



Website: [www.elengroup.com](http://www.elengroup.com)

REPORT ON REMUNERATION AND REMUNERATION PAID PURSUANT TO  
ARTICLES 123-*ter* of the Italian Consolidated Law on Finance (T.U.F.) AND 84-  
QUATER OF REG. CONSOB 11971/1999

Approved by the Board of Directors at its meeting of 14 March 2024

## CONTENTS

PREAMBLE .....	4
SUMMARY TABLE KEY FEATURES REMUNERATION POLICY 2021-2023 .....	5
SECTION I - REMUNERATION POLICY .....	9
1. THE BODIES OR PERSONS INVOLVED IN THE PREPARATION, APPROVAL AND POSSIBLE REVISION OF THE REMUNERATION POLICY (LETTER A) .....	9
2. Remuneration Committee: composition, competencies and modus operandi (letter b)...	11
3. Remuneration and working conditions of the company's employees (letter c) .....	13
4. Use of independent experts (letter d).....	14
5. Aims pursued with the remuneration policy, principles underlying it, duration, description of changes in the remuneration policy submitted to the Shareholders' Meeting and review criteria compared to the previous financial year (letter e) .....	14
6. Description of policies on fixed and variable remuneration components (with particular regard to the indication of the relative proportion within the total remuneration and distinguishing between short-term and medium- to long-term variable components) (letter f).....	16
7. Non-monetary benefits (letter g) .....	19
8. Description of the performance targets on the basis of which the medium- and long-term variable components are allocated. Link between variation in performance and variation in remuneration (letter h).....	20
9. Criteria used to assess the achievement of performance targets underlying the award of shares, options, other financial instruments or other variable components of remuneration, specifying the extent of the variable component to be paid according to the level of achievement of said targets (letter i).....	23
10. Information aimed at highlighting the contribution of the remuneration policy, and in particular the policy on variable remuneration components, to the company's strategy, the pursuit of long-term interests and the sustainability of the Company (letter i).....	24
11. Vesting periods, any deferred payment systems, with an indication of the deferral periods and the criteria used to determine such periods and, if any, the mechanisms for <i>ex post</i> correction of the variable component ( <i>malus</i> or " <i>claw-back</i> " of variable compensation) (letter j) .....	25
12. Information on whether there are any provisions for retaining the financial instruments in the portfolio after their acquisition, with an indication of the retention periods and the criteria used to determine these periods (letter k) .....	26
13. Treatments provided for in the event of termination of office or termination of employment (letter l).....	26
14. Any other insurance and social security cover (letter m) .....	26
15. Remuneration policy for independent administrators, members of internal board committees, special assignments (letter o).....	26
16. Any remuneration policies used as a reference (letter p) .....	27
17. Derogations for exceptional circumstances (letter q) .....	27

SECTION II - REMUNERATION PAID .....	29
FIRST PART .....	29
1.1. Description of items making up remuneration and severance indemnity.....	29
1.2. Indemnity in the event of early termination of the relationship .....	32
1.3. Derogations applied to the Policy .....	32
1.4. Application of <i>ex post</i> correction mechanisms of the variable component( <i>claw back</i> )	33
1.5. Variation in pay and comparison information .....	33
1.6. Vote cast by the Shareholders' Meeting on this Section of the Report.....	34
PART TWO - TABLES .....	35

## PREAMBLE

This report (“the Report”) is prepared pursuant to Art. 123-ter of Italian Legislative Decree of 24 February 1998, no. 58 (“T.U.F.”) and drawn up in accordance with Annex 3A, Schedule 7-bis of the CONSOB Issuers’ Regulation 11971/1999 (“Issuers’ Regulation”), as provided for by Art. 84-quater of the aforesaid Regulation as well as taking into account the recommendations contained in the Corporate Governance Code for Listed Companies approved by the Corporate Governance Committee of Borsa Italiana s.p.a. (“Code”) to which El.En. s.p.a. (“the Company” or “El.En.” or “the Issuer”) adheres.

It illustrates the remuneration policy adopted by El.En. s.p.a. (“the Company”) with reference to the Board of Directors, the general manager, any strategic executives and, to the extent compatible with the provisions of the law and, in particular, without prejudice to the provisions of Art. 2402 of the Italian Civil Code, to the members of the supervisory bodies to provide disclosure on the principles used to define the remuneration criteria.

It consists of the following two sections:

- a) section I: describes the remuneration policy adopted by El.En. s.p.a. (“the Policy”) with reference to the three-year period 2024-2026 in relation to the procedures envisaged and used for the adoption and implementation of the Policy, as well as the way in which it contributes to the Company’s strategy, the pursuit of long-term interests and the sustainability of the Issuer;
- b) section II: consists of two parts. The first part contains the representation of each of the items that make up the actual remuneration, including the remuneration envisaged in the event of termination of office or termination of employment, and, lastly, analytically, the remuneration paid to the recipients of the Policy in the year of reference for any reason and in any form by the Issuer and its subsidiaries or affiliates, highlighting their consistency with the Policy for the year of reference.

The Report contains an indication of any equity investments held in the Company - and in its subsidiaries - by members of the management and control bodies, as well as by executives with strategic responsibilities, pursuant to and for the effects of Art. 84-quater, paragraph 4, of the Issuers’ Regulation.

The Report was approved by the Board of Directors of El.En. s.p.a. in its meeting of 14 March 2024 and is submitted for the first time to the Shareholders’ Meeting (the “Shareholders’ Meeting”) convened to approve the financial statements for the financial year 2023 pursuant to Art. 123-ter, paragraphs 3-bis and 6 of the TUF.

Section I is also be submitted to the Shareholders’ Meeting for approval for the purposes of Art. 11.2 of the *Regulation for transactions with related parties* of El.En. s.p.a.

A table summarising the 2021-2023 policy to be replaced by the one covered in Section I is prefixed.

