a temporary basis and make arrangements for the proper handling of the persons who have access to such information;
- e) monitor the circulation of the specific inside information identified, give the relevant indications and instructions from time to time deemed appropriate to the persons involved in the processing thereof;
- f) in accordance with the provisions of the Regulation, identify the moment when the specific confidential information becomes inside information and decide on the timing of the publication of the inside information, monitoring, if necessary, the existence of the conditions permitting a delay in its publication;
- (g) make arrangements for the proper management of the register of informed persons;
- (h) monitor the circulation of inside information;
- i) offer employees, and in particular FOCIP, technical support to facilitate the identification of the nature of the corporate information processed and to clarify critical issues related to the current situation;
- l) avail itself, in particular for the performance of the tasks referred to in point f) above, of the cooperation of the *Investor Relator* and the FOCIPs concerned in the management of the relevant confidential or inside information;
- (m) report to the Board, where necessary and at least once a year, on the activities carried out with regard to the processing of confidential information.

In addition to the above, the Regulation sets out the criteria for the identification of inside information and the prerequisites and procedures for the handling of cases in which the Issuer may, or must, delay the disclosure of information and the measures to be taken against those responsible for breaches or violations of the Regulation.

The Regulation was updated in 2017 in order to align it, insofar as compatible with the size and organisation of the Issuer, with the regulations set forth in Reg. 596/2014 and the Guidelines for the Management of Inside Information issued by Consob, and the annexes are also updated, if necessary, in order to bring them into line with the regulatory changes.

Furthermore, it was mentioned, in accordance with the original provisions of the then current Art. 2.6.3 and 2.6.4 of the Regulation of the Markets Organised and Managed by Borsa Italiana s.p.a. since 2003, the Issuer had adopted an internal code of conduct on *internal dealing*.

In 2006, following the entry into force of the amendments introduced to the Consolidated Law on Finance by the Law on Savings and the regulations issued by Consob to implement them, the disclosure obligations of transactions carried out by relevant persons envisaged in the aforementioned code of conduct became mandatory by law, and the threshold of transactions to be disclosed had been reduced to EUR 5,000.00: it was therefore necessary to adopt a new text of internal regulations reflecting the legislator's intervention.

Since 2006, and then following several resolutions of the Board, El.En., in compliance with what had already been recommended by the Italian Stock Exchange, had provided in the new code of conduct renamed "Code of Conduct for Transactions Performed on Financial Instruments of El.En. s.p.a. by Relevant Persons" the imposition, on relevant individuals and persons closely related to them, as defined in Art. 152-*sexies* Consob Regulation 11971/1999, of *blackout period*, - then lasting 15 days - on the occasion of the Board's approval of the draft annual financial statements and interim reports.

Subsequently, following the entry into force of EU Reg. 596/2014, the Code was brought into line with the new rules, inter alia, in connection with the amendments to Title VII, Chapter II, of the Issuers' Regulations introduced by Consob Resolution 19925 of 22 March 2017. With this resolution, it made use of the option provided for in Art. 19(9), EU Reg. 596/2014 to raise the threshold above which reporting obligations are triggered to EUR 20,000.00 per year.

In addition, again by virtue of the entry into force of European Regulation 596/2014 which has, inter alia, introduced at primary level the prohibition for persons exercising administrative, control or management functions to carry out transactions on their own behalf or on behalf of third parties, directly or indirectly, relating to the Issuer's financial instruments during the 30 calendar days preceding the announcement of an interim financial report or a year-end report that the Issuer is required to make public (so-called "*closing periods*") (see Article 19(11) MAR), the Issuer in 2019, by proceeding to the publication of such quarterly financial reports, has specified that this prohibition also applies to the publication of such reports.

Finally, it is envisaged that the Board, on the occasion of extraordinary transactions, may impose additional *ad personam* time limits on the trading of the company's securities or, in exceptional and justified cases, grant exceptions to the *blackout periods*.

6.0 BOARD INTERNAL COMMITTEES (pursuant to art. 123-bis, paragraph 2(d), Consolidated Law on Finance) – Art. 3 (Principle XI, Rec. 11, 16, 17)

Since 2000, the Board has formed three committees from among its members, each with different tasks (Rec. 16) with investigative, propositional and advisory functions (Rec. 11):

- a) committee for nominations to the office of director (“Appointments Committee”);
- b) committee for remuneration (“Remuneration Committee”)
- c) control and risk committee for transactions with related parties and for sustainability (“Control and Risk Committee”).

The competence of the Board to establish board committees is provided for by Art. 20 E of the Articles of Association and Art. 13 of the Board Regulations.

Each committee is governed by its own regulation, approved in 2000 and revised as necessary, which defines its tasks, determines its composition and regulates its operation, including the manner in which minutes are taken (Rec. 11).

The regulations are approved (and amended) by the Board and provide for the composition of each committee (Rec. 17) and operation:

- that it consists of at least three non-executive members, the majority of whom must be independent; if the board of directors has five or fewer members, the committee may consist of only two directors, provided that both are independent;
- that it remains in office for the period determined from time to time by the Board or, in the absence of express determination, for the entire term of office of the Board that appointed it;
- which elects from among its members a chairperson who is responsible for coordinating and planning the committee's activities, chairing and directing the conduct of its meetings;
- to be convened (by registered letter, also by hand, and/or fax and/or e-mail to be sent to each of the participants with 5 days' notice – reduced to 2 in case of urgency) at the registered office (or any other place indicated by the chairperson, provided it is in Italy) by the chairperson or on his/her own initiative or following a written request by even a single member. It may validly deliberate, even in the absence of a formal convocation, if all its members are present;
- that in the absence or impediment of the chairperson, meetings are chaired by the oldest member;
- that meetings may be held by video or tele-conference;
- that the chairperson may invite any person who is not a member of the committee but useful to the work on the agenda to participate in the meetings, without voting rights;
- that resolutions are validly passed with the favourable vote of the majority of its members. In the event of a tie, the vote of the person presiding shall prevail;
- that the committee meetings are recorded in minutes, which are transcribed in a special book kept at the registered office and signed by the chairperson and secretary;
- that the committee reports promptly to the Board on all its activities;
- that in the performance of its tasks and functions, the committee has the right to access the corporate information and functions necessary for the performance of the same, as well as to avail itself of external consultants and to dispose of any financial resources made available by the Issuer in an adequate amount for the performance of the tasks entrusted to it.

With regard to the procedures for the handling of disclosure to committee members, Article 13 of the Board Regulation stipulates that with reference to both the deadlines for prior submission and the arrangements for the protection of confidentiality, those provided for in Articles 4 and 5 of the Board Regulation apply (see section 4.4. of the Report).

The deadlines and procedures for the handling of disclosures were met during the financial year.

The current committee members were elected on 14 May 2021 by the Board, and the Code's conditions for their composition were met.

None of the functions of the committee members recommended by the Code were reserved for the entire Board, under the coordination of the chairperson (Rec. 16).

The Board, taking into account its numerical size, has determined the composition of the committee members by favouring the competence and experience of their members (Rec. 17).

Additional committee members (other than those provided for in the legislation or recommended by the Code)

With resolution of 14 November 2018, the Board assigned the Control and Risk Committee, with reference to sustainability issues pursuant to Italian Legislative Decree 254/2016, the task of assisting the Board with investigative functions, of a propositional and advisory nature, in assessments and decisions related to sustainability issues connected to the company's business and its dynamics of interaction with all *stakeholders*, corporate social responsibility, the examination of scenarios for the preparation of the strategic plan and the *corporate governance* of the Company and the Group (Rec. 1(a)).

At least once every six months, the Control and Risk, Sustainability and Related Parties Committee holds meetings with the *manager* in charge of sustainability to discuss and be updated on the progress of the Sustainability Plan, on the activities carried out by the Group and on the management of *gap analysis* projects related to the alignment to the CSRD Regulation and the new ESRS (European Sustainability Reporting Standards), on the analyses for the identification of eligible activities and subsequently aligned to the six environmental objectives of the EU Taxonomy Regulation 852/2020, and then subsequently report to the Board on the issues discussed. The Board is therefore involved and informed on all activities and as part of the sustainability analyses, the Board of Directors' meeting of 14 March 2024, in addition to the approval of the Consolidated Non-Financial Statement 2023, approved the Materiality Matrix 2023 and the Sustainability Risk Analysis. (GRI 2-12).

These tasks were introduced in Art. 9 (paragraph 9.4.) of the Control and Risk Committee Regulation.

As to its composition and functioning, please refer to what has been said above and what will be described in Section 6 of the Report.

The activities performed by the Control and Risk Committee in its capacity as Sustainability Committee during the year were:

- a) approval of new materiality matrix
- b) analysis and conclusion Sustainability Plan 2018-2022
- (c) approval of the DNF 2022
- (d) approval of the 2023 and 2024 business plan
- e) development and approval of the Sustainability Plan 2023-2027 f) approval of the Business Plan 2024;
- g) approval and analysis of the progress of projects for alignment with CSRD and ESRS, identification of eligible activities and subsequent alignment with the European Taxonomy, and implementation of the internal control system for sustainability reporting.

It met as the Sustainability Committee four times during the Year: on 15 March, 20 July, 12 September and 14 November. In 2024, it has already met on 14 March.

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

7.1 SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS

The Board periodically assesses the effectiveness of its activities and the contribution made by its individual members, through formalised procedures whose implementation it oversees (Principle XIV) with the support of the Appointments Committee.

The Board periodically conducts its own self-assessment and that of the Committees in relation to the size, composition and actual functioning of the Board, also considering the role played by the Board in defining strategies in monitoring management performance and the adequacy of the internal control and risk management system (Rec. 11).

The self-assessment process is composite in nature and takes place in several stages.

It is carried out upon the expiry of the Board in order to draw up guidelines for the shareholders on the qualitative and quantitative composition of the new body and, then, after the appointment at the time of installation and then the allocation and delegation of functions as well as the election of committees.

Currently, therefore, the overall assessment of the Board takes place on a three-year basis.

The overall assessment of the Board is composed of an analysis of the Board's composition and functioning performed by the Appointments Committee and then reviewed by the Board, which makes the final assessment. The compliance of the size and composition of the Board and committees with the regulations (Consolidated Law on Finance and Consob Regulations) and with the Code, the Articles of Association, the Composition and Diversity Policy and the regulations of the Italian Stock Exchange applicable to the Company as a member of the STAR segment is examined.

At the same time, the outcome of the self-assessment questionnaire sent to directors and filled in by them with the help of an IT platform is examined in order to facilitate the return of answers and at the same time maintain a traceability of the activities carried out, relating to the various aspects of the role and functioning of the Board. The questionnaire considers five thematic areas: strategic planning; organisational structure, delegation of powers, conflicts of interest; internal control system; remuneration and incentive policies; financial disclosure. Each director is asked to express his or her degree of satisfaction (high, medium-high, medium-low, low) by assessing, on the basis of several indices, the manner of discussion, the participation and contribution of the members, internal dialectics between the members, the timing and manner of preliminary reporting and, since the current financial year, the role of the secretary.

Finally, in relation to the effectiveness of the Board's activities, the performance of the Company and the Group also in the medium term and the results achieved in terms of strategic objectives are taken into account.

On the occasion of the election of the current Board, the self-assessment was carried out on 5 March 2021 in view of the renewal of the board of directors by the outgoing Board in order to formulate the guidelines to the shareholders on the composition of the new Board, and after the appointment, on 14 May 2021, in order to verify compliance with the published guidelines and the applicable laws, including regulatory and *soft law*.

In particular, at the meeting held on 14 May 2021, the Board assessed, after obtaining the favourable opinion of the Board of Statutory Auditors, that the Board in office reflects the indications provided to the shareholders at the time of the board's guidelines, the illustrative report and at the Shareholders' Meeting concerning the size and composition of the board also in terms of professional figures and diversified skills deemed, in their complementarity, useful for the efficient functioning of the Board; it complies with the provisions of the Articles of Association; that it reflects the requirements of the Composition and Diversity Policy adopted by the Company; that the legal obligations concerning the balance between genders represented and the presence of independent directors have been complied with; that the appointment of the internal committees into which it is divided complies with the requirements of the Code in terms of the members' requisites; that the structure of the delegated powers attributed for the purposes of its operation do not entail the exclusive concentration of offices and powers of management of the company in the hands of the chairperson, but that since pursuant to Art. 3 Recommendation no. 13 of the Corporate Governance Code, the Chairperson of the Board of Directors holds, albeit non-exclusively, significant management powers, it was appropriate and necessary to designate one of the independent directors (Fabia Romagnoli) as lead independent director, assigning her the tasks envisaged by Rec. 14 of the Code.

At the date of drafting and approval of the Report, on 29 February 2024, the Board carried out the three-year self-assessment with a view to expressing to the shareholders its guidelines on the quantitative and qualitative composition of the Board in view of the renewal of the body by the 2024 Shareholders' Meeting.

With regard to the competing activities of the directors and the assessment reserved to the Board in the event of a general and prior authorisation by the Shareholders' Meeting to waive the non-competition clause, the Shareholders' Meeting (on 15 May 2007) authorised the inclusion in the Articles of Association, in Art. 19, last paragraph, of the provision according to which no act of authorisation is required if the competing activity is carried out by virtue of being a member of the board of directors in one of the subsidiaries.

This authorisation is limited to the scope of consolidation.

The Board, first, when drafting the proposal to the shareholders, and the Shareholders' Meeting, later, therefore considered *a priori* that the assumption of positions within the scope of consolidation would be in the interest of the Issuer, the parent company, in order to coordinate the activities of the subsidiaries.

The Board shall ensure, to the extent of its competence, that the process of appointment and succession of directors is transparent and functional to achieve the optimal composition of the board of directors (Principle XIII).

Specifically:

(i) expressed, in view of its most recent renewal, a guideline on its considered optimal quantitative and qualitative composition, taking into account the outcome of its own self-assessment (Recommendation 23). This guideline was approved, disseminated and published on 5 March 2021 on the Issuer's website <https://elengroup.com/it/investor-relations/documenti-assembleari.html>, well in advance of the publication of the Notice of Shareholders' Meeting concerning the renewal of the Board, which was published on 18 March 2021 (Recommendation 23);

(ii) in the explanatory report of the related item on the agenda of the 2021 Shareholders' Meeting, it requested those who had submitted a list containing a number of candidates exceeding half of the members to be elected to provide adequate information, in the documentation submitted for the filing of the list, as to whether the list itself corresponded to the orientation expressed by the Board (also with reference to the diversity criteria provided for by Principle VII and Recommendation 8), as well as to indicate their candidate for the office of Chairperson of the Board (Recommendation 23);

(iii) with regard to the succession plan for the chief executive officer and executive directors, the Company is not obliged to do so as a “non-major” company (Rec. 24). However, the issue has always been examined and assessed by the Issuer, which, on the advice of the Appointments Committee, has decided not to formulate an actual succession plan for executive directors at this time, taking into clear consideration that any new directors chosen to replace one or more of the departed directors must be individuals who are deeply familiar with the company's organisational and functional characteristics. The Board has also based its assessment on the circumstance that, over time, thanks to the company's investment in this respect, the Issuer's qualified personnel have acquired management skills that would in any case enable them to cope with a transitional replacement at any time should the need arise.

These considerations and assessments are confirmed in light of the appointment of the General Manager, who is still in office today, as of 1 January 2017.

Lastly, on an annual basis, as illustrated in paragraph 4.7 above, the Board proceeds with the qualitative assessment of the existence of the independence requirements of the independent directors deemed sufficient also in quantitative terms to the requirements of the Articles of Association, the Code, and the Consolidated Law on Finance.

7.2. APPOINTMENTS COMMITTEE (Rec. 19)

Since 2000, the Board has appointed an internal Appointments Committee (Rec. 16).

Composition and functioning of the Appointments Committee (*pursuant to Art. 123-bis, paragraph 2, letter d), Consolidated Law on Finance*)

The Appointments Committee currently in office was appointed by resolution of 14 May following the renewal of the board of directors and is composed as follows: Alberto Pecci (non-executive), Fabia Romagnoli (non-executive, independent), Michele Legnaioli (non-executive, independent).

For general operating information common to all committees and provided for in their respective regulations, see Section 6.0 of the Report.

During the financial year, the Committee did not need to meet, as the Board decided to carry out the assessment on a three-yearly basis and none of the cases provided for in the Committee's Regulation concerning its intervention occurred.

During the financial year, the Appointments Committee consisted of three members, the majority of whom were independent directors (Rec. 20 and Rec. 7).

The Appointments Committee met on 25 January and 29 February 2024 to carry out the self-assessment and proposal for shareholder orientation with a view to the renewal of the board of directors.

Functions of the Appointments Committee (Rec. 19)

The functions of the Appointments Committee are defined in Art. 9 of the committee's regulation since its establishment on 5 September 2000 and subsequent amendments.

Pursuant to the provisions of art. 9 of the Appointments Committee Regulation, it is entrusted with the task of assisting the Board in the following activities:

a) ensuring the transparency of the selection process for directors and compliance with the appointment procedures set

forth in Article 19 of the Articles of Association;

b) identification of director candidates in cases of co-option (Rec. 19, c);

c) defining the optimal composition of the board of directors and advising the board of directors on:

- the size and composition of the board, and make recommendations on the professional figures whose presence on the board is deemed appropriate for its proper and effective functioning, as well as on the matters referred to in Art. 3, Rec. 15 (maximum number of directorships or auditorships) and on problematic competition cases (Rec. 19, b);

- definition of the diversity policy (age, gender, professional skills and educational background) in the composition of the management and control bodies, in particular with reference to the objectives and implementation methods (Rec. 19, b);

d) preparing, updating and implementing the succession plan for executive directors, if any, formulating proposals for the evaluation of the adoption of succession plans for executive directors and, where necessary, contributing to the preparation of such plan;

e) process of self-assessment of the Board of Directors and its committees and formulation, with a view to the renewal of the board of directors, of the orientation on the composition referred to in Art. 4 Rec. 23(a) of the Corporate Governance Code (Rec. 19, e);

f) where applicable, any presentation of a list by the outgoing board of directors in order to ensure transparency in the formation and presentation.

There is currently no provision for the Board to submit its own list.

In the performance of its functions, the Appointments Committee has access to the information and corporate functions necessary to perform its duties, has access to financial resources and can avail itself of external consultants, under the terms established by the Board (Rec. 17).

8.0 REMUNERATION OF DIRECTORS – REMUNERATION COMMITTEE ART. 5 CODE

8.1 REMUNERATION OF DIRECTORS

The following information shall be deemed to be supplemented by that contained in the *Report on the remuneration policy and compensation paid* pursuant to Art. 123-ter Consolidated Law on Finance and 84-quater Consob Reg. 11971/1999, Section I, paragraphs 1 and 2, last approved by the Shareholders' Meeting on 27 April and available on the Issuer's website both in the section relating to the Shareholders' Meeting 2023 (<https://elengroup.com/it/investor-relations/documenti-assembleari.html>) and in the section “Corporate Documents” (<https://elengroup.com/it/investor-relations/documenti-societari.html>) (“Remuneration Report”).

At the date of drafting and approval of the Report, the Board approved the new remuneration policy for the three-year period 2024-2026, which will be submitted to the 2024 Shareholders' Meeting.

The information contained herein refers to the Remuneration Report 2023.

Remuneration policy

The procedure through which the Board developed the policy for the remuneration of directors, auditors and *top management* (Principle XVI) is described in the Remuneration Report, Section I, Part A) paragraphs 1 and 2.

The remuneration policy for directors, auditors and top management defined by the Board is deemed to be functional to the pursuit of the Issuer's sustainable success and takes into account the need to dispose of, retain and motivate people with the competence and professionalism required by the role held (Principle XV).

The aims pursued with the remuneration policy and the principles underlying it are described in the Remuneration Report, Section I, Part A) paragraph 5 as well as the considerations on any policies used as a reference for directors (Section 1, Part A) paragraph 16) and auditors (Section 1, Part B). (Rec. 25).

Remuneration of executive directors and top management

The remuneration policy for executive directors and top management defines:

- a) a balance between the fixed component and the variable component that is appropriate and consistent with the Issuer's strategic objectives and risk management policy, taking into account the characteristics of the business activity and the sector in which it operates, while providing that the variable component represents a significant portion of the total remuneration (Recommendation 27, a);
- (b) maximum limits on the payment of variable components for executive directors (Recommendation 27, b). For top management and, specifically, for the general manager, a maximum limit was set for the payment of the variable component as of 1 January 2023. The circumstance that this limit was recently introduced is related to the considerations made in the Remuneration Report (Section I, Part A) paragraph 5) with reference to the need to preserve certain characteristics of the remuneration previously received by him/her. The consolidation of the report led to a revision of its remuneration in 2021 for the years 2021-2024 in line with the Code's requirements on long-term objectives. The next step was to cap the variable component;
- c) *performance* objectives - to which the payment of the variable components is linked - that are: (i) predetermined, measurable and linked in significant part to a long-term view; (ii) consistent with the Issuer's strategic objectives and aimed at promoting its sustainable success, including, where relevant, also non-financial parameters (Recommendation 27, c);
- d) an adequate deferral period - with respect to the time of maturity - for the payment of a significant portion of the variable component, consistent with the characteristics of the business activity performed and the related risk profiles (Recommendation 27, d);
- (e) contractual arrangements allowing the Issuer to reclaim, in whole or in part, variable remuneration components paid (or to withhold amounts subject to deferral), determined on the basis of data which subsequently prove to be manifestly erroneous and other circumstances which the Issuer may have identified (Recommendation 27, e);
- (f) clear and pre-determined rules for the possible payment of termination indemnities which: (i) define the upper limit of the total amount payable by linking it to a certain amount or a certain number of years of remuneration and (ii) provide that such an indemnity shall not be paid if the termination is due to the achievement of objectively inadequate results (Recommendation 27, f). In relation to the latter requirement, as illustrated in the Remuneration Report (Section I, Part A) paragraph 13), it was not deemed appropriate at this time to predetermine any indemnity for termination of the relationship in addition to, as far as T.F.M. executive directors are concerned established by the Shareholders' Meeting, and, as far as the general manager is concerned, to that established by the collective bargaining agreement for the sector.

Share-based remuneration plans (Rec. 28)

Stock Option Plan 2016-2025

The Stock Option Plan 2016-2025 referred to in section 2.0(a) of this report, as implemented by the Board by resolution of 13 September 2016, establishes with reference to the directors of the Issuer:

- a) for all beneficiaries, a three-year *vesting* period: the options granted on 13 September 2016 became exercisable for a first *tranche* from 14 September 2019 and for the second tranche from 14 September 2020;
- b) with reference to recipients who are directors or members of the Issuer's top management, the exercisability of the options granted was subject to the circumstance that, with reference to the year preceding that of the possible exercise of the options, the recipients reach the gate value of at least one of the objectives assigned to them in relation to the annual incentive remuneration plans approved by the Board upon the proposal of the Remuneration Committee;
- c) with reference to beneficiaries who are directors or members of the Issuer's *top management*, it has been established for the directors, and they have then undertaken at the time of the assignment, that they must retain until the end of their term of office (three years) at least 5% of the shares resulting from the financial year of the options granted to them.

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

Currently, the retention period of the shares is aligned with the term of office with regard to directors and the term of contract with regard to the general manager.

Stock Option Plan 2026-2031

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

- a) for all beneficiaries, a three-year *vesting* period: 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 Issuer's top management, the subordination of the exercisability of the options granted to the circumstance that, with reference to the financial year preceding that of the possible exercise of the options, the recipients reach the base value of at least one of the objectives assigned to them and approved by the Board upon the proposal of the Remuneration Committee;
- c) for beneficiaries who are directors or members of the Issuer's top management that they must retain until the end of their term of office, and in any case for a minimum period of five years between the deed of assignment and any alienation, 10% of the shares resulting from the exercise of the options granted to them.

Remuneration of non-executive directors (Rec. 29)

The remuneration of the non-executive directors, including independent directors, until the end of the term of office of the current Board, consists solely of the annual fixed component equal for all directors quantified, for the entire term of office, by the Shareholders' Meeting at the time of their appointment and is represented by the basic remuneration established by the Shareholders' Meeting for all directors at the time of their appointment and currently set at Euro 17,000.00 per year.

An additional modest fixed remuneration of EUR 3,000.00 per year each is also provided for the non-executive directors who have been appointed chairpersons of the board committees

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

Non-executive directors are not recipients of share-based incentive plans.

Accrual and payment of remuneration (Principle XVII)

The Board ensures that the remuneration paid and accrued is consistent with the principles defined in the policy, in light of the results achieved and other circumstances relevant to its implementation.

In this regard, see the Remuneration Report as to principles, verification procedures and disbursement mechanisms in Section I, Part A) paragraphs 9, 10 and 11 and, as to fees actually paid and deferred, Section II.

* * *

Directors' indemnity in the event of resignation, dismissal or termination following a takeover bid (pursuant to Art. 123-bis, paragraph 1, letter i), Consolidated Law on Finance)

Without prejudice to the end of term compensation determined by the Shareholders' Meeting pursuant to Art. 17 of the Consolidated Law on Income Tax (TUIR), upon appointment in favour of the chairperson and any executive directors in the maximum total amount of EUR 19,500.00 per year, no agreements have been entered into between the Issuer and the directors providing for indemnity in the event of resignation or dismissal/revocation without just cause or if the employment relationship terminates following a takeover bid.

At present, there are no rights assigned in addition to the termination indemnity described above; there are no agreements providing for the assignment or maintenance of non-monetary benefits in favour of persons who have terminated their office or the stipulation of consultancy contracts for a period after the termination of the relationship; there are no agreements providing for compensation for non-competition commitments.

Upon appointment, the general manager signed a non-competition undertaking for the entire duration of the relationship and for two years following the termination of the employment relationship, in respect of which he/she receives an indemnity in the course of the relationship. For further details, please refer to the Remuneration Report.

During the financial year, there were no terminations of directorships or termination of the relationship with the general manager.

8.2 REMUNERATION COMMITTEE

Since 5 September 2000, the Board has appointed an internal remuneration committee in order to ensure the most comprehensive information and broad transparency on the remuneration due to directors (Rec. 16, 25 and 26).

Composition and functioning of the remuneration committee (pursuant to Art. 123-bis, paragraph 2, letter d), Consolidated Law on Finance)

The Remuneration Committee currently in office was appointed by resolution of 14 May 2021 following the renewal of the board of directors and is composed as follows: Fabia Romagnoli (non-executive, independent), Alberto Pecci (non-executive) and Michele Legnaioli (non-executive, independent).

During the Financial Year, the Remuneration Committee met once (14 March).

All members were present.

The duration of the meeting was 120 minutes.

The proceedings of the meeting were coordinated by the chairman and the meeting was duly minuted.

The chairman informs the Board of the meetings and the activities carried out at the first useful meeting.

There were no changes in the composition.

The Remuneration Committee has already met twice in 2024, on 25 January and 29 February.

The Committee will hold the meetings necessary to carry out its activities in relation to the evolution of the company's remuneration system and any legislative and regulatory changes that may occur in the *medium term*.

During the Financial Year, the Remuneration Committee consisted of three members, all non-executive directors, the majority of whom were independent, with the chairman elected from among the independent directors (Rec. 26 and Rec. 7).

It has been said that all the members of the Remuneration Committee are individuals of standing who have gained extensive experience in listed and/or large companies (Florence Airport; KME; Mediobanca s.p.a.; Fondazione Cassa di Risparmio di Prato, etc.).

Therefore, the Board did not deem it necessary to make any further assessment as to the specific competence of one of its members in accounting and financial matters, and/or in remuneration policies, as these characteristics emerged for all members from the same *curricula vitae* submitted at the time of the inclusion of their candidatures in the lists for the appointment of the current Board (Rec. 26).

Pursuant to art. 4 of the Remuneration Committee Regulation, no executive director participates in the discussion and deliberation phase of the committee meetings in which proposals are made to the Board regarding his/her remuneration (Rec. 26).

The following took part in the work and meeting of the Remuneration Committee at the invitation of the chairman: the secretary; the entire Board of Statutory Auditors; the independent director Daniela Toccafondi for the purposes of the *induction programme* (Rec. 17).

Functions of the remuneration committee

The Remuneration Committee functions and has the tasks described in the regulations approved *ad hoc* by the Board of Directors on 5 September 2000, as amended.