Pursuant to Art. 84-quater of the Issuers’ Regulation, the Report is available to the public at the Issuer’s headquarters and published on the *website* [www.elengroup.com](http://www.elengroup.com) in the section “Investor Relations/Governance/Shareholders’ Meeting Documents/2024/Ordinary And Extraordinary Shareholders’ Meeting 29 April 2024 - 6 May 2024”, as well as on the authorised storage mechanism eMarketSDIR available at [www.emarketstorage.com](http://www.emarketstorage.com) as of 8 April 2024.

\* \* \*

## SUMMARY TABLE KEY FEATURES REMUNERATION POLICY 2021-2023

FIXED AND VARIABLE REMUNERATION								
Receiver	Fixed annual component 2021-2023	Variable component 2021 and percentage on global remuneration	Variable component 2022 and percentage on global remuneration	Variable component 2023 and percentage on global remuneration <sup>1</sup>	Targets 2021-2023	Targets 2021-2023 weight	Payment of the variable part	Employees' severance indemnity
CHAIRMAN	EUR 17,000.00 pursuant to Art. 2389, paragraph 1 of the Italian Civil Code.	EUR 300,000 (65.41%)	EUR 258,529 (60.75%)	EUR 194,327 (53.78%)	<u>FINANCIAL:</u> EBIT	70%	IN MONEY  70% in the financial year following the year in which the targets were achieved  30% at the end of the term of office revalued on the basis of the medium-term performance of the group's result -	EUR 6,500.00 per year
					<u>NON-FINANCIAL:</u> achievement of the annual target of the multi-annual sustainability plan, measurable	30%		
MANAGING DIRECTOR (ALSO IN CHARGE OF INTERNAL	EUR 17,000.00 pursuant to Art. 2389,	EUR 150,000	EUR 129,265	EUR 97,167	<u>FINANCIAL:</u> consolidated EBIT	70%	IN MONEY  70% in the financial year following the year in	EUR 6,500.00 per year

<sup>1</sup> Please note that this amount is the total amount paid net of the negligible amount, less than EUR 2,000.00 per year, due to the revaluation on the deferred payment of 30% of the amount for the year of accrual.

CONTROL, FGIP, SUSTAINABILITY, EMPLOYER, ETC.)	paragraph 1 of the Italian Civil Code.  EUR 150,000.00 pursuant to Art. 2389, paragraph 3 of the (It). Civil Code.	(48.60%)	(43.63%)	(36.78%)	<u>NON-FINANCIAL:</u> achievement of the annual target of the multi-annual sustainability plan, measurable	30%	which the targets were achieved  30% at the end of the term of office revalued on the basis of the medium-term performance of the group's result	
MANAGING DIRECTOR	EUR 17,000.00 pursuant to Art. 2389, paragraph 1 of the Italian Civil Code.  EUR 150,000.00 pursuant to Art. 2389, paragraph 3 of the (It). Civil Code.	EUR 108,750 (40.67%)	EUR 93,715 (35.95%)	EUR 70,443 (29.66%)	<u>FINANCIAL:</u> EBIT	70%	IN MONEY  70% in the financial year following the year in which the targets were achieved  30% at the end of the term of office, revalued on the basis of the medium-term performance of the group's result	EUR 6,500.00 per year
					<u>NON-FINANCIAL:</u> achievement of the annual target of the multi-annual sustainability plan, measurable	30%		
<b>Receiver</b>	<b>Fixed annual component 2021-2024 paid</b>	<b>Variable component 2021 and percentage on global remuneration</b>	<b>Variable component 2022 and percentage on global remuneration</b>	<b>Variable component 2023 and percentage on global remuneration<sup>2</sup></b>	<b>Targets 2021-2024</b>	<b>Targets 2021-2024 weight</b>	<b>Payment of the variable part</b>	<b>Employees' severance indemnity</b>

<sup>2</sup> This amount is net of the revaluation due on the deferred compensation percentage with respect to the year of accrual.

GENERAL MANAGER	EUR 350,750.00 employment compensation	EUR 1,018,504 (69.32%)	EUR 1,397,030 (74.57%)	EUR 1,281,158 (73.97%)	<u>FINANCIAL:</u> CONSOLIDATED EBIT (net of a deductible, of the industry cutting branch and result of extraordinary operations)	73.33%	60% in the financial year following the year in which the targets were achieved	CCNL [NATION AL COLLECT IVE BARGAIN ING AGREEM ENT]
	EUR 100,000.00 Non- competition agreement					<u>NON-FINANCIAL</u> achievement of the annual target of the multi-annual sustainability plan, measurable	26.67%	

PLANS BASED ON LONG-TERM FINANCIAL INSTRUMENTS				
RECIPIENTS	PLAN	VESTING	OPERATING ASSUMPTIONS	OTHER CONDITIONS
CHAIRMAN, MANAGING DIRECTORS	Stock Option Plan 2016-2025	- exercise at least three years after allocation (allocation 13 September 2016: first exercise window 14 September 2019-31 December 2025) - division of the allocated options into two tranches, the second of which is exercisable one year after the exercise of the first (allocation 13 September 2016: second window 14 September 2020- 31 December 2025)	- be recipients of an incentive remuneration plan for the financial year  - have reached the base value of the targets allocated for the previous year	- obligation to retain until the end of their term of office at least 5% of the shares resulting from the exercise of the options granted.

GENERAL MANAGER	Stock Option Plan 2016-2025	<ul style="list-style-type: none"> <li>- exercise at least three years after allocation (allocation 13 September 2016: first exercise window 14 September 2019-31 December 2025)</li> <li>- division of the allocated options into two tranches, the second of which is exercisable one year after the exercise of the first (allocation 13 September 2016: second window 14 September 2020- 31 December 2025)</li> </ul>	<ul style="list-style-type: none"> <li>- be recipients of an incentive remuneration plan for the financial year</li> <li>- have reached the base value of the targets allocated for the previous year</li> </ul>	
CHAIRMAN, MANAGING DIRECTORS, GENERAL MANAGER	Stock Option Plan 2026-2031	<ul style="list-style-type: none"> <li>- exercise at least three years after allocation (allocation 15 March 2023: first exercise window 1 April 2026-31 December 2031)</li> <li>- division of the allocated options into two tranches, the second of which is exercisable one year after the exercise of the first (allocation 15 March 2023: second window 1 April 2027 - 31 December 2031)</li> </ul>	<ul style="list-style-type: none"> <li>- have reached the base value of the targets allocated for the previous year or, in the case of the General Manager, of the targets assigned for the purposes of exercising the vested options</li> </ul>	<ul style="list-style-type: none"> <li>- obligation to maintain until the end of their term of office, and in any case for a minimum period of five years between the deed of assignment and the possible disposal of the shares resulting from the exercise of the options at least 10% of the shares resulting from the exercise of the options assigned.</li> </ul>



## SECTION I - REMUNERATION POLICY

### 1. THE BODIES OR PERSONS INVOLVED IN THE PREPARATION, APPROVAL AND POSSIBLE REVISION OF THE REMUNERATION POLICY (LETTER A)

#### THE POLICY ON THE BOARD OF DIRECTORS

With reference to the Board, Art. 21 of the Company's Articles of Association ("Articles of Association") envisages the following:

**"Article 21**  
**Remuneration**

*Members of the board of directors have the right to a refund for expenses sustained for their office.*

*The Shareholders' Meeting may decide to pay them fees, a share in profits, rights to subscribe to future shares issued at a prefixed price, severance indemnity and may stipulate additional policies in their favour for as long as they are in office.*

*The Shareholders' Meeting decides the overall amount of compensation for all administrators, including those with specific appointments.*

*The overall compensation of executive administrators must be structured in a way that a significant part is linked to economic results achieved by the company and/or to achieving certain specific goals indicated in advance by the board of directors."*

Art. 20 of the Articles of Association reserves for the Board the "decision on the compensation of delegated bodies, the Chairperson and Board members assigned to specific posts; and, if the Shareholders' Meeting should not have done so, allocation of the total remuneration due to individual members of the Board of Directors and the Executive Committee."

The bodies involved in the preparation, approval and possible revision of the Policy, each within the scope of its competence, are:

- the Shareholders' Meeting
- the Board
- the remuneration committee set up since 2000 within the Board ("the Committee") in accordance with the provisions of the Code to which the Company adheres
- the Board of Statutory Auditors ("the Board of Statutory Auditors")

Therefore, in accordance with the legislation, including regulations, and the recommendations contained in the Code, the decision-making process concerning the approval of the Policy is as follows.

The Committee elaborates - with the support of the competent corporate departments and, if it deems it necessary, also with the help of independent experts - and formulates to the Board the proposal of the Policy and its description in the Report.

The Board examines and approves the Policy and the Report and submits them to the Shareholders' Meeting for a vote.

The Shareholders' Meeting examines and deliberates on the Policy and, therefore, on Section I of the Report with a binding vote, and on Section II with an advisory vote.

The Board of Statutory Auditors expresses its opinion in the cases provided for by law.

With regard to the timing of the process, the Board submits the Policy and the proposal for the total amount needed to implement it, which it has drawn up on the basis of the Committee's formulation, to the Shareholders' Meeting that appoints the administrative body.

The Shareholders' Meeting:

- a) examines and resolves with a binding vote on the Policy in accordance with which, for the period of its validity, the variable part of the remuneration of the executive administrators, including the chairman, to the Board members holding special offices (hereinafter all "Administrators") is also paid and disbursed.
- b) decides the total amount of the remuneration of all the members of the Board, both the fixed and the variable part, then takes steps to: directly subdivide at the meeting the fixed amount to be allocated in equal parts among all members; determine the amount that the Board will have available to allocate to the chairmen of the sub-committees; determine the amount that the Board will have available to allocate to the chairman and to the managing directors also through non-monetary benefits; and, finally, quantify the variable amount to be allocated to incentivising remuneration.

Subsequent to the Shareholders' Meeting that appoints the body and during the term of office, the Board, on the proposal of the Committee and in accordance with the Policy approved by the Shareholders' Meeting:

- 1) at least once every three years, when defining the structure of the newly-elected Board (delegation of powers; formation of internal board committees), having heard the opinion of the Board of Statutory Auditors, determines the division among the Administrators of the part of the remuneration allocated by the Shareholders' Meeting for this purpose;
- 2) on an annual or multi-annual basis, depending on the case to be regulated and having heard the opinion of the Board of Statutory Auditors, approves an incentivising remuneration policy and the amount attributable to the managing directors ("the Administrators") as the variable part of remuneration payable upon the achievement of certain pre-set results;
- 3) on an annual or multi-annual basis, depending on the matter to be regulated, approves, upon the Committee's proposal, the incentivising remuneration policy for the Company's general manager ("General Manager") and any other strategic executives of the Company ("Executives");
- 4) annually, on the occasion of the approval of the financial statements for the previous year, assesses the achievement of the targets assigned and determines the variable remuneration accrued by the Administrators, the General Manager and the Executives, also establishing the portion payable immediately and the portion payable later;
- 5) on a multi-annual basis assesses the achievement of the multi-annual targets assigned and determines the amount of the deferred variable remuneration that has become payable, as well as any revaluations or devaluation to be applied to that remuneration as established.

### The Board

The Policy referring to the variable part defined by the Board contains an incentivising remuneration plan for the current financial year with the assignment of (multi-annual) targets - predetermined, measurable, of a financial and non-financial nature - to the Administrators (including the Chairman, if he is also a Managing Director), to the General Manager and to the Executives.