The Remuneration Committee assists the Board in drawing up the remuneration policy in an advisory and propositional capacity, as in accordance with Art. 2389, paragraph 3, Italian Civil Code and Art. 20 E of the Articles of Association, the Board of Directors has the exclusive power to determine the remuneration of the delegated bodies, the chairman and the directors holding special offices, having obtained the necessary opinion of the Board of Statutory Auditors on the matter.

The Remuneration Committee, in accordance with Art. 9 of the relevant regulation, is entrusted with the tasks referred to in Art. 5 of the Code. It therefore acts in an advisory and propositional capacity:

- assists the Board in drawing up the policy for the remuneration of directors and *top management*;

- submits proposals or expresses opinions to the Board on the remuneration of executive directors and other directors holding particular offices, as well as on the setting of *performance* objectives related to the variable component of such remuneration;
- monitors the concrete application of the remuneration policy and verifies, in particular, the actual achievement of *performance* objectives;
- periodically assesses the adequacy, overall consistency and concrete application of the policy for the remuneration of directors and key management personnel, making use in the latter respect of the information provided by the managing directors;
- carries out, on its own initiative or when requested by the Board, the appropriate and necessary preliminary and preparatory activities for the drafting of the remuneration policy;
- reports to shareholders on how it exercises its functions.

In formulating its proposals, the Remuneration Committee takes care:

- that the remuneration of executive directors and *top management* and of the supervisory body is functional to the pursuit of the Company's sustainable success and takes into account the need to dispose of, retain and motivate people with the competence and professionalism required by the role held;
- that the remuneration of executive directors, strategic managers and the supervisory body is defined taking into account the remuneration practices prevailing in the relevant sectors and for companies of similar size, also considering comparable foreign experiences;
- that the remuneration policy for executive directors and strategic managers defines:
 - a) a balance between the fixed component and the variable component that is appropriate and consistent with the company's strategic objectives and risk management policy, taking into account the characteristics of the business activity and the sector in which it operates, while providing that the variable component represents a significant portion of the total remuneration;
 - (b) maximum limits on the disbursement of variable components;
 - c) *performance* objectives, to which the payment of the variable components is linked, predetermined, measurable and linked in significant part to a long-term view, consistent with the company's strategic objectives and aimed at promoting its sustainable success, including, where relevant, also non-financial parameters;
 - d) an adequate deferral period - with respect to the time of maturity - for the payment of a significant portion of the variable component, consistent with the characteristics of the business activity and the related risk profiles;
 - (e) contractual arrangements allowing the company to reclaim, in whole or in part, variable remuneration components paid (or to withhold amounts subject to deferral), determined on the basis of data which subsequently prove to be manifestly erroneous and other circumstances which the company may have identified;
 - (f) clear and pre-determined rules for the possible payment of termination indemnities which define the upper limit of the total amount payable by linking it to a certain amount or a certain number of years of remuneration and which, in case of significant amounts, provide for non-payment upon achievement of objectively inadequate results;
 - (g) in the case of share-based remuneration plans for executive directors and strategic managers, they incentivise alignment with shareholder interests over a long-term view, with a predominant portion of the plan having an aggregate vesting and retention period of the assigned shares of at least five years.

During the Financial Year, the Remuneration Committee performed the following activities:

- a) verification of the degree of achievement of the objectives envisaged in the 2022 incentive remuneration plan and the variable portion of the remuneration due to executive directors and managers with strategic responsibilities;
- b) definition of the proposed incentive policy and incentive remuneration plan 2023. In this context, it formulated the proposed remuneration policy, which was then the subject of the report submitted to the shareholders for approval;
- c) verification, when the deadline for the exercise of options under the 2016-2025 *Stock-Option* Plan expires, of the prerequisites set forth in the relevant regulation with reference to the right of exercise by executive directors and the general manager;
- d) contribution to the definition and implementation of the 2026-2031 *Stock Option* Plan and identification of beneficiaries;
- (e) verification that the remuneration actually paid complies with the remuneration policy approved by the shareholders.

In the performance of its functions, the Remuneration Committee has the possibility of accessing the information and corporate functions necessary for the performance of its tasks, as well as of availing itself of external consultants, under the terms established by the Board (Rec. 17).

At present, the Remuneration Committee has not deemed it necessary to make use of external consultants.

9.0 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM – CONTROL AND RISK COMMITTEE – ART. 6 CODE

The Board, in its management of the Issuer and in defining its strategic, industrial and financial plans, assesses the nature and level of risk compatible with the objectives set and the sustainable success of the Issuer and the Group.

The Board has defined, and then mandated the various bodies involved in the internal control system (managing director, *internal auditor*, committee, supervisory body, manager in charge, etc.) the guidelines of the internal control and risk management system, so that the main risks pertaining to the Issuer and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, also determining the degree of compatibility of these risks with a management of the company consistent with the strategic objectives identified for the sustainable success of the Issuer and the Group (Principle XIX, Rec. 33).

The main features of the Issuer’s internal control and risk management system are rules and procedures on the one hand and *governance* and control bodies on the other.

The rules consist first of all of a set of fundamental principles, codified in the Code of Ethics; secondly, of a set of second-level procedures (those *pursuant to* Italian Legislative Decree 231/01, L. 262/05, L. 81/09, internal regulations on the processing of confidential information, transactions with related parties, *internal dealing*, etc.), which make it possible to bring the aforementioned general principles into the company's reality and make them operational.

On the other hand, the various bodies at their respective levels carry out the control of compliance with the rules and procedures, on the basis of the competences and functions defined and assigned to them by the Board: *internal auditor*; manager in charge of drawing up the corporate accounting documents; 231 Supervisory Body; Control and Risk Committee; auditing company; Board of Statutory Auditors; data protection officer designated *pursuant to* Art. 37 EU Reg. 679/2016.

The details of the current conformation of the existing risk management and internal control system in relation to the financial reporting process, including the consolidated one, (*pursuant to* Art. 123-bis, paragraph 2 letter b), Consolidated Law on Finance), are described in Annex 1. The purpose here is to give a broad outline of the course followed by the Issuer after the entry into force of L. 262/2005.

On 15 May 2007, the Board, in implementation of Art. 154-bis Consolidated Law on Finance, in order to formalise a set of rules and tests to be implanted on the existing structure relating to the process of formation of financial information, including consolidated information, designated the manager in charge of preparing corporate accounting documents in the person of Mr Enrico Romagnoli, a person employed by the company until the admission of the shares to the market organised and managed by Borsa Italiana s.p.a.

Initially, the Issuer, availing itself of the cooperation of Price Waterhouse Coopers (a different company from the one that performs the accounting control in the Issuer), set up a working group with the aim of carrying out an analysis of the internal control system (“ICS”) with reference also to the tasks assigned by law to the figure of the manager proposed for the preparation of accounting and corporate documents.

The analysis was conducted using as a model the *CoSo Report – Internal Control Integrated Framework*. At the conclusion of the project, a summary document was drawn up summarising the results that emerged, against which the specific tools to be applied were identified in order to ensure the coordination and functioning of all the elements of the ICS that concern information and data on the economic and financial situation required by law and/or disseminated to the market.

From that moment on, the manager in charge carries out his/her activity with a view to continuous improvement and constant verification of the instruments adopted. During the 2012/2013 financial year, the manager in charge, also in cooperation with Deloitte ERS, carried out activities aimed at revising the procedural system for existing *scope* companies according to a *risk-based* perspective for a better analysis of the risks associated with financial reporting. This model was also applied to the new companies that came into *scope* later.

On 14 November, the Board approved the 2024 work plan prepared by the head of the *internal auditor* function after consulting the Control and Risk Committee, the Board of Statutory Auditors and the Managing Director for Internal Control.

The Board through the activities implemented and coordinated by the Control and Risk Committee, the Board of Statutory Auditors as well as the reports on the activities carried out by the head of the *internal audit* function, the manager in charge and the 231 Supervisory Body and the data protection officer designated *pursuant to* Art. 37 EU Reg. 679/2016 assessed, by sectors and with positive results, at the meetings of 15 March, 15 May, 20 July, 12 September, 14 November

the adequacy of the internal control and risk management system in relation to the characteristics of the company and the risk profile assumed, as well as its effectiveness.

9.1 CHIEF EXECUTIVE OFFICER

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

This task was entrusted to Mr. Andrea Cangioli, Executive Director.

He has the task of supervising, on behalf of the Board, the functionality of the control and risk management system and performs the duties and functions set forth in the Code, in particular: sees to the identification and periodic submission to the Board of the main corporate risks (strategic, operational, financial and *compliance*) taking into account the characteristics of the activities performed by the Issuer and its subsidiaries, submitting them periodically to the Board when illustrating the financial data and management performance of the Issuer and the group; implements the guidelines defined by the Board, seeing to the design, implementation and management of the internal control and risk management system and constantly verifying its adequacy and effectiveness; takes care of the adaptation of this system to the dynamics of the operating conditions and the legislative and regulatory panorama; regularly asks the *internal audit* function to carry out checks on specific operating areas and on compliance with internal rules and procedures in the execution of company transactions, keeping the Control and Risk Committee and Board of Statutory Auditors informed; regularly reports to the Control and Risk Committee/Board of Directors and Board of Statutory Auditors on problems or critical issues that have emerged in the performance of his activities or of which he has become aware, even if there was no need to do so during the financial year (Rec. 34).

9.2 CONTROL AND RISK COMMITTEE

Since 2000, the Board has set up an internal control committee, which was renamed “control and risk committee” in 2012 and “control and risk, related party transactions and sustainability committee” in 2021.

Composition and functioning of the control and risk committee (pursuant to Art. 123-bis, paragraph 2, letter d), Consolidated Law on Finance)

Since its establishment in 2000, the composition has always been in accordance with the Code in its various versions.

The current Control and Risk Committee was appointed by resolution of 14 May 2021 following the renewal of the board of directors and is composed as follows: Fabia Romagnoli (non-executive, independent), Daniela Toccafondi (non-executive, independent); Alberto Pecci (non-executive) and Michele Legnaioli (non-executive, independent).

The Control and Risk Committee always meets prior to the Board's approval of the draft annual financial report and the half-yearly report, as well as whenever one of its members, the Board or the executive director in charge of internal control or the person in charge of internal control so requests.

It met five times during the financial year (15 March; 20 July; 12 September; 14 November; 21 December).

As for the average duration of meetings, it was 133 minutes.

The work carried out during the meetings was coordinated by the chairman. He informed and reported on the activities in the board meeting.

In 2024, the Control and Risk Committee met once: on 14 March.

At the moment, at least two meetings are scheduled, one in September and one in November, in addition to those that the Committee deems necessary within the scope of its, composite, functions.

The Control and Risk Committee during the Financial Year was composed of non-executive directors, the majority of whom were independent.

During the Financial Year, the Control and Risk Committee was composed of four directors.

All the members of the Committee have experience in accounting, finance and risk management, which was deemed adequate by the Board at the time of their appointment for the reasons already mentioned in the presentation on the Remuneration Committee.

Meetings of the Committee are attended by the Board of Statutory Auditors, the manager in charge of preparing the accounting documents, the managing director for internal control, the secretary, the *internal auditors* and, where necessary, on individual items on the agenda, the person or professional the chairman deems useful for discussion.

Functions assigned to the control and risk committee

The Committee functions and has the tasks described in the regulations approved *ad hoc* by the Board of Directors on 5 September 2000, as amended.

In fact, in light of Italian Legislative Decree 39/2010, which has redesigned certain aspects of internal control, the Issuer, by virtue of the contents of Stock Exchange Notice no. 18916 of 21 December 2010 - concerning the requirements to be met by issuers belonging to the STAR segment – had already proceeded with its resolution of 13 May 2011 to assign the committee a mere support role with reference to the activities reserved by Italian Legislative Decree 39/2010 to the Board of Statutory Auditors concerning the statutory audit of the accounts.

Moreover, in November 2015, following the amendments made to the Code in July 2015, the role of preparatory support to the board of directors' assessments and decisions concerning the management of risks arising from prejudicial facts of which the Board has become aware was specified in the Control and Risk Committee regulation.

Lastly, with a resolution of 14 November 2018, the regulation was supplemented with the function relating to the role played by the Control and Risk Committee regarding the formulation of opinions and proposals to the Board of Directors on the definition of the sustainability policy pursuant to Italian Legislative Decree 254/2016.

It therefore currently performs the following tasks.

First of all, those referred to in the Consob Related Parties Regulation, and thus it:

- (a) examines, analyses and gives an advance opinion on the procedures, and amendments thereto, adopted by the Board of Directors on related party transactions;
- (b) performs the tasks entrusted to it in those procedures with regard to the examination and review of related party transactions subject to those procedures.

Moreover, in the context of Art. 6 of the Code, in an advisory and propositional capacity, supports the assessments and decisions of the Board of Directors relating to the internal control and risk management system and the approval of periodic financial and non-financial reports and, in particular, insofar as compatible with the functions attributed by law to the Board of Statutory Auditors of listed companies, is responsible for:

- (a) assisting the Board, also by providing preventive opinions, in defining the guidelines of the internal control and risk management system, in line with the company's strategies and in the periodic assessment of the adequacy and effectiveness of said system, as well as in verifying the identification and adequate management of the main corporate risks, pertaining to the company and its subsidiaries, and in determining the degree of compatibility of the risks identified as pertaining to the company or its subsidiaries with a management of the company consistent with the identified strategic objectives and also with a view to the medium-long term sustainability of the company's business;
- (b) assessing, together with the manager responsible for preparing the Company's financial reports, after consulting the auditor and the Board of Statutory Auditors, the correct use of accounting standards and, for the Group, their uniformity for the purposes of preparing the consolidated financial statements;
- (c) expressing opinions on specific aspects included in the identification of the main corporate risks;
- (d) reviewing periodic reports, concerning the evaluation of the internal control and risk management system, and those of particular relevance prepared by the internal audit function;
- (e) monitoring the independence, adequacy, effectiveness and efficiency of the *internal audit* function;
- (f) requesting, at its own discretion and by simultaneously notifying the Chairman of the Board of Statutory Auditors, the *internal audit* function to carry out checks on specific operational areas;
- (g) assisting the Board of Statutory Auditors, if expressly requested by the latter, in assessing the proposals made by auditing firms to obtain the relevant appointment, assessing the work plan prepared for the audit and the results set out in the report and in the letter of suggestions;
- (h) assisting the Board of Statutory Auditors, if expressly requested by it, in supervising the effectiveness of the audit process;
- (i) reporting to the Board, at least once every six months, on the occasion of the approval of the annual and semi-annual financial report, on the activities carried out as well as on the adequacy of the internal control and risk management system;
- (l) expressing opinions on the appointment, dismissal and remuneration of the head of the *internal audit* function and on the allocation of the latter with adequate resources for the performance of his/her functions and responsibilities;
- (m) supporting, with adequate preliminary activity, the Board's assessments and decisions relating to the management of risks arising from prejudicial facts of which the Board has become aware;
- (n) performing such further tasks as may from time to time be assigned to it by the Board.

Finally, with reference to sustainability issues pursuant to Italian Legislative Decree 254/2016, the Control and Risk Committee has the task of assisting the Board with investigative functions, of a propositional and advisory nature, in assessments and decisions related to sustainability issues connected to the company's business and its dynamics of

interaction with all *stakeholders*, corporate social responsibility, the examination of scenarios for the preparation of the strategic plan and the *corporate governance* of the Company and the Group.

During the Financial Year, the Control and Risk Committee carried out the following activities:

- (a) review and evaluation of the activities carried out by the manager in charge under L. 262/2005;
- b) review and assessment of the 2024 audit plan and of the activities carried out by the *internal auditors* in relation to: the verification of the operativity and suitability of the internal control and risk management system with reference to the financial statement preparation area; the updating of the matrix of areas subject to control and of the control activities carried out and/or planned; area of real estate asset management and ordinary and extraordinary maintenance activities; procurement area and planning of purchases for production;
- d) examine and assess the recommendations contained in the Chairman's Letter for Corporate Governance of Borsa Italiana, proceeding to support the Board in the implementation of the related activities;
- (e) support the Board in the assessment of transactions between subsidiaries;
- f) performance of the tasks entrusted to it by the *Regulation for El.En. s.p.a. related-party transactions* (as defined in paragraph 10.0 of this report) and by Consob Regulation 17221/2010;
- g) support to the Board for the revision of the *Regulation for El.En. s.p.a. related-party transactions* following the exceeding of the “smaller companies” parameters under Art. 3(1)(f) of Consob Regulation 17221/2010;
- h) activities described in Section 6 of the Report as a Sustainability Committee.

In the performance of its functions, the Committee has the right to access the information and corporate functions necessary for the performance of its tasks as well as, if it deems it appropriate, to make use of external consultants, under the terms established by the Board.

During the Financial Year, the Committee did not make direct use of external consultants.

The Board, which confirmed the internal control and risk management system structure following the renewal of the mandate, set the overall budget allocated to the entire internal control and risk management system, including the Control and Risk Committee, at EUR 80,000.00.

9.3 HEAD OF THE INTERNAL AUDITOR FUNCTION

Since 2000, the Board has appointed one or more persons to verify that the internal control system is always adequate, operational and functioning (internal control officer(s) or *internal auditor*) (Rec. 33, b).

The current heads of the internal auditing function are, for the financial reporting area, Mr. Alessio Paoli, and for the other areas, Ms. Cristina Morvillo, both appointed at the proposal of the executive director in charge of supervising the functionality of the internal control system and after hearing the opinion of the Control and Risk Committee and with the approval of the Board of Statutory Auditors.

The Board is the body in charge of defining the remuneration of the person(s) in charge of the *internal auditor* function in line with corporate policies, on the proposal of the executive director in charge of supervising the functionality of the internal control system, after hearing the opinion of the Control and Risk Committee and the Board of Statutory Auditors.

The heads of the internal auditor function are not responsible for any operational areas they control and are hierarchically subordinate to the Board.

The heads of the internal auditor function verify, both on an ongoing basis and in relation to specific needs and in compliance with international standards, the operation and suitability of the internal control and risk management system, through an audit plan, approved annually by the Board, based on a structured process of analysis and prioritisation of the main risks.

The heads of the internal auditor function, each within the scope of his or her competence, had direct access to all information useful for the performance of his or her duties; they prepared half-yearly reports containing adequate information on their activities, on the manner in which risk management was conducted in the areas of investigation assigned to them and on compliance with the plans defined for their containment, as well as an assessment of the suitability of the internal control and risk management system, and forwarded them to the chairmen of the Board of Statutory Auditors, the Control and Risk Committee and the Board, as well as to the director in charge of the internal control and risk management system; they did not have the opportunity to report on particularly significant events; they verified, making use of the verification and control activities carried out by the manager in charge for 262/2005 in accordance with

the COBIT model “Control Objectives for Information and related Technology” the reliability of the information systems supporting accounting activities.

At present, they have not felt the need to use external consultants or therefore have any financial resources to perform their tasks. The Board that, following the renewal of the mandate and confirming the previous one, drew up the structure of the internal control and risk management system set the overall budget allocated to the entire internal control and risk management system at EUR 80,000.00.

During the Financial Year, the control activities carried out by the *internal auditor* function were aimed at verifying the operativity and suitability of the internal control and risk management system with reference to the area of financial statement preparation; updating the matrix of areas subject to control and the control activities carried out and/or planned; the procurement and planning area for production purchases; area of real estate asset management and ordinary and extraordinary maintenance activities; the activities carried out under L. 262/05.

The *internal auditing* function with reference to the area of financial statements preparation remaining within the monitoring area pursuant to L. 262/05 was entrusted to Mr. Alessio Paoli, a chartered accountant, an external subject and considered to have adequate requirements of professionalism, independence and organisation. The outsourcing of the internal control function with reference to the financial statements area originated in resource optimisation assessments carried out in February 2005 by the Board at the time of the turnover of the internal control officer identified in a figure belonging to the finance and financial statements department and dedicated to preparing the financial statements of group companies.

A proper segregation between operational and control activities has led the Board to continue in the same vein.

9.4 ORGANISATIONAL MODEL pursuant to Italian Legislative Decree 231/2001

The Issuer has an organisation, management and control model, pursuant to Italian Legislative Decree 231/2001. As for strategically important subsidiaries, it was adopted by Quanta System s.p.a., ASA s.r.l. and Deka M.E.L.A. s.r.l..

The Issuer's current model is the result of the periodic review of the model initially approved and of its continuous updating in line with the evolution of the range of predicate offences, introduced from time to time by the legislator. With a view to preventing the commission of offences related in some way to the Issuer's business, taking into account its structure and the area in which it operates, the Board has decided to include in its 231 model the health and safety at work section also valid for the purposes of Art. 30 L. 81/09.

In addition to offences related to health and safety at work, the Issuer's current model pursuant to Italian Legislative Decree 231/2001 is aimed at the prevention of offences against the public administration, corporate offences, market abuse, environmental offences, transnational offences, and offences of receiving stolen goods, money laundering, and the use of money, goods or benefits of unlawful origin.

The supervisory body is collective and composed of three members, one of whom is Mr Paolo Caselli, standing statutory auditor.

At present, although the Issuer has provided in the Articles of Association for the option of assigning this function to the Board of Statutory Auditors, it has deemed it more effective to maintain the current set-up of the supervisory body: one standing statutory auditor and one *internal auditing* manager. The third member is a lawyer experienced in Italian Legislative Decree 231/2001.

9.5 AUDITING COMPANY

The audit is entrusted pursuant to Articles 13, 17 and 19 of Italian Legislative Decree 39/2010 to an auditing company registered in the appropriate CONSOB register: the shareholders' meeting of 4 June 2020 appointed EY s.p.a. to audit the company's annual financial statements and consolidated financial statements for the years 2021-2029.

The term of office expires with the approval of the 2029 budget.

In this regard, during the Financial Year the Issuer assigned the task of performing the statutory auditing services of El.En. s.p.a. for the nine-year period 2021-2029.

9.6 MANAGER RESPONSIBLE FOR THE PREPARATION OF CORPORATE ACCOUNTING DOCUMENTS AND OTHER CORPORATE ROLES AND FUNCTIONS

The manager in charge of preparing the corporate accounting documents is Mr. Enrico Romagnoli, who is a manager of the Issuer's financial statements department and also acts as *Investor Relator*.

The manager in charge is appointed in accordance with the articles of association by the Board and, as stipulated in Article 20 G, must possess the requisites of honourableness laid down by law for auditors and directors and professional characteristics and requisites, both in terms of preparation and training and in terms of work experience accrued, adequate for the performance of the task entrusted to him.

The person responsible for preparing the company's accounting documents has all the powers and means necessary for the proper performance of this function.

The principles and modalities implemented by the supervisor are described in detail in Annex 1.

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

In concrete terms, as has already been mentioned and without wishing to repeat it, the Issuer provides for close coordination between the various persons involved in the internal control and risk management system through the cross-appointment of persons belonging to one body as members of others or through the participation in the work of the various persons belonging to the other bodies involved in the control and risk management system.

10.0 DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

With reference to transactions in which one of the directors has an interest or transactions with related parties, to be understood as those identified on the basis of Annex 3 of the CONSOB Related Parties Regulation, the Articles of Association specify in Art. 20 that prior approval by the Board of transactions of significant strategic, economic, capital and financial importance must take place, with specific reference to transactions with related parties, those where a director has a personal interest or an interest on behalf of third parties or which are unusual or atypical.

Furthermore, the Board, in implementation of Art. 2391-*bis* of the Italian Civil Code adopted on 30 March 2007 a special procedure called “*Regulation for El.En. s.p.a. related-party transactions*”, also in compliance with the CONSOB Related Parties Regulation.

This regulation is available on the Issuer's website www.elengroup.com (<https://elengroup.com/it/investor-relations/documenti-societari.html>) and contains the rules governing the approval and execution of transactions entered into by the Issuer, either directly or through subsidiaries, with counterparties in relation to which the pre-existence of a shareholding, employment or professional relationship or close family ties could condition the conclusion, regulation and consistency of the contractual relationship. This regulation rendered in formal terms the intent, which has always been pursued by the Issuer, to act by ensuring that the performance of transactions with related parties - by which is meant also those transactions in which the correlation exists with an interest of the director or statutory auditor him/herself or on behalf of third parties - takes place in the utmost respect of the criteria of transparency and correctness, both substantial and procedural, of the transactions themselves.

The Issuer and its directors have always acted in accordance with the relevant provisions of the Italian Civil Code (Articles 2391 and 2391-*bis* of the Italian Civil Code).

In addition, the Administrative and Management Procedures Manual, in force since 2000, includes a special procedure, also for the purposes of mapping the Issuer's related parties, for the control of relations with related parties and the existence of conflicts of interest involving board of directors or supervisory bodies.

It stipulates that the internal control officer/*internal auditor* shall, at least once every six months, verify, by interviewing the members of the board of directors and the board of statutory auditors, whether additional related parties have been identified, as well as the existence of situations giving rise to conflicts of interest.

In concrete terms, this survey is carried out by means of a written interview consisting of a questionnaire that is filled out and signed by the aforementioned persons and kept on file by the person in charge of internal control/*internal auditor*.

The procedure approved by the Board contains the criteria for the identification of transactions that must be approved by the Board after consulting the Control and Risk Committee.

In addition to the relevant provision of the articles of association (Art. 20 E) and the internal regulations under which, in particular, the delegated directors are obliged, pursuant to Art. 20 E cited above, to promptly highlight – for the purposes of the envisaged prior approval - transactions in potential conflict of interest, those with related parties, as well as those that are atypical or unusual with respect to normal business management, the Board had originally envisaged that a director with a personal or third-party interest in a given transaction would give prior information to the meeting called to deliberate on the matter and would leave the meeting.

The *Internal Regulations for Related Party Transactions* have been supplemented by reproducing some of the provisions of the Consob Related Parties Regulations in place of simple references in order to make them easier to read and to reconstruct the operational framework, as well as to regulate in detail the equivalent safeguards and to refine the provision of Art. 6 in relation to resolutions concerning transactions in which there is a relationship arising from an interest of the director or auditor. In this regard, the obligation to leave/abstain from the resolution was replaced with the power of the independent directors to request the postponement of the meeting and the resolution in order to obtain more information. In 2021, the Board supplemented and amended El.En. s.p.a.'s Regulation on Related Party Transactions following the changes introduced to Consob Reg. 17221/2010 with Consob Resolution of 10 December 2020, no. 21624 issued for the purpose of the transposition of Directive (EU) 2017/828 – so-called *Shareholder Rights Directive 2* (“SHRD 2”) – amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, by Consob, implementing the regulatory delegation contained in Art. 2391-*bis* of the Italian Civil Code, as extended by Italian Legislative Decree 49/2019.

The Italian regulations on related party transactions were already, on the whole, substantially consistent with the SHRD 2 as regards approval procedures, transaction transparency requirements and certain exemption cases identified therein. The regulatory amendments that were the subject of Consob's most recent intervention were therefore intended to pursue a complete alignment of the regulatory text with the Directive and, on the basis of the application experience that Consob has gained since 2011 in its supervisory activities in this area, further interventions aimed at clarifying certain procedural steps in which the approval process of transactions with related parties is articulated and at specifying definitional and applicative aspects of the regulation.

The regulatory solutions adopted aim at the same time to maintain the flexibility aspects already provided for in the previously adopted regulation and to preserve, where possible, an established consolidated discipline of application by operators.

In substance, therefore, the Board approved the proposed amendments to El.En.'s internal regulations for related-party transactions in order to bring them in line with the new regulatory framework, taking into account that the Italian regulatory framework was already ripe with reference to the transposition of the European regulations and that it was therefore a fine-tuning intervention on internal procedures that El.En. had already adopted at the end of 2010.

The proposed amendments to the *Regulation for El.En. s.p.a. related-party transactions* in 2021 concerned:

- a) reformulation of the definition of a related party: the Directive and therefore Consob refer to the definition of a related party contained in the international accounting standards in force at the time;
- b) obligation of the director involved in the transaction to abstain from voting: a provision that El.En. had already implemented, was later amended in 2019. This provision has been reinserted in line with the new rules with reference to all transactions, even of minor importance, in which a director has a personal or third-party interest, that conflicts with that of the company;
- c) approval procedures: the reservation of decision-making competence to the board of directors for transactions of major significance was introduced. This intervention is also in line with the core principle of the Code, namely the central role of the board of directors in strategic decisions and in the approval of transactions with significant economic, equity or financial importance. Furthermore, in relation to the procedures, the following has been specified, in continuity with the application practice already followed by El.En.: (i) the express provision of the duty of the committee of independent directors to verify in advance the independence of the expert eventually selected and qualified as independent; (ii) the timeliness of the involvement of the committee of independent directors in the negotiation and preliminary phase of a transaction of greater significance; (iii) the express provision of the obligation to attach the opinion of the committee of independent directors to the minutes of the meetings of said committee;
- d) cases of exemption: some minor changes relating to:
 - i) exempt transactions of small amounts: the small amount of EUR 100,000.00 (one hundred thousand/00) has been confirmed;
 - ii) ordinary and market or standard transactions of major significance: an annual review by the Control and Risk Committee of exempted transactions of major significance and the regulation of the related information flow was introduced.