On the occasion of the approval of the annual draft financial statements for the previous year, the Board, upon the proposal of the Committee, having heard the opinion of the Board of Statutory Auditors, and having assessed the achievement of the pre-set goals assigned, assigns to the recipients of the incentivising remuneration plan the variable portion of remuneration

actually accrued according to the degree of achievement of the goals assigned and within the limits of the total amount established by the Shareholders' Meeting.

On the occasion of each approval of the annual draft financial statements for the previous year, the Board, upon the proposal of the Committee, having heard the opinion of the Board of Statutory Auditors, and having assessed the achievement of the pre-set goals assigned, assigns to the recipients of the incentivising remuneration plan the variable portion of remuneration actually accrued according to the degree of achievement of the goals assigned and within the limits of the total amount established by the Shareholders' Meeting.

#### The General Manager and other strategic executives

On the proposal of the Committee, the Board approves the incentivising remuneration policy for the Company's general manager and any other strategic executives of the Company and the maximum amount payable.

Subsequently, on an annual or multi-annual basis, depending on the circumstance, it approves the targets relating to the incentivising remuneration and the maximum amount attributable to the General Manager and the Executives as the variable part of remuneration due to them upon achievement of the targets,

Lastly, annually/multi-annually upon approval of the financial statements for the previous/last year closing the cycle, it assesses the achievement of the assigned targets and determines the variable compensation accrued, the portion payable immediately and the portion payable later.

#### Remuneration plans based on financial instruments

With regard to remuneration plans based on financial instruments, the Shareholders' Meeting is called upon to approve, pursuant to Art. 114-bis, paragraph 3 of the T.U.F., plans that can be defined as relevant pursuant to Art. 84-bis, paragraph 2 of the Issuers' Regulation ("Relevant Plans" or "Plans").

With reference to the Relevant Plans, the Committee is involved in the preliminary investigation and preparation of the plan and its details (vesting period, recipients, limitations on the Administrators, the General Manager and the Executives) and submits the Plan proposal to the Board for approval by the Shareholders' Meeting.

If the Plan envisages delegation of implementation to the Board, the Committee proceeds to draft the implementation proposal to be submitted to the Board for approval.

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

#### Revision of the Policy

If the prerequisites for a revision of the Policy are met, it is resubmitted to the Shareholders' Meeting on the basis of a revision proposal approved by the Board and prepared by the Committee.

#### Implementation of the Policy

The implementation of the Policy as a whole is therefore carried out by the Board with the support of the Committee and the Committee for Transactions with Related Parties, under the supervision of the Board of Statutory Auditors.

\* \* \*

## **2. Remuneration Committee: composition, competencies and modus operandi (letter b).**

The Committee is an internal board body and has been constituted by the Board since 2000, the year in which the Company was admitted to trading on the market managed by Borsa Italiana

s.p.a. It is elected by the Board at the inaugural meeting. The duration is aligned with the term of office of the administrative body.

The Committee currently in office was appointed by resolution of 14 May 2021 and expires with the approval of the financial statements for the year ending 31 December 2023.

It is composed of three members, all of whom are non-executive Board members, two of whom meet the independence requirements pursuant to Art. 147-ter, paragraph 4 of the T.U.F. and of the Code:

- Fabia Romagnoli (non-executive, independent) - chair
- Alberto Pecci (non-executive)
- Michele Legnaioli (non-executive, independent).

The Committee is governed by its own regulation, approved by the Board, which defines its composition, role and competences and regulates its appointment and functioning in line with the Code's recommendations.

The 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 of Directors in defining the policy for the remuneration of administrators, members of the supervisory board and executives with strategic responsibilities;
- periodically assesses the adequacy and overall consistency of the policy for the remuneration of administrators and executives with strategic responsibilities;
- submits proposals or expresses opinions to the Board on the remuneration of executive administrators and other administrators holding particular offices, as well as on the setting of performance targets related to the variable component of such remuneration;
- monitors the concrete application of the remuneration policy adopted by the Board and verifies, in particular, the actual achievement of performance targets;
- reports to shareholders on how it exercises its functions.

In formulating its proposals, the Committee envisages:

- that the remuneration of executive administrators, strategic executives and of the supervisory body is instrumental 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 in the company;
- that the remuneration of executive administrators, strategic executives 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 administrators 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 targets 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 targets, 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 targets 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 administrators 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.

In the performance of its tasks and functions, the Committee ensures appropriate functional and operational links with the competent corporate structures and has the right to access the corporate information and functions necessary for the performance of its tasks. Should it avail itself of the information and support of the Administrators or other functions in the preliminary phase of its activities, it ensures that such persons as potential bearers of conflicting interests are not present and do not participate in any way in the deliberative phase of the meetings.

The Committee has the right to make use of external consultants and to dispose of any financial resources made available by the Company to an extent appropriate to the fulfilment of the tasks entrusted to it.

If the Committee intends to use the services of a consultant in order to obtain information on market practices regarding remuneration policies, it first verifies that the consultant is not in a situation that would compromise the independence of his or her judgement.

It meets whenever circumstances require it or one of its members deems it appropriate, and at least once in each financial year, in the first months of the year before the approval of the draft financial statements.

Meetings have a duration that varies according to the complexity of the topics to be discussed and are regularly minuted by a secretary and transcribed in a special minute book.

Following the meetings, the Committee reports at the first useful Board meeting or, if it deems it useful or necessary, requests a meeting to be convened during which to formulate its evaluations and proposals.

A description of the Committee's activities and further details on its functioning can be found in the *Corporate Governance and Ownership Structure Report* available on the Company's website [www.elengroup.com](http://www.elengroup.com) in the *Investor Relations/Corporate Documents* section (<https://elengroup.com/it/investor-relations/documenti-societari.html>).

### **3. Remuneration and working conditions of the company's employees (letter c)**

The Issuer pursues a Policy that envisages the inclusion among the non-financial targets assigned to both the Administrators and the General Manager and any Executives of targets linked both directly and indirectly to the pursuit of improving the working conditions of its employees, including remuneration.