Finally, the *Regulation for El.En. s.p.a. related-party transactions* was last revised in the course of the Financial Year following the exceeding of the “smaller companies” parameters set forth in Art. 3(1)(f) of the aforementioned Consob Regulation cited.

The proposed amendments, since also in the previous version all transactions subject to this regulation were examined in advance by the Committee for Related Party Transactions (“RPT Committee”), concerned:

- a) provision that in the case of transactions of greater significance, the RPT Committee shall be constituted and deliberate with the presence of Independent and unrelated Directors;
- (b) provision of reinforced equivalent safeguards in the case of transactions of greater significance, with the competence to issue the opinion in the last resort of the entire board of statutory auditors instead of only the chairman of the supervisory body;
- c) reorganisation of the content with the separation into two separate articles of the procedure for the issue and value of the prior opinion of the RPT Committee and its effects by differentiating between minor and major transactions.

The Company has set up a committee for related party transactions; it is attached to the Control and Risk Committee.

Please therefore refer to paragraph 9.2. on the composition, functions and activities performed during the Financial Year. Of the meetings held by the Control and Risk Committee, two were specifically and exclusively devoted to related party transactions: 20 July and 21 December.

11.0 BOARD OF STATUTORY AUDITORS

11.1 APPOINTMENT AND REPLACEMENT

In accordance with Art. 144-sexies Consob Issuers Regulation, as well as Art. 148, paragraph 2, Consolidated Law on Finance as last amended by Italian Legislative Decree 27/2010, and the balancing legislation set out in L. 12 July 2011, no. 120, Art. 25 of the Articles of Association provides for the following appointment procedure.

“Art. 25 – Board of Statutory Auditors (...omissis...) The following procedure is followed to appoint members of the Board of Statutory Auditors. Shareholders intending to propose Statutory Auditor candidates must deposit in the registered office at least twenty-five days before the date set for the ordinary shareholders’ meeting in first call:

a) a list containing the names in progressive order and divided into two sections: one, of candidates as standing statutory auditors, the other for Substitute statutory auditors.

b) together with the list: a full description of the professional profile of candidates presented, providing adequate motives for the proposal and a curriculum vitae of each candidate;

c) together with the list, the declaration with which each candidate accepts his/her candidacy and states, under his/her own responsibility, that there are no reasons for ineligibility or incompatibility and that he/she holds the requirements established by laws applicable and these Articles of Association for the respective positions.

d) together with the list a declaration by shareholders who do not hold, even jointly, a controlling or relative majority share, declaring there are no connection relations as set forth in art. 144-quinquies Consob Regulation 11971/1999 with the latter.

The lists must provide identification of shareholders, or the name of the shareholder, presenting the list with full indication of personal details and the capital percentage owned singly and as a whole.

The creation of lists containing no less than three candidates must comply with regulations on gender balance.

Each Shareholder may present or take part in presenting just one list and each candidate may be presented in just one list, penalty the person’s ineligibility.

Shareholders with the right to present lists are those who alone or together with other shareholders represent that share of share capital established by art. 147-ter of Italian Legislative Decree of 24 February 1998, no. 58, or the share, even higher, established by the Consob with regulations considering the capitalisation, free float and proprietary structures of listed companies.

Ownership of the minimum share needed to present lists is decided considering shares registered to shareholders on the day on which the lists are deposited with the company. However, the relative certification must be produced at least twenty-one days before the date set for the ordinary shareholders’ meeting in first call.

Statutory Auditors are appointed by the Shareholders’ meeting based on the lists presented by Shareholders in which candidates are listed progressively. Each Shareholder with right of vote may vote just one list.

If only one list has been presented on the date the above term to present lists expires, or only lists presented by shareholders who, based on what is set forth in paragraph 4 of art. 144-sexies Consob Regulation 11971/1999, are connected pursuant to art. 144-quinquies of the Consob Regulation 11971/1999, lists may be presented up to the fifth day following that date. In that case, the above capital share level set for the presentation of lists is halved.

If several lists have been presented, the following procedure applies to elect the members of the Board of Statutory Auditors:

a) the votes obtained by each list will be divided by one, two, three, etc., based on the progressive number attributed to candidates being elected;

b) the votes obtained will be progressively assigned to the candidates of each list in the order set and will be included in a single decreasing ranking;

c) those who obtained the highest results will be elected.

At least one Standing Statutory Auditor must always be taken from the minority shareholders’ list obtaining the highest number of votes. Therefore, if the three highest results have all been obtained by candidates belonging to majority lists, the last Standing Statutory Auditor to be elected will be taken from the minority shareholders’ list that has obtained the highest number of votes; even though he/she has obtained a lower number than the majority shareholders’ list candidate with the third highest result.

If candidates have obtained the same result, the candidate from the list that has not yet elected an Auditor will be elected; or if all lists have elected the same number of Auditors, the candidate of the list that obtained the highest number of votes will be elected. In a list vote draw and still with a number draw, the entire ordinary Shareholders’ Meeting will hold a new vote, and the candidate obtaining the simple majority will be elected.

The Board of Statutory Auditors Chairperson is the Standing Statutory Auditor elected first in the minority shareholders’ list obtaining the highest number of votes; or, if there is no minority shareholders’ list, the standing statutory auditor elected first in the list obtaining the highest number of votes. If a Standing Statutory Auditor should have to be replaced, he/she will be replaced by the Substitute Auditor belonging to the same list.

If no list should be presented within terms indicated, the Shareholders' Meeting will resolve with the relative majority of Shareholders present at the Meeting.

If just one list is presented, Standing and Substitute Statutory Auditors will be elected from that list in their listing order.

If no minority shareholders' list should receive votes, the Board of Statutory Auditors will be integrated through a resolution taken by the relative majority of Shareholders present at the Meeting.

In any case, the composition of the body elected must be able to guarantee representation of a gender balance pursuant to art. 148, paragraph 1-bis, of Italian Legislative Decree of 24 February 1998, no. 58.

The appointment of Statutory Auditors to integrate the Board pursuant to article 2401 of the Italian Civil Code is made by the relative majority Shareholders' Meeting.

When one or more supervisory body members should fall from office for any reason whatsoever, new members shall be designated or appointed in compliance with gender balance regulations in force."

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, and will expire with the approval of the annual financial statements as at 31 December 2024.

As at 31 December 2023, the Board of Statutory Auditors of El.En. s.p.a. was composed as follows: Mr. Carlo Carrera, Chairman; Mr. Paolo Caselli, Standing Statutory Auditor; Ms. Rita Pelagotti, Standing Statutory Auditor; Mr. Gino Manfredi, Substitute Statutory Auditor. Following the death of Substitute Auditor Ms. Alessandra Pederzoli in June 2023, the 2024 Shareholders' Meeting is called upon to appoint a replacement.

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

Pursuant to art. 144-septies, paragraph 2, Consob Issuers Regulation, the minimum shareholding in the share capital necessary for the submission of lists of candidates for members of the Board of Statutory Auditors is currently 2.50%, in accordance with Art. 25 of the Articles of Association, Art. 144-sexies Consob Issuers Regulation and CONSOB Determination of 31 January 2024, no. 92.

11.2 COMPOSITION AND FUNCTIONING (pursuant to art. 123-bis, paragraph 2, letter d) and d-bis), Consolidated Law on Finance)

The Board of Statutory Auditors is the body which, by virtue of legal, regulatory and statutory provisions, is responsible for supervising compliance with the law, the articles of association and correct administration principles, the adequacy of the Issuer's organisation structure for its areas of competence, the internal control system and the administrative-accounting system adopted by the Issuer, and their actual functioning. The Board of Statutory Auditors also supervises the matters provided for in Art. 19 of Italian Legislative Decree 27 January 2010 no. 39 as well as the concrete implementation of the corporate governance rules provided for in the Code, compliance with Consob provisions and the concrete implementation of corporate procedures concerning related parties.

Lastly, this body is responsible for supervising the adequacy of the instructions given to the subsidiaries so that they provide all the information necessary to fulfil their statutory reporting obligations.

In accordance with the provisions of the Articles of Association, where required by the Board, the Board of Statutory Auditors performs the functions of the supervisory body under Art. 6, of Italian Legislative Decree of 8 June 2001, no. 231.

By express provision of the Articles of Association, auditors must meet the legal requirements, and thus also the independence requirements of Art. 148 Consolidated Law on Finance.

They also act with autonomy and independence vis-à-vis the shareholders who elected them.

The current Board of Statutory Auditors comes from two lists:

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

Section One – Standing Statutory Auditors

- Caselli Paolo;

- Pelagotti Rita;

- Pilla Vincenzo;

Section Two – Substitute Statutory Auditors

- Manfredi Gino;

- Moroni Daniela;

b) the second (List 2) presented jointly by a group of shareholders jointly representing 3.88399% of the share capital and comprising the following:

Section One – Standing Statutory Auditor

- Carlo Carrera;

Section Two – Substitute Statutory Auditor

- Alessandra Pederzoli.

The election took place with the favourable vote of no. 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 Art. 25 of the Articles of Association, two standing statutory auditors (Paolo Caselli and Rita Pelagotti) and one substitute statutory auditor (Gino Manfriani) were elected from List no. 1, the Chairman of the Board of Statutory Auditors (Carlo Carrera) and a Substitute Statutory Auditor (Alessandra Pederzoli) from List no. 2.

The lists presented were not connected in any way.

The current Board is in office for three financial years until the approval of the financial statements for the financial year 2024.

For professional profiles and personal characteristics, please refer to the CVs published on the Company's website [www.elengroup.com](https://elengroup.com/it/investor-relations/documenti-assembleari.html) (<https://elengroup.com/it/investor-relations/documenti-assembleari.html>).

The Board of Statutory Auditors as at 31 December 2023 consists of three standing statutory auditors and two substitute statutory auditors:

Name	Office	Domicile	Place and date of birth
Carlo Carrera	Chairman	Milan, Corso XII Marzo, 38	Turin on 13 June 1968
Paolo Caselli	Standing Statutory Auditor	Pistoia, Via Venturi, 1/B	Florence, 14 April 1966
Rita Pelagotti	Standing Statutory Auditor	Florence, Via Francesco Corteccia 28/2	Florence on 6 December 1956
Gino Manfriani	Substitute statutory auditor	Florence, Viale Segni, 1/3 Florence	Borgo San Lorenzo (FI) 26 April 1963

The average duration of the Board meetings was 91 (ninety-one) minutes.

There were 16 (sixteen) meetings held during the financial year.

There are 6 (six) meetings scheduled for the current financial year (2024), three of which were held on 18 January, 23 February and 29 February respectively.

Concerning the actual participation of its members, see Table 4 in the annex.

The Issuer shall constantly make available to the Board its personnel and the resources that this body deems useful from time to time for the performance of its functions under the current Art. 25 of the Articles of Association.

The Board has always actively participated in the meetings and activities of the Control and Risk Committee and cooperates with the head of the *internal auditing* function.

The standing member Mr. Paolo Caselli, moreover, by virtue of a resolution passed by the Board on 31 March 2008, then confirmed at each renewal of the Board of Statutory Auditors and most recently on 13 May 2022, is the chairman of the supervisory body *pursuant to* Italian Legislative Decree 231/2001.

The reporting activities of the *internal auditor* and the manager in charge are carried out in relation to an internal control committee in a broader sense, including the Control and Risk Management Committee and the Internal Control Committee *pursuant to* Italian Legislative Decree 39 cited.

As at 31 December 2023, the following members of the Company's Board of Statutory Auditors were also members of the supervisory bodies of the following subsidiaries:

Name and Surname	Assets
Paolo Caselli	<ul style="list-style-type: none"> - Sole auditor of Deka M.E.L.A. s.r.l. - Chairman of the Board of Statutory Auditors of Lasit s.p.a. - Standing statutory auditor of Quanta System s.p.a.

Diversity Criteria and Policies (Rec. 8)

In addition to what has been said in general about the Composition and Diversity Policy in paragraph 4.2., it should be added that the formalisation of policies relating to the composition of the supervisory body is strongly conditioned by the detailed regulations governing this area.

Therefore, in the Composition and Diversity Policy document adopted by the Issuer, it merely recalls the essential features of the regulations.

As to the quantitative composition, in accordance with the law and Art. 25 of the Articles of Association, the Board of Statutory Auditors consists of five members: three standing statutory auditors, one of whom is the chairman, and two substitute statutory auditors.

As regards its qualitative composition, the Board of Statutory Auditors is composed of persons with the requirements of honour, professionalism, competence and independence laid down by law.

In the case of the Issuer, since the Board of Statutory Auditors is identified with the "Internal Control and Audit Committee" *pursuant to* Art. 19 of Italian Legislative Decree 39/2010 (as amended by Italian Legislative Decree 135/2016), the members of the Board must, as a whole, be competent in the sector in which the Company operates.

Moreover, the members must be diverse in terms of gender - in the sense that at least one third of the members must belong to the least represented gender (Article 148, paragraph *1-bis*, Consolidated Law on Finance) - age and educational and professional background, in order to ensure a different vision and approach to control issues and the appropriate skills to ensure the proper performance of the functions assigned to it.

As regards the limit on the accumulation of offices, the company complies with Consob regulations, Art. 144-*terdecies*, Consob Issuers Regulations, issued in implementation of Art. 148-*bis*, Consolidated Law on Finance. In fact, the Articles of Association provide for a limit to the accumulation of offices, *pursuant to* Article 148-*bis* of the Consolidated Law on Finance, by providing as a cause of ineligibility and disqualification for candidates or elected auditors who hold the office of standing statutory auditor in more than five listed companies, as well as for those who find themselves in situations of incompatibility or exceed the maximum limit provided for by the Consob Issuers Regulation (Articles 144-*duodecies* et seq.).