The entire Group aims to attract, develop and retain the best talent by creating a stimulating working environment and promoting diversity and non-discrimination.

This is why the topic of "People" is one of the 12 material topics of the Sustainability Plan 2023-2027 ("New Sustainability Plan"), divided into the areas of "workers' health and safety", "growth and training of employees" and "diversity, equal opportunities and non-discrimination" and aims at achieving the following targets:

- increase people's well-being (welfare, diversity, equal opportunities; health and safety)
- promote the growth, training and development of people (training; surveys and communication; MBO variable remuneration).

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

To date, the Company has relied on the resources available within the Company in defining the Policy, as well as on the competence and independent judgment of the Committee members. As things stand, the Committee has skills and experience within its ranks that are adequate to perform the functions entrusted to it by the Board and, where necessary, it has the power to avail itself of external consultants, whose independence of judgement it has assessed in advance, and to dispose of the financial resources made available by the Company in an adequate amount to perform the tasks entrusted to it.

#### **5. Aims pursued with the remuneration policy, principles underlying it, duration, description of changes in the remuneration policy submitted to the Shareholders' Meeting and review criteria compared to the previous financial year (letter e)**

The aims pursued with the Policy in general have always been to attract, retain and incentivise persons endowed with the professional and personal qualities necessary to manage and operate successfully within the Company and the Group with the aim of creating value in the short and medium-long term consistent with the principles of the code of ethics adopted by the entire Group and with the reference legislation, including regulatory provisions.

Over time, two factors have played a decisive role in the definition and evolution of the Policy: the continued presence on the Board of the Company's founding and historical shareholders committed full-time to the Company's operations and management, and the absence until 2016 of a General Manager.

The evolution of the Group's business and growth have also led to the need for a better formulation of the Policy. In fact, while the professionalism and dedication shown by the Administrators has never been conditioned by the size and nature of their remuneration and has constantly been assessed as a sufficient condition for aligning their interests with the pursuit of the priority target of creating value for shareholders over the medium to long term, the entry into management of persons outside the historical shareholding structure and the growing complexity of the Company's and Group's activities have led to an evolution of the Policy.

The 2023-2026 Policy is in continuity with that of the previous three-year period and is defined in line with the recommendations of the Code and with the objective of implementing the Group's strategic and sustainability plan and aligning the interests of the administrative body and strategic staff with those of the stakeholders in both the short and medium-long term.

It was defined taking into account the Strategic Financial Plan 2024-2026 and the New Sustainability Plan.

The remuneration of the Administrators and of the General Manager - the Company currently has no other Executives - envisages that a significant part of the remuneration is variable and linked to targets, including non-financial targets deemed as relevant, set by the Board and determined in accordance with the following principles:

- a) the fixed component and the variable component are balanced consistently with the Company's strategic targets and risk management policy so that the fixed part is sufficient in itself to remunerate performance and that, at the same time, the variable part is significant, especially in the event of results exceeding the minimum targets assigned;
- b) maximum limits on the disbursement of variable components are envisaged;
- c) the performance targets, to which the payment of the variable components is linked are predetermined, measurable and linked in significant part to a long-term view, consistent with the company's strategic targets and aimed at promoting its sustainable success, including, where relevant, also non-financial parameters;

- d) the payment of a significant portion (ranging from 30% to 40%) of the variable component is deferred for an adequate period of time with respect to the time of maturity; in the case of the granting of options or financial instruments on the basis of plans approved by the Shareholders' Meeting or paid as payment in kind, a vesting period up to the end of the assignment and at least five years and an adequate *lock-up* of a significant portion of the instruments granted is envisaged;
- e) contractual arrangements are envisaged that allow 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 in the case of malicious or fraudulent conduct of the recipients;
- f) the indemnity or remuneration that may be due on termination of the administration or general management relationship is clear and predetermined and defines the upper limit of the total sum payable.

The remuneration of the members of the Board who do not hold delegated powers or special assignments related to the management of the Company are fixed and commensurate with the commitment required of each of them, taking into account the chairmanship of the internal board committees, if any. The remuneration of such persons is in no way linked to the results of the Company's management.

Remuneration is mainly paid in cash.

Compared to the remuneration policy already approved by the Shareholders' Meeting and relating to the previous three-year period, taking into account the considerations expressed by the shareholders during the dialogue activities, the provision - which was only used once in 2006 and by resolution of the Shareholders' Meeting - to award *ad personam bonuses* on the occasion of extraordinary transactions that were not foreseen or foreseeable, but whose significant benefit for the Company can be measured in equity terms and clearly attributable to the activity of the Administrators, other than the variable component linked to predefined targets, was eliminated.

In addition, *malus* clauses have been introduced with regard to Administrators in addition to the already existing *claw-back* clauses. It is also stipulated that the portion of deferred variable remuneration related to non-financial targets will be revalued/devalued by reference to non-financial targets instead of by reference to financial targets, as was the case for the 2021-2023 policy.

The Policy sets an upper limit for both the variable component referring to the Administrators and to the General Manager.

The Policy described is defined for the three-year period 2024-2026 in line with the term of office of the Board to be appointed by the Shareholders' Meeting convened for 29 April/6 May 2024 and therefore, unless any necessary amendments are made with the approval of the Shareholders' Meeting, it will be applied until the approval of the financial statements for the year ending 31 December 2026.

## **6. Description of policies on fixed and variable remuneration components (with particular regard to the indication of the relative proportion within the total remuneration and distinguishing between short-term and medium- to long-term variable components) (letter f)**

Board members receive differentiated remuneration depending on whether they are executive or non-executive.

### Administrators (executive including the chairman if he is the receiver of delegated powers):

The remuneration of the Administrators (including the chairman if he is the receiver of delegated powers) consists of the following items:

- a) a fixed annual portion equal for all Board members, quantified, for the entire duration of the term of office, by the Shareholders' Meeting, pursuant to Art. 2389, para. 1 and 3, of the Italian Civil Code, upon appointment;
- b) an additional annual fixed component predetermined in its total amount by the Shareholders' Meeting and allocated by the Board, pursuant to Art. 2389, para. 3, of the Italian Civil Code for the entire duration of the term of office, at the time of the conferral of the management powers;
- c) a variable part that is determined by the Board on the basis of targets, both economic and non-economic, assigned by the Board on an annual and multi-annual basis;
- d) non-monetary benefits;
- e) end-of-mandate indemnity determined by the Shareholders' Meeting upon appointment;
- f) stock options which, in respect of both the Stock Option Plan 2016-2025 and the Stock Option Plan 2026-2031, may only be exercised after three years from their allocation, if at least one of the Base Targets (as defined below) assigned has been achieved with reference to the previous year.

Variable remuneration paid to both Administrators, including the Chairman, and to the General Manager is subject to a claw-back clause.

### Non-executive (and independent) Administrators

The remuneration of non-executive Administrators, including independent ones, consists of:

- a) the annual fixed component equal for all Board members, quantified, for the entire term of office, by the Shareholders' Meeting at the time of appointment.
- b) an additional fee for the Board members appointed as chairmen of the internal board committees predetermined by the Shareholders' Meeting in its total amount.

### General Manager

The remuneration of the General Manager consists of:

- a) a fixed annual remuneration (Gross Annual Salary - RAL) due to him or her as an executive;
- b) a variable component determined as to composition and mechanism every four years and on the basis of economic and non-financial targets, determined by the Board on an annual and multi-annual basis;
- c) stock options, which may be exercised if at least one of the Base Targets (as defined below) assigned in the previous year has been achieved;
- d) a fixed annual fee that is paid annually in the course of the non-competition agreement following any termination of the employment relationship;



- e) non-monetary benefits;
- f) severance indemnity (TFR) set aside annually as an employee.

The variable remuneration paid to the General Manager is subject to a *claw-back* clause.

The Company currently has no other Executives.

Proportion between fixed and variable component

Administrators (including the chairman if he is receiver of delegated powers)

The fixed part is determined by the Shareholders' Meeting in its total amount to be divided between the chairman and the managing directors or those holding special offices.

The variable part is determined annually by the Board within the framework of the amount of money decided by the Shareholders' Meeting and allocated for this purpose.

The Board, upon the Committee's proposal, annually fixes a certain amount ("Target Amount") to be allocated to the variable remuneration of each Board member receiver of delegated powers or special assignments, differentiated on the basis of the role (chairman or managing director) and of the powers/assignments conferred.

The determination of the variable remuneration actually accrued by each receiver within the amount set by the Board is based on the level of achievement of the (financial and non-financial) targets assigned. A revenue threshold is set relative to the achievement of the basic financial and non-financial target below which no variable remuneration is due under any circumstances.

The Board - upon proposal of the Committee - after verifying the results achieved, compares them with the targets set and proceeds to assess the accrual of the recipients' right to the variable component and to quantify the amount due, if any. Based on the level of achievement of the individual targets, an overall coefficient, which may vary from 0% to 110%, is calculated and applied to the Target Amount.

If the maximum target assigned is exceeded, the remuneration plan envisages the possibility of awarding a bonus of up to 50% of the Target Amount.

If the income threshold has been reached and therefore the recipients have accrued the right to the variable part of their remuneration, 70% of the component actually due is paid during the financial year, while the payment of the remaining 30% takes place on a deferred (three-year) basis, increased or decreased according to the level of achievement of the assigned multi-annual target.

The variable component relating to the achievement of annual targets provides an incentive weighing between 30% and 70% of total remuneration, depending on the level of achievement of the targets and the receiver.

The variable component relating to the achievement of multi-annual targets provides an incentive weighing between 5% and 15% of total remuneration.

Specifically, over the course of the 2021-2023 policy, the weight of variable remuneration on total remuneration was as follows:

- 2021: respectively 65.41% for the Chairman, 48.60% for the Managing Director also in charge of internal control, and 40.67% for the other Managing Director.
- 2022: respectively 60.75% for the Chairman, 43.63% for the Managing Director also in charge of internal control, 35.95% for the other Managing Director;
- 2023: respectively 53.78% for the Chairman, 36.78% for the Managing Director also in charge of internal control, and 29.66% for the other Managing Director.

### General Manager

The Policy envisages an upper limit to the allocation of the variable component of the General Manager's remuneration.

The variable remuneration of the General Manager consists of several components:

a) 80% of the variable component is paid during the financial year in which the Board assesses the accrual of the right on the basis of the Group's performance and on the proposal of the Committee. It is paid as follows:

- 60% in cash
- 20% in kind, through shares in a number equal to the amount divided by the average price in the 60 days preceding the approval of the annual consolidated financial statements by the Board of Directors, rounded up to the nearest ten. The assignment will take place annually by 31 July and the General Manager will be subject to *lock up* for the next 4 years;

b) 20% of the variable component is paid on a deferred basis as follows:

- 60% in the year of approval of the annual accounts of the second year after vesting;
- 40% in the year of approval of the annual accounts of the third year after vesting.

The sums referred to in b) above will be subject to revaluation on the basis of the growth of the Group's results and in relation to the growth of the capital invested to achieve them.

The variable component related to the achievement of annual targets provides an incentive weighing 60% to 80% of the total remuneration depending on the level of achievement of the targets.

Specifically, over the course of the 2021-2023 policy, the weight of variable remuneration on total remuneration was as follows:

- 2021: 69.32%
- 2022: 74.57%
- 2023: 73.97%.

### Nature of the targets

As for the Administrators, the variable remuneration plan provides for the assignment of targets linked to the economic results of the Company and the Group and non-financial targets linked to the implementation of the New Sustainability Plan.

Financial targets account for 70% of the variable component, non-financial targets for 30%.