The methods for implementing the El.En. Composition and Diversity Policy consist of expressing to the shareholders when appointing the management and control bodies guidelines consistent with this policy and verifying at the time of election and then, cyclically, from year to year at the time of assessing the independence requirements of the Board, compliance with it in terms of composition and functioning.

With regard to the verification of the achievement of objectives, the assessment is made with regard to the result of both the Issuer and the Group when reviewing the degree of achievement of objectives upon approval of the final incentive remuneration due to the target directors and the general manager.

Independence (Rec. 9 and 10)

The Board of Statutory Auditors:

- verified the independence of its members at the first opportunity after appointment by assessing whether they met the independence requirements set forth in Art. 148, paragraph 3, Consolidated Law on Finance (*Art. 144-novies*, paragraph *1-bis*, Issuers Regulation); the Board acknowledged the declaration of possession of the requirements upon acceptance of the candidature;
- verified during the financial year that its members continued to meet the independence requirements and forwarded the results of these verifications to the Board;

- in making the above assessments, it applied the criteria set out in the Code with regard to the independence of directors. In particular, with reference to the duration of the appointment, the Board of Statutory Auditors found that the fact that one of them has held their respective positions in El.En S.p.a. for more than nine years, does not in itself constitute a relationship that could affect independence, in the absence of other significant relationships or relations among those listed in Article 148 paragraph 3 of Italian Legislative Decree 58/98 cited above and in Rec. 7.

Therefore, the outcome of the inspections was positive and this was communicated to the Issuer's Board, which acknowledged this at the Board meeting of 15 March.

The Board of Statutory Auditors elected by the Shareholders' Meeting of 29 April 2022, referring not only to the Articles of Association and the regulations, but also to the qualitative and quantitative criteria adopted by the Company in relation to the assessment of directors' independence:

- predefined in its meeting of 4 May 2022, at the beginning of its term of office, the quantitative and qualitative criteria for assessing the significance of the circumstances relevant under the Code for the purposes of assessing the independence of each member (Recommendation 7, as recalled by Recommendation 9), i.e., in addition to those provided for in the articles of association and the regulations:

- with regard to Recommendation 7 letter c) of the Code, that a commercial, financial or professional relationship is significant to the extent that it is so pursuant to and for the purposes of the provisions of the El.En. S.p.a. Regulation for related party transactions;
 - with regard to Recommendation 7 letter d) of the Code, that additional remuneration over and above the fixed remuneration for the office and the remuneration for any positions held in other supervisory bodies of the same Company or its subsidiaries, is significant if it exceeds 30% of the total remuneration received for the offices.
- at the same meeting of 4 May, it assessed the independence of the individual members, giving an account of it to the Board, which then took note of it at the meeting of 13 May, specifying the assessment criteria concretely applied
- upon the occurrence of circumstances relevant to independence and in any case at least once a year, assesses the continued existence of the independence requirements of the members of the Board of Statutory Auditors (Recommendation 6 as referred to by Recommendation 9) and
- in making the above assessments, takes into consideration all the information made available by each member of the Board of Statutory Auditors (Recommendation 9), assessing all the circumstances that appear to compromise independence identified by the Consolidated Law on Finance and the Code (Recommendation 6, as recalled by Recommendation 9) and applying (among others) all the criteria provided for by the Code with reference to the independence of directors (Recommendation 7, as recalled by Recommendation 9).

At the time of the appointment of the current Board of Statutory Auditors, the Board disclosed the continued existence of the independence requirements declared at the time of the acceptance of the candidature and then, on 13 May 2022, disclosed the outcome of the independence assessments received by the Board itself through a press release to the market.

As to any initiatives taken by the Chairman of the Board for the purpose of the *induction programme*, as already mentioned, the members of the Board of Statutory Auditors are all technically and legally trained and experienced. One of them has been involved in the internal control activity since its inception 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 environment in which it operates, several *induction programme* initiatives have been undertaken since June 2022 involving the various corporate bodies and functions. In particular, visits were organised to all departments of the Issuer, interviews were held with the executive directors, the general manager and the main corporate functions. In addition, illustrative sessions on the activities carried out by the various bodies, on company dynamics and current internal regulations and procedures were held at both board and committee meetings.

Remuneration

With regard to the remuneration of the Board of Statutory Auditors, it was approved by the Shareholders' Meeting at the time of election as proposed by the Board and is commensurate with the commitment required, the importance of the role and the size and sectoral characteristics of the Issuer.

Interest management

A Statutory Auditor who, on his/her own behalf or on behalf of third parties, has an interest in a certain transaction of the Issuer shall promptly and fully inform the other Statutory Auditors and the Chairman of the Board of the nature, terms, origin and extent of his/her interest and pursuant to Art. 7 of the *Internal Regulations for Related Party Transactions*, and the independent directors have the right to request the postponement of the meeting and the resolution in order to obtain more information.

The Board of Statutory Auditors, if the methods of which have already been described in previous parts of this report, in carrying out its activities, constantly coordinated with the *internal audit* function and the Control and Risk Committee present within the Board.

The Board of Statutory Auditors continued, among other things, to exercise its control over transactions with related parties, to be an active member, in the person of one of its standing members, of the supervisory body *pursuant to* Italian Legislative Decree 231/2001 of the Issuer and certain subsidiaries, and also performed the functions assigned to it by Italian Legislative Decree 39/2010 with reference to the supervision of the activities of the auditing company appointed by the Shareholders' Meeting of 4 June 2020.

12.0 RELATIONS WITH SHAREHOLDERS

Access to information

The Issuer has set up two easily identifiable and accessible shareholder sections on its website www.elengroup.com. The first contains all information about the Issuer that is relevant to its shareholders, so that they can exercise their rights in an informed manner.

This section is called “*Investor Relations*” and is accessible from the *homepage* of the Issuer's website (<https://elengroup.com/it>).

Mr. Enrico Romagnoli and the Executive Director Mr. Andrea Cangioli were identified as the persons in charge of managing relations with shareholders (“*Investor relator*”).

With regard to further initiatives taken to make access to information concerning the Issuer of significance to its shareholders timely and easy, see the following paragraph.

Consistent with the Issuer's organisational structure and structure, the *Investor Relator* structure shall endeavour to facilitate shareholder participation in shareholders' meetings and make it easier for shareholders to exercise their rights, as well as to establish an ongoing dialogue with them. The Board is responsible for facilitating the setting of the date, time and place – usually the registered office - of the meeting and the timely fulfilment of all legal obligations regarding the manner of convening and notifying shareholders of the meeting.

Pursuant to the provisions of the Code, all directors normally attend the shareholders' meetings, and information and news concerning El.En. is disclosed to shareholders therein, always in compliance with the rules on *price-sensitive* news.

The Chairman of the Board and the executive directors have jointly identified one of the employees, Mr Enrico Romagnoli, and the executive director, Mr Andrea Cangioli, as the persons responsible for relations with institutional investors and other shareholders. The *Investor Relator* Division is part of a corporate structure, consisting of employees, responsible for processing accounting, administrative and financial documents and information.

In compliance with the procedure on the disclosure of documents and information concerning El.En., the division in question has the task of taking care of the dialogue with shareholders and institutional investors and the provision of the appropriate documentation in awareness of the protection of and compliance with the law and “*Regulation for the processing of corporate information, of El.En. S.p.a.*”, especially with regard to inside information.

The second section is dedicated to sustainability and is also accessible from the *homepage* of the Issuer's website (<https://elengroup.com/it>). It contains all published documentation and useful news about the activities of the Company and the Group.

Dialogue with shareholders and other relevant *stakeholders* (Art. 1 Rec. 3)

The *Investor Relations* section includes a sub-section dedicated to shareholders that can be accessed under the path *Investor Relations/Governance/ Shareholder Dialogue* also from the home page www.elengroup.com.

It contains the document approved by the Board on 12 November 2021, at the proposal of the chairman, consisting of the formalisation of the policy for the management of the dialogue with all shareholders (Rec. 3).

The purpose of the proposed policy is to facilitate El.En.'s dialogue with its shareholders, investors and other *stakeholders*, by fostering understanding of the company's corporate objectives and the industrial group it leads on the part of the corporate structure and the market, and by promoting communication aimed at aligning the various interests with a view to the pursuit of sustainable success.

The manner in which dialogue is managed and information is communicated complies with the “*Rules for the processing of company information, of El.En. S.p.a.*”, in compliance with EU Reg. 16 April 2014, no. 596 and Italian Legislative Decree of 24 February 1998, no. 58 and its implementing regulations.

The dialogue policy is published on the Issuer's website (<https://elengroup.com/it/politica-azionisti>).

During the financial year, dialogue with the shareholders took place without particularity, through numerous meetings and telephone conversations. The meetings were both collective and individual. Collective ones are usually organised by the Company's *specialist* or press agency or by Borsa Italiana. Visits to the company's plants are also organised as part of the collective meetings. Individual ones usually concern potential investors or analysts and take place at their initiative.

In addition, after each board meeting approving financial data, a conference call with the financial community is held by the Executive Director and *Investor Relators*.

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

13.0 SHAREHOLDERS' MEETINGS (pursuant to art. 123-bis, paragraph 2, letter c), Consolidated Law on Finance)

The Shareholders' meeting is governed by Title III of the articles of association (Art. 11-18) that regulates, in accordance with the provisions of the law and regulations, its powers, its functioning, convocation procedures, *quorums of constitution*, participation in the shareholders' meeting, etc., and which are set out below in the version updated as at 31 December 2014.

“Article 11

Shareholders' meeting

The Shareholders' meeting, legally convened, represents all Shareholders and its resolutions, taken pursuant to law and the articles of association, bind all Shareholders even if not present or dissenting.

The shareholders' meeting may be ordinary or extraordinary and may be held in second and third call.

The ordinary Shareholders' Meeting must be called at least once a year to approve the financial statements for the financial year within terms set by law. It may be called within the term of one hundred and eighty days from the end of the financial year for the financial years related to which the company has to draw up consolidated financial statements and when specific motivated needs related to the company structure and purpose should require it.

The Shareholders' Meeting is also called each time the Board of Directors deems it appropriate, or a formal request is made by persons entitled by law, or by the Board of Statutory Auditors, or part thereof, as set forth in art. 25 of these articles of association.

Article 12

Meeting location

The Shareholders' meetings are held in the registered office or another place indicated in the notice of call, as long as it is in Italy.

Article 13

Calling the Shareholders' Meeting

The Shareholders' Meeting is normally called by the Board of Directors in compliance with regulations on the matter, through notice to be published, within legal terms, on the company's website and the daily newspaper ITALIA OGGI (except for cases where the law requires otherwise).

The notice must contain indication of meeting date, time and place, the list of items on the agenda and any other information established in regulations.

A single notice may contain the dates of the first, second and third call.

Article 14

Taking part in the Shareholders' Meeting

Taking part in Meetings is regulated by laws and regulations in force on the subject.

Shareholders with the right to vote may take part as long as, and for the number of shares in question, they have deposited them pursuant to legal terms and methods.

The Shareholder with the right to take part in the Meeting, with no prejudice to the categorical provision on proxies set forth in Italian Legislative Decree of 24 February 1998, no. 58 and other provisions applicable, may be represented by written proxy. The written and digitally signed proxy must be sent to the company by certified electronic mail.

The company does not avail itself of the “representative designated by the company with listed shares” faculty set forth in art. 135-undecies of Italian Legislative Decree of 24 February 1998, no. 58.

Article 15

Chairing the Shareholders' Meeting

The Meeting is chaired by the Chairperson of the Board of Directors or if the latter is unavailable, by the Vice Chairperson. If not, by a person elected by the majority of votes per head of Shareholders present.

The Meeting elects a secretary, also from amongst non-Shareholders and, if deemed necessary, two Scrutineers.

The assistance of a Secretary is not needed when the minutes are drawn up by a Notary.

The Chairperson is responsible for checking the convening regularity and for ascertaining the identity and legitimacy of those present. When that ascertainment has been performed, the Shareholders' meeting constitution may not be invalidated because some of those present might leave the meeting.

The Chairperson is also responsible for regulating the meeting, directing and disciplining discussions, possibly establishing duration of each statement, deciding voting method and order, and for ascertaining results; all in full accordance with any regulations which, prepared by the Board of Directors and approved by the ordinary Shareholders' Meeting, may regulate ordered, functional meeting proceedings in both the ordinary and extraordinary session.

Article 16

Minutes

Shareholders' Meeting resolutions will be documented in minutes signed by the Chairperson, the Secretary or Notary and possibly the Scrutineers.

In cases established by law and, furthermore, when the Chairperson deems it opportune, the minutes are drawn up by a

Notary.

Article 17

Ordinary Shareholders' meeting

In first call, the ordinary Shareholders' Meeting is regularly convened with the presence of Shareholders representing at least half share capital calculated pursuant to art. 2368, paragraph 1, of the Italian Civil Code. It resolves by absolute majority.

In second call, the ordinary Shareholders' Meeting, whatever the share capital represented, resolves by absolute majority of those present on items that should have been dealt with in the first. To appoint the Board of Statutory Auditors, provisions in Art. 25 of these articles of association are complied with.

Vote by correspondence is allowed as established by law and regulations on the matter.

Article 18

Extraordinary Shareholders' Meeting

The extraordinary Shareholders' Meeting is regularly convened, in first and second call, with the participation of Shareholders representing that part of capital indicated respectively in arts. 2368, second paragraph and 2369, third paragraph of the Italian Civil Code. In third call, the Meeting is regularly convened with the presence of all Shareholders representing at least one fifth of share capital. It resolves, in first, second and third call, with the favourable vote of at least two thirds of share capital represented at the Meeting."

Since 2000, the company's Articles of Association have provided for shareholders to exercise postal voting for matters of an ordinary nature.

Notices of Shareholders' Meetings and related courtesy notices concerning the actual date of the meeting are also published in the manner required by law on the company's website, and where required, and if permitted, also in excerpts, in a daily newspaper with wide national circulation (currently ITALIA OGGI).

None of the Issuer's major shareholders has so far submitted any proposals to the shareholders' meeting on topics on which no specific proposal had been made by the directors.

The Chairman of the Board, who, unless prevented from doing so, presides over the meeting, proceeds to explain at length the proposals and items on the agenda of the meeting and to ensure that the meeting is conducted in an orderly and functional manner.