As for the General Manager, for whom, equally, the variable remuneration plan provides for the assignment of targets linked to the Company's and the Group's economic results and non-financial targets linked to the implementation of the New Sustainability Plan, the financial targets affect 75% of the variable component, the non-financial ones 25%.

### Stock Options

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

### Stock Option Plan 2016-2025

In 2016, the Company approved the Stock Option Plan 2016-2025 in relation to which the following documents are available on the Company's website [www.elengroup.com](http://www.elengroup.com) in the following respective sections:

a) minutes of the approval of the Shareholders' Meeting on 12 May 2016 of the Stock Option Plan 2016-2025 and accompanying documentation including, within the explanatory report of the administrative body of the subject, the information document, updated as at 25 March 2016, prepared pursuant to Art. 84-bis of the Issuers' Regulation. *Investor Relations/Shareholders' Meeting Documents/Annual and Extraordinary Shareholders' Meeting 26 April 2016 - 12 May*

2016;

- b) minutes of the Board meeting held on 13 September 2016 for the implementation of the Stock Option Plan 2016-2025 and the exercise of the proxy, pursuant to Art. 2443 of the Italian Civil Code, of the reserved capital increase to service that plan with accompanying documentation - sect. *Investor Relations/Corporate Documents/Stock Option Plan 2016-2025*;
- c) the disclosure document, updated as at 13 September 2016, prepared pursuant to Art. 84-bis of the Issuers' Regulation and containing (pp. 16 et seq.) table no. 1 envisaged by paragraph 4.24 of Annex 3A, Schedule 7 - sect. *Investor Relations/Corporate Documents/Stock Option Plan 2016-2025*.

#### Stock Option Plan 2026-2031

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

- a) Board's Explanatory Report on the Company's website sect. *Investor Relations/Governance/Shareholders' Meeting Documents/2022/Ordinary And Extraordinary Shareholders' Meeting 15 December 2022*.
- b) the disclosure document, updated to 15 November 2022, prepared pursuant to Art. 84-bis of the Issuers' Regulation and containing the tables envisaged by paragraph 4.24 of Annex 3A, Schedule 7, both in sect. *Investor Relations/governance/Shareholders' Meeting Documents/2022/Ordinary And Extraordinary Shareholders' Meeting 15 December 2022* both in sect. *Investor Relations/Corporate Documents/Stock Option Plan 2026-2031*;
- c) minutes of the approval of the Shareholders' Meeting on 15 December 2022 of the *Stock Option Plan 2026-2031* and accompanying documentation including the opinion issued by the independent auditor EY s.p.a. on the criteria for determining the exercise price of the options prepared pursuant to Art. 2441, VI, para. of the Italian Civil Code in sect. *Investor Relations/Governance/Shareholders' Meeting Documents/2022/Ordinary And Extraordinary Shareholders' Meeting 15 December 2022*;
- d) minutes of the Board meeting held on 15 March 2023 for the implementation of the Stock Option Plan 2026-2031 and the partial exercise of the proxy, pursuant to Art. 2443 of the Italian Civil Code, of the reserved capital increase to service that plan with accompanying documentation - sect. *Investor Relations/Corporate Documents/Stock Option Plan 2026-2031*;
- e) the disclosure document, updated to 15 March 2023, prepared pursuant to Art. 84-bis of the Issuers' Regulation and containing the tables envisaged by paragraph 4.24 of Annex 3A, Schedule 7 - sect. *Investor Relations/Corporate Documents/Stock Option Plan 2026-2031*.

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

Administrators, including the chairman with delegated powers, and the General Manager are recipients of non-monetary benefits.

These benefits consist for the Administrators in the allocation of a company car for mixed use, and for the General Manager, in addition to the allocation of the car, in the stipulation in his or her favour of three policies (Fasi supplementary health insurance; policy in the event of death or invalidity; extra-professional accident policy).

All Board members and executives of the Company and the Group are beneficiaries of a D&O liability policy.

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

## **8. Description of the performance targets on the basis of which the medium- and long-term variable components are allocated. Link between variation in performance and variation in remuneration (letter h).**

Variable components are assigned upon the achievement of annual or multi-annual targets built on the ability to generate value and pursue the sustainable success of the Company and the Group.

For Administrators and the General Manager, performance targets are both financial and non-financial in nature.

### **- ADMINISTRATORS -**

There is an annual monetary variable remuneration for each of the Administrators, awarded depending on the achievement of both financial and non-financial targets set.

At the time of the assignment of the targets, the Target Amount, in cash, assignable to each of the recipients is defined by the Board on the proposal of the Committee.

The Target Amount is divided into two components differentiated according to the nature of the targets: 70% is allocated to financial targets and 30% to targets of a non-financial nature.

#### A) Component linked to targets of a financial nature.

It accounts for 70% of the total variable component of each of the recipients.

The financial target is set by the Board on a proposal from the Committee.

The annual financial target is the consolidated EBIT.

The target is envisaged and expressed in terms of percentage achievement of the target EBIT for the year. The following are set: a gateway value ("Base") - which constitutes the entry threshold of the variable component below which nothing is due - equal to 90% of the Pre-set EBIT, an intermediate value ("Target") equal to 100% of the Pre-set EBIT and a maximum value ("Maximum") equal to 120% of the Pre-set EBIT.

When the Base value is reached, 50% of the Target Amount is awarded in cash. The target-related variable component may be increased according to a linear progression depending on the extent of the consolidated EBIT actually realised up to a maximum of 110% of the Target Amount.

Of the variable component actually accrued for the first two years of the term of office, 70% is paid in the financial year following the attainment of the target, 30% is paid deferred at the end of the term. With regard to the last year of the term of office, the variable component actually accrued with reference to the annual target is paid at 100%.

The multi-annual financial target is the growth of the consolidated EBIT consistent with the three-year strategic plan 2024-2026.