In this regard, the Shareholders' Meeting on 15 May 2007 approved the Shareholders' Meeting Regulations prepared by the Board (Criterion 9.C.3) as amended on 13 May 2011 in the part relating to participation in the Shareholders' Meeting. In fact, it was also necessary to revise the assembly regulations in light of the amendment to Art. 14 of the Articles of Association, approved by the Shareholders' Meeting held on 28 October 2010, which came about as a result of the innovations made by the legislator with Italian Legislative Decree no. 27 January 2010 no. 27 in relation to Art. 2370 of the Italian Civil Code, on the subject of the right to participate in shareholders' meetings and the exercise of voting rights, and the introduction of Art. 83-sexies Consolidated Law on Finance, the latter providing for the so-called *record date*.

The regulations of the El.En. s.p.a. shareholders' meeting, which are reproduced below, are available at www.elengroup.com under Section "*Investor Relations/Governance/Articles of Association and Regulations*"

"EL.EN S.P.A. SHAREHOLDERS' MEETING REGULATIONS"

Art. 1 - Subject matter and scope

These regulations govern the orderly and functional proceedings of the Shareholders' Meetings of El.En. s.p.a. ("Company") in both ordinary and extraordinary sessions.

It can be consulted and is available to shareholders at the registered office and on the website (www.elen.it investor relations section) of the Company, as well as from time to time at the place of the shareholders' meeting.

Art. 2 - Venue and chairmanship of the Shareholders' Meeting

The Shareholders' Meeting shall be held in first, second or third call at the places and times fixed in the notice of call published pursuant to Art. 13 of the Articles of Association and is chaired, as a rule, by the chairperson of the board of directors, or in the event of his/her absence or impediment by the subjects identified in Art. 15 of the Articles of Association.

Art. 3 – Taking part in the Shareholders' Meeting

3.1. The right to intervene in Shareholders' Meetings is governed by Art. 14 of the Company's Articles of Association, pursuant to which shareholders, and those entitled to participate in the shareholders' meeting, who are entitled to vote, provided that, and for the number of shares in respect of which, they have made the deposit within the terms and in the manner prescribed by law.

3.2. At the invitation of the chairperson, the shareholders' meeting may be attended by employees of the Company, consultants and representatives of the company entrusted with the auditing of the Company's accounts, whose presence

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is deemed by the chairperson to be useful or appropriate in relation to the matters to be discussed or the functional conduct of the proceedings.

3.3. Experts, financial analysts and journalists may also attend the Shareholders' Meeting, with the consent of the chairperson of the Shareholders' Meeting and unless the shareholders present object, and for this purpose they must send a written request to the chairperson of the Company no later than the second working day prior to the date set for the Shareholders' meeting.

3.4. Before opening the illustration and discussion of the items on the agenda, the chairperson shall inform the Shareholders' meeting of the participation and attendance of the subjects indicated in paragraphs 3.2. and 3.3. above.

Art. 4 - Verification of entitlement to participate in the Shareholders' Meeting and access to the Shareholders' Meeting premises

4.1. Only the subjects entitled or authorised under Article 3 above may enter the Shareholders' Meeting premises after personal identification and verification of their entitlement to participate in the Shareholders' Meeting.

4.2. Personal identification and verification of entitlement to participate in the Shareholders' Meeting are carried out by specially appointed auxiliary personnel, at the entrance of the premises used for holding the Shareholders' Meeting and normally begin within thirty minutes prior to the time of the Shareholders' Meeting, unless otherwise established in the notice of call.

4.3. Those entitled to take part in the Shareholders' Meeting shall present to the auxiliary personnel at the entrance to the Shareholders' Meeting rooms a personal identification document and the certification indicated in the notice of call. Once the identification and verification referred to in paragraph 4.2. above has been carried out, the auxiliary personnel shall issue the participants with a special badge to be kept for the entire duration of their participation in the Shareholders' Meeting proceedings and to be handed over to the auxiliary personnel if they leave the Shareholders' Meeting premises, even temporarily.

4.4. In order to expedite the verification of their powers of representation, persons attending the Shareholders' Meeting as legal or voluntary representatives of shareholders and other holders of voting rights may have the documentation proving such powers submitted to the Company no later than two days prior to the date set for the Shareholders' Meeting.

4.5. With the exception of the audio-visual equipment that may be authorised by the chairperson to support the recording and documentation of the proceedings of the Shareholders' Meeting, no recording equipment of any kind (including mobile phones), photographic equipment and similar devices may be used in the rooms where the Shareholders' Meeting is held.

Art. 5 - Constitution of the Shareholders' meeting and opening of the proceedings

5.1. The chairperson of the Shareholders' Meeting is assisted in the preparation of the minutes by a secretary appointed, also from among non-members, by the Shareholders' Meeting on the proposal of the chairperson him/herself or by a notary public, and when required by law by two scrutineers appointed in the same manner also from among non-members. The secretary or notary may be assisted by persons of his or her choice and, notwithstanding the provisions of Art. 4.5 and with the prior authorisation of the chairperson, of audiovisual recording devices.

5.2. It is up to the chairperson to ascertain and certify the regularity of individual proxies and, in general, the legitimacy of those present to intervene in the Shareholders' Meeting and, therefore, to verify and declare that the Shareholders' Meeting has been duly constituted. The chairperson may set up a bureau to assist him/her in verifying the legitimacy of those present for participation and voting, as well as in specific Shareholders' Meeting procedures. The chairperson settles any disputes concerning the entitlement to intervene.

5.3. The Chairperson of the Shareholders' Meeting may use specially appointed auxiliary personnel for the orderly service.

5.4. If the shareholders present do not reach the amount of share capital necessary for the Shareholders' Meeting to be duly constituted pursuant to the provisions of Articles 17 and 18 of the Company's Articles of Association, the chairperson of the Shareholders' Meeting, after a reasonable period of time, in any case no less than one hour has elapsed since the time set for the start of the Shareholders' Meeting, shall inform those present and postpone discussion of the agenda to the next call.

5.6. Having ascertained that the Shareholders' Meeting was duly constituted, the chairperson of the Shareholders' Meeting declares the proceedings open.

Art. 6 – Discussion of agenda topics and proposals

6.1. The chairperson of the Shareholders' Meeting illustrates the topics and proposals on the agenda to those present, availing him/herself of the intervention of directors, auditors and employees of the Company if he/she deems it appropriate. The topics and proposals may be dealt with in the different order approved on the proposal of the chairperson by a majority of the capital represented, just as the chairperson's proposal for partial or total joint discussion may be approved in the same way.

6.2. It is up to the chairperson of the Shareholders' Meeting to regulate the proceedings by directing and regulating the debate and the right to speak, establishing the manner and, if necessary, the maximum duration of each speech.

It is the right of the chairperson of the Shareholders' Meeting: to call the conclusion of speeches that are prolonged beyond the set time limit or that are not pertinent to the topic or proposal on the agenda under discussion; take away the floor from those who speak without having the right to do so or who insist on speaking after warning; prevent unbecoming,

specious, aggressive, insulting and dilatory words and attitudes, as well as blatant excesses, removing the speaker if he/she deems it appropriate, and, in the most serious cases, ordering the removal of any person from the Shareholders' Meeting place for the entire discussion phase.

6.3. Requests to speak by those present on individual items on the agenda are made to the chairperson, who, in granting the floor, normally follows the order in which requests to speak are presented. Those who have asked for the floor are allowed to respond briefly.

6.4. The chairperson of the Shareholders' Meeting or, upon his/her invitation, the directors, auditors, employees of the Company or advisors, normally respond at the end of all speeches on each topic on the agenda. Members of the board of directors and the board of statutory auditors may request to speak in the discussion.

6.5. In order to prepare adequate replies or responses to the speeches, also taking into account the subject and relevance of the topics and proposals under discussion, the chairperson of the Shareholders' Meeting may, at his/her sole discretion, suspend the proceedings for an interval not exceeding two hours.

6.6. Having exhausted the speeches, answers and any replies, the chairperson declares the discussion closed and puts the proposals to the vote.

Art. 7 – Voting and closure of proceedings

7.1. Voting normally takes place from time to time on each topic, and the related proposed resolution, placed on the agenda and in order of discussion unless otherwise ordered by the chairperson of the Shareholders' Meeting, who may order voting to take place in a different order or after the discussion of all or some topics of business has been concluded.

7.2. Before commencing the voting operations, the chairperson of the Shareholders' Meeting shall readmit those shareholders who so wish from among those who may have left or departed during the discussion phase.

7.3. Unless otherwise mandatory by law, voting shall be by open ballot.

7.4. The chairperson of the Shareholders' Meeting shall determine the manner in which the vote is to be cast, normally by show of hands, the recording and counting of votes, and may set a maximum time limit within which the vote must be cast.

At the end of the voting, a ballot is held, after which the chairperson, with the help of the secretary or notary and any scrutineers, proclaims the results of the vote.

7.5. Votes cast in a manner other than those indicated by the chairperson of the Shareholders' Meeting shall be null and void.

7.6. Shareholders who vote against or abstain from voting must state their name and the number of shares held in person or by proxy when declaring their vote. Having completed the agenda, the chairperson of the Shareholders' Meeting declares the meeting closed and proceeds with the formalities for finalising the minutes.

Art. 8 - Final provisions

8.1. These Regulations have been approved pursuant to Art. 15 of the current Articles of Association by the Ordinary Shareholders' Meeting of the Company held on 15 May 2007, and may only be amended or repealed by resolution of the same body.

8.2. In addition to the provisions of these Regulations, the chairperson may adopt any measure he/she deems appropriate to ensure the proper and functional proceedings of the Shareholders' Meeting and the exercise of the rights of the participants.”

The Board, at the Shareholders' Meeting held for the approval of the 2022 annual financial statements, reported on the activities performed and planned. In addition, during the Shareholders' Meetings held during the Financial Year, it endeavoured to ensure that the shareholders were adequately informed of the necessary elements so that they could take, with full knowledge of the facts, the decisions within the competence of the Shareholders' Meetings, in particular by making available to the shareholders within the prescribed time limits the documentation and the resolution proposals.

With regard to guaranteeing the right of each shareholder to speak on the topics on the agenda, the chairperson of the shareholders' meeting, in accordance with the provisions of the shareholders' meeting regulations reproduced above, concretely, as recorded in the minutes of the shareholders' meeting, proceeds, at the end of the illustration of each topic on the agenda, to invite those present to speak and to debate.

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

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

During the Financial Year, the market capitalisation of the Issuer's shares decreased substantially, while the presence of the historical shareholders in the composition of its shareholding remained substantially unchanged (overall).

Therefore, the Board did not deem it necessary to propose any amendments to the Articles of Association to the Shareholders' Meeting concerning the percentages established for the exercise of rights linked to the shares and the prerogatives established to protect minorities.

This determination is also based on the circumstance that the Articles of Association defer to the law and regulations the determination of the percentages of participation in the share capital necessary for the exercise of the rights and prerogatives set forth to protect minorities.

14.0 FURTHER CORPORATE GOVERNANCE PRACTICES (pursuant to Art. 123-bis, paragraph 2, letter a), Consolidated Law on Finance)

There are no additional corporate governance practices beyond those already mentioned in the previous points.

15.0 CHANGES SINCE THE END OF THE REFERENCE FINANCIAL YEAR

There were no further changes in the *corporate governance* structure.

16.0 COMMENTS ON THE LETTER FROM THE CHAIRPERSON OF THE *CORPORATE GOVERNANCE COMMITTEE*

The letter from the Chairperson of the Corporate Governance Committee containing the recommendations for 2023 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 preliminarily examined by the Board at its meeting of 27 February 2023 with the decision to supplement, where appropriate, this report with more detailed information on the issues highlighted in the Letter, and then at the meeting held on 15 March 2023, following which the Board mandated the board committees to continue the process of evolving the remuneration policy, also in light of the new activities related to the evolution of sustainability regulations. On the other topics covered by the recommendation, the Board assessed a substantial alignment at this stage.

In the course of the Financial Year, the foundations were laid, which then led to the drafting of the 2024-2026 remuneration policy to be submitted to the 2024 Shareholders' Meeting.

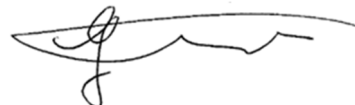
As for the letter from the Chairperson of the Corporate Governance Committee dated 14 December 2023, it was received by the Company on 18 December 2023 and, on the same date, brought to the attention of the Board and the Board of Statutory Auditors.

An initial review was carried out by the committees that met on 25 January 2024 and 14 March 2024. In this regard, the Appointments Committee, accepting the recommendation on the guidelines on the optimal composition, undertook to issue the 20-day notice of call for the renewal of the board of directors in advance.

Accepting the proposal of the Appointments Committee, the entire Board took action in this direction, met on 29 February and published its guidelines on 1 March, deeming the proposal of the Appointments Committee to be congruous. The call of the 2024 Shareholders' Meeting was published on 20 March 2024.

On 14 March 2024, the Board considered the other issues recommended to be substantially in line with what was recommended, subject to the room for improvement always being pursued in order to maximise adherence to the Code.

For the Board of Directors
The Chairman – Mr. Gabriele Clementi

A handwritten signature in black ink, appearing to be "G. Clementi", written over a horizontal line.

TABLES

TABLE 1 – INFORMATION on PROPRIETARY STRUCTURES

on the basis of what was reported to the Issuer as at 31 December 2023

SHARE CAPITAL STRUCTURE				
	Number of shares	% with respect to the share capital	Listed	Rights and obligations
Ordinary shares (stating whether the possibility of an increase in voting rights is envisaged)	79,965,292	100%	Milan Stock Exchange	Ordinary
Preferential shares	0			
Multiple-voting shares	0			
Other categories of shares with voting rights	0			
Savings shares	0			
Convertible savings shares	0			
Other categories of shares without voting rights	0			
Other	0			

OTHER FINANCIAL INSTRUMENTS (granting the right to subscribe for newly issued shares)				
	Listed (indicate markets) / unlisted	No. of instruments in circulation	Category of shares serving the conversion/exercise	No. of shares serving the conversion/exercise
Convertible bonds	===	0	===	0
Warrant	===	0	===	0

SHAREHOLDINGS RELEVANT TO CAPITAL on the basis of the Issuer's findings in relation to Form 120 Consolidated Law on Finance received as at 31 December 2023*			
Declarant	Direct shareholder	% Share of ordinary capital	% Share of voting capital
ANDREA CANGIOLI	ANDREA CANGIOLI	14.762	14.762
ALBERTO PECCI	S.M.I.L. s.r.l.	10.188	10.188
ALBERTO PECCI	ALBERTO PECCI	0.333	0.333
GABRIELE CLEMENTI	GABRIELE CLEMENTI	9.562	9.562
IMMOBILIARE DEL CILIEGIO	IMMOBILIARE IL CILIEGIO s.r.l.	7.251	7.251
KEMPEN ORANJE PARTICIPATIES N.V.	KEMPEN ORANJE PARTICIPATIES N.V.	7.158	7.158
KEMPEN INTERNATIONAL FUNDS	KEMPEN ORANJE PARTICIPATIES N.V.	0.218	0.218

* the percentages are those relating to the certifications filed for participation in the shareholders' meeting of 27 April, to the 120 Consolidated Law on Finance received during the Financial Year and also changed following the exercise of options relating to the 2016-2025 Stock Option Plan.

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AT THE END OF THE FINANCIAL YEAR

<i>Board of Directors</i>													
<u>Office</u>	<u>Members</u>	<u>Year of birth</u>	<u>Date of first appointment</u>	<u>In office since</u>	<u>In office until</u>	<u>List of presenters</u>	<u>List (M/m)</u>	<u>Exec</u>	<u>Non-Exec.</u>	<u>Indep. from Code</u>	<u>Indep. from Consolidated Law on Finance</u>	<u>Number of other assignments</u>	<u>Percentage attendance at Shareholders' meetings</u>
<i>Chairman and managing director</i>	Gabriele Clementi	1951	5 September 2000	27 April 2021	Approval financial statements 2023	Shareholders	M	X				0	5/6
<i>Managing Director</i> ●	Andrea Cangioli	1965	5 September 2000	27 April 2021	Approval financial statements 2023	Shareholders	M	X				0	6/6
<i>Managing Director</i>	Barbara Bazzocchi	1940	5 September 2000	27 April 2021	Approval financial statements 2023	Shareholders	M	X				0	6/6
<i>Director</i> ○	Fabia Romagnoli	1963	28 April 2015	27 April 2021	Approval financial statements 2023	Shareholders	M		X	X	X	0	6/6
<i>Director</i>	Daniela Toccafondi	1962	27 April 2021	27 April 2021	Approval financial statements 2023	Shareholders	M		X	X	X	0	6/6
<i>Director</i>	Alberto Pecci	1940	16 July 2002	27 April 2021	Approval financial statements 2023	Shareholders	M		X			0	6/6
<i>Director</i>	Michele Legnaioli	1964	5 September 2000	27 April 2021	Approval financial statements 2023	Shareholders	M		X	X	X	0	6/6

Number of meetings held during the Financial year: 6 (six)

Quorum required for the submission of lists by minorities for the election of one or more members (pursuant to art. 147-ter Consolidated Law on Finance): 2.5% (2021); 1% (2022); 1% (2023); 2.5% (2024)

NOTES

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

- This symbol indicates the director in charge of the internal control and risk management system.
- This symbol indicates the Lead Independent Director (LID).

(*) The date of first appointment of each director means the date on which the director was appointed to the Issuer's Board of Directors for the first time (ever).

(**) This column indicates whether the list from which each director was drawn was submitted by shareholders (indicating "Shareholders") or by the Board of Directors (indicating "BoD").

(***) This column indicates whether the list from which each director was drawn is "majority" (indicating "M") or "minority" (indicating "m").

(****) This column shows the number of directorships or auditorships held by the person concerned in other listed or large companies. In the Corporate Governance Report, appointments are indicated in full.

(*****) This column shows the directors' participation in BoD meetings (indicate the number of meetings attended out of the total number of meetings attended; e.g. 6/8; 8/8 etc.).

TABLE 3: BOARD COMMITTEE STRUCTURE AT THE END OF THE FINANCIAL YEAR

B.o.D.		Executive Committee		RPT Committee		Control and Risk Committee		Remuneration Committee		Appointments Committee		Sustainability Committee	
Office/Qualification	Members	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman of the B.o.D.	Surname Name	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	Surname Name	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 from Consolidated Law on Finance and/or Code	Fabia Romagnoli			2/2	M	5/5	M	1/1	C	0	M	4/4	M
Non-executive director – independent from Consolidated Law on Finance and/or Code	Michele Legnaioli			2/2	C	5/5	C	1/1	M	0	M	4/4	C
Non-executive director – independent from Consolidated Law on Finance and/or Code	Daniela Toccafondi			2/2	M	5/5	M					4/4	M
Non-independent non-executive director	Alberto Pecci			1/2	M	4/5	M	1/1	M	0	C	3/4	M
DIRECTORS WHO CEASED OFFICE DURING THE FINANCIAL YEAR (NOT APPLICABLE)													
Executive/Non-Executive Director – independent from Consolidated Law on Finance and/or Code/Non-Independent	Surname Name												
ANY MEMBERS WHO ARE NOT DIRECTORS (NOT APPLICABLE)													
Manager of the Issuer/Other	Surname Name												
Number of meetings held during the financial year		NA		2		5		1		0		4	
NOTES: The control and risk, related party transactions and sustainability committee met a total of 5 times (*) This column shows the directors' participation in committee meetings (indicate the number of meetings attended out of the total number of meetings attended; e.g. 6/8; 8/8 etc.). (**) This column indicates the qualification of the director within the committee: "C": chairman; "M": member.													

With regard to the meetings of the Control and Risk, Related Party Transactions and Sustainability Committees, it should be noted that this is a single committee composed of four directors and that it met 6 times in total, addressing the topics on the agenda each time.

TABLE 4: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Office	Members	In office since	In office until	List (M/m)	Independence from Code	Percentage of attendance to the Board meetings	Number of other offices in companies listed on Italian regulated markets
Chairman	Carlo Carrera	29 April 2022	Appr. financial state. 2024	m	X	100%	0
Standing Statutory Auditor	Paolo Caselli	29 April 2022	Appr. financial state. 2024	M	X	100%	0
Standing Statutory Auditor	Rita Pelagotti	29 April 2022	Appr. financial state. 2024	M	X	100%	0
Substitute Statutory Auditor	Alessandra Pederzoli	29 April 2022	=====	m	X	= =	0
Substitute Statutory Auditor	Gino Manfriani	29 April 2022	Appr. financial state. 2024	M	X	= =	0
AUDITORS WHO CEASED OFFICE DURING THE FINANCIAL YEAR							
Ms. Alessandra Pederzoli, in June 2023							
Number of Meetings held during the financial year 2022: 16 (sixteen)							
CONSOB, by resolution of 31 January 2024, no. 92 determined the shareholding required for the submission of lists at 2.5% of the share capital.							

ANNEXES

Annex 1: Paragraph on “Main characteristics of the existing internal control and risk management systems in relation to the financial reporting process” pursuant to Art. 123-bis, paragraph 2, letter b), Consolidated Law on Finance

This document is dedicated to the description of the “main characteristics of the existing internal control and risk management system in relation to the financial reporting process” pursuant to Article 123-bis, paragraph 2, letter b) of the Consolidated Law on Finance (hereinafter, also “System”).

1) **Foreword**

The Issuer has defined its own internal control and risk management system in relation to the financial reporting process based, in accordance with international “best practice”, on the *CoSO Framework* model, a model developed by the *Committee of Sponsoring Organisations of the Treadway Commission* (supplemented for IT aspects with the Enterprise Risk Management (ERM) component): “*CoSO 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, aimed at providing reasonable assurance regarding the achievement of corporate objectives:

- effectiveness and efficiency of *operations*;
- reliability of financial information (*reporting*), in order to ensure that financial information gives a true and fair view of the equity, financial and economic situation, in accordance with generally accepted accounting principles;
- compliance with applicable laws and regulations (*compliance*).

The Issuer's control system is based on the following characteristic elements:

Control environment: is the environment in which individuals operate and represents the control culture permeated in the organisation. It consists of the following elements: Code of Ethics, Company organisation chart, System of proxies and powers of attorney, Organisational provisions, *Internal Dealing* Code of Conduct for operations performed 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, Personal Data Protection Manual (GDPR), Risk Assessment Document (DVR), Integrated Management System Manual, Organisational Model pursuant to Italian Legislative Decree 231/2001 and the Environmental, Human Rights, Anti-Corruption and *Diversity Policies* approved by the Issuer's Board, assimilated and approved by all the subsidiaries and disseminated to all Group employees.

Risk identification and assessment: this is the process aimed at ensuring the identification, analysis and management of corporate risks, with particular attention to the analysis of risks of an administrative-accounting nature, related to accounting information and the controls to guard against the risks identified.

Control activities: is the set of control practices and procedures defined to enable the monitoring of business risks in order to bring them to an acceptable level and ensure the achievement of business objectives. It consists of the following elements:

- i. *Administrative-accounting procedures:* set of corporate procedures relevant to the preparation and dissemination of accounting information (such as: administrative-accounting procedures relating, in particular, to financial statements and periodic *reporting* and matrices of administrative-accounting controls);
- ii. *Company procedures relevant to the prevention and monitoring of operational risks* such as the ISO 9001:2015 quality management system, ISO 13485:2016 MDSAP and Directive 93/42/ECC (which has already been partly replaced by the EU Medical Device Regulation 2017/745 MDR).

Monitoring and reporting: it is the process established to ensure the accurate and timely collection and communication of information, as well as the set of activities necessary to periodically verify and assess the adequacy, operability and effectiveness of internal controls. It focuses on the process of assessing the adequacy and effective application of the procedures and controls on accounting information, such as to allow the Director in charge of the internal control and risk

management system and the Manager in charge to issue the attestations and declarations required under Art. 154-bis Consolidated Law on Finance.

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

The internal control system in relation to the financial reporting process is designed to ensure the reliability, accuracy and timeliness of financial reporting.

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

The main characteristics of the Internal Control System 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 risks (*risk assessment*) related to accounting and financial reporting is carried out by the Manager in charge and shared with the Director in charge of the internal control and risk management system and the Control and Risk Committee.

The *risk assessment* process consists of the following activities:

- **analysis and selection of the relevant accounting information disclosed to the market** (analysis of the latest financial statements or the latest available half-yearly report of the parent company and consolidated companies, in order to identify the main areas of risk and the relevant processes);
- **identification of significant Subsidiaries and significant administrative-accounting areas**, for each item in the consolidated financial statements, on the basis of defined quantitative criteria;
- **identification and assessment of the inherent risk** in significant administrative-accounting areas, as well as of the related processes/accounting flows, based on the analysis of qualitative and quantitative indicators;
- **communication**, to the functions involved, of the **areas of intervention** in respect of which it is necessary to prepare and/or update administrative-accounting procedures.

a.2) Identification of controls against identified risks:

Following the risk assessment, specific controls were identified in order to reduce the risk of failure to achieve the system's objectives to an acceptable level at both company and process level. To this end, the issuer has defined, within the system of administrative-accounting procedures, the so-called "Matrices of administrative-accounting controls", documents describing the control activities existing in each relevant administrative-accounting process. The controls described in the matrices are to be considered an integral part of the Issuer's administrative and accounting control procedures.

At the process level, specific types of controls have been identified, such as checks on the basis of the supporting documentation of the correct accounting entry made, the issuing of authorisations, the carrying out of reconciliations, and the performance of consistency checks. Furthermore, the controls identified at process level were classified according to their characteristics into manual or automatic controls.

At company level, "pervasive" controls were identified, i.e. those controls characterising the entire structure such as the assignment of responsibilities, distribution of powers, tasks assigned and general controls on IT systems and segregation of duties.

a.3) Assessment of controls against identified risks:

The periodic review and assessment of the adequacy, operability and effectiveness of the administrative and accounting controls consists of the following steps:

- **Ongoing supervision** by function/company managers within the framework of day-to-day management;
- **Execution of control and monitoring activities** aimed at assessing the adequacy of the design and the effective operation of the controls in place, carried out by the Manager in charge, who availed him/herself of the contribution of personnel of the Financial Management office and external consultants for testing activities.

The outcome of the checks described regarding the adequacy as well as the operation of the accounting control system led to the preparation of a report on the effectiveness of the system, which, shared with the Director in charge of the internal control and risk management system, was communicated by the Manager in charge of the Control and Risk Committee and the Board of Statutory Auditors in its capacity as the Internal Control Committee.

b) Roles and Functions involved

In particular, the main responsibilities identified to ensure the proper functioning of the system are outlined below:

- the **Board of Directors** is responsible for appointing the Manager in charge of preparing the accounting and corporate documents; ensure that the Manager in Charge has adequate requisites (in terms of authority, professionalism and independence), powers and means to perform the assigned tasks; establish a periodic information flow, through which the Manager in Charge can report on the results of the activities carried out and any critical issues that have emerged, also in order to share the actions necessary to overcome significant critical issues. In carrying out its functions, the Board is assisted by the **Control and Risk Committee**, which has advisory and proposal-making functions also with regard to the internal administrative-accounting control system;
- the **Board of Statutory Auditors** acts as the Internal Control and Audit Committee, with the duties and responsibilities set out in Art. 19, of Italian Legislative Decree 39/2010.
- the **Director in charge of the internal control and risk management system** is responsible for implementing and monitoring the Internal Control System, with particular reference to the Administrative-Accounting procedures; validating, in concert with the Manager in Charge, the results of the periodic *risk assessment* activity; assessing, also taking into account the preliminary activity of the Manager in Charge, the effectiveness of the implemented procedures; reviewing all “other financial information” released to the market;
- in addition to the responsibilities jointly assigned to the Director in charge of the internal control and risk management system, the **Manager in charge** of drafting accounting and corporate documents, is responsible for assessing and monitoring the level of adequacy and operability of the internal administrative and accounting control system, through a preliminary activity.
- the **Internal Auditor** in charge of inspecting the financial statements area has the task of verifying, both on an ongoing basis and in relation to specific needs and in compliance with international *standards*, the operation and suitability of the internal control and risk management system with reference to the financial statements area.
- the **Supervisory Body** for observance of the Organisational Model *pursuant to* Italian Legislative Decree 231/2001 has the task of monitoring compliance with the procedures set up by the Issuer also in the context of the prevention of corporate offences.