The variable component relating to the multi-annual financial target consists of the revaluation or devaluation of 30% of the variable remuneration accrued for each financial year and which has not been paid. This deferred component at the end of the three-year term of office is revalued (or devalued) - depending on the long-term financial performance trend - by the percentage resulting from the ratio of the EBIT growth rate achieved in accordance with the strategic plan 2023-2026 to the invested capital.

FINANCIAL TARGETS (70%)	LEVEL OF ACHIEVEMENT OF THE TARGET	VARIABLE COMPENSATION ACCRUED	VARIABLE COMPENSATION PAID	WEIGHT ON TOTAL REMUNERATION PAID (FIXED+VARIABLE)
Annual: ANNUAL CONSOLIDATED EBIT SET BY THE BoD	< 90%	0	0	0
	90%	50% of the Target Amount	70% OF VARIABLE REMUNERATION ACCRUED ANNUALLY WITH REFERENCE TO FINANCIAL TARGETS	30%-70%
	100%	Target Amount		
	120%	110% of the Target Amount		
Multi-annual: CONSOLIDATED EBIT GROWTH RATE TARGETED IN THE STRATEGIC PLAN 2024-2026	0.1-100%	30% OF THE VARIABLE REMUNERATION ACCRUED IN THE PREVIOUS TWO YEARS WITH REFERENCE TO THE FINANCIAL TARGETS RE-EVALUATED/DEVALUATED BY THE RESULT OF THE EBIT/CAPITAL EMPLOYED RATIO	30% OF THE VARIABLE REMUNERATION ACCRUED IN THE PREVIOUS TWO YEARS WITH REFERENCE TO THE FINANCIAL TARGETS RE-EVALUATED/DEVALUATED BY THE RESULT OF THE EBIT/CAPITAL EMPLOYED RATIO	5-15%

With regard to stock options, it has been said above that they are exercisable, and therefore the receiver can derive the economic benefit, once the minimum entry threshold, i.e. the Base target, has been reached in the year.

## 2) Component linked to targets of a non-financial nature.

It accounts for 30% of the total variable component of each of the recipients.

The non-financial targets are linked to the implementation of the New Sustainability Plan.

These targets are approved by the Board on a Committee proposal.

These are pre-determined and measurable targets selected from among the strategic targets identified by the Company within the framework of the plan and pertaining to the following areas: supply chain, direct and indirect emissions, staff incentive systems aimed at implementing the New Sustainability Plan, staff training and growth.

For each area, a specific and differentiated weight has been established on the variable part possibly due to the recipients.

The variable component for each area is accrued with reference to the degree of achievement of individual targets. Of the variable component actually accrued for the first two years of the term of office, 70% is paid in the financial year following the attainment of the target, 30% is paid deferred at the end of the term. With regard to the last year of the term of office, the variable component actually accrued with reference to the annual target is paid at 100%.

The multi-annual target is the completion of all targets.

The variable component related to the multi-annual non-financial target consists of the revaluation or devaluation of 10% of the variable remuneration accrued with reference to the non-financial targets for each financial year for which deferred payment was foreseen.

NON-FINANCIAL TARGETS (30%)	WEIGHT OF THE INDIVIDUAL TARGET ON THE VARIABLE COMPONENT RELATED TO NON-FINANCIAL TARGETS	VARIABLE REMUNERATION PAID ANNUALLY	VARIABLE REMUNERATION PAID AT THE END OF THE TERM OF OFFICE
ACHIEVEMENT OF THE ANNUAL TARGET OF THE MULTI-ANNUAL SUSTAINABILITY PLAN (SUPPLY CHAIN AREA)	10%	70% OF THE REMUNERATION ACCRUED UPON ACHIEVEMENT OF THE TARGET	30% OF THE REMUNERATION ACCRUED UPON THE ACHIEVEMENT OF THE TARGET ACCRUED IN THE PREVIOUS TWO YEARS WITH REFERENCE TO NON-FINANCIAL TARGETS REVALUED/DEVALUED BY 10% IN THE EVENT OF ACHIEVEMENT/ NON-ACHIEVEMENT OF ALL TARGETS IN THE THREE-YEAR PERIOD,
ACHIEVEMENT OF THE ANNUAL TARGET OF THE MULTI-ANNUAL SUSTAINABILITY PLAN (DIRECT EMISSIONS AREA)	6%		
ACHIEVEMENT OF THE ANNUAL TARGET OF THE MULTI-ANNUAL SUSTAINABILITY PLAN (INDIRECT EMISSIONS AREA)	4%		
ACHIEVEMENT OF THE ANNUAL TARGET OF THE MULTI-ANNUAL SUSTAINABILITY PLAN (MBO AREA STAFF)	5%		
ACHIEVEMENT OF THE ANNUAL TARGET OF THE MULTI-ANNUAL SUSTAINABILITY PLAN (STAFF TRAINING AREA)	5%		

### General Manager

As for the General Manager, an employee of the Company, he is the receiver of an annual and four-year variable remuneration plan based on the achievement of objectively measurable targets.

The objectives were drawn up taking into consideration, on the one hand, the growth of profitability in the medium to long term and, on the other hand, the sustainable success of the Company and the Group. Targets, both annual and multi-annual in nature, were therefore assigned, and deferred payment of a substantial portion of variable remuneration to be revalued on the basis of the Group's multi-annual growth was envisaged.

The targets are both financial (consolidated EBIT, excluding the cutting sector) and non-financial (achievement of the same sustainability targets assigned to the Administrators).

Remuneration is partly in cash and partly in shares of the Company with a commitment to hold these financial instruments for four years after the award. For the General Manager, the fixed part of the remuneration is balanced by an appropriate variable part.

The targets consist of:

- a) annual targets:

- financial: 2.2% of the difference between the annual consolidated EBIT achieved and the annual consolidated EBIT predetermined by the Board as the gateway (“Base”), excluding the result achieved with reference to the laser cutting sector and the results (profits and losses) that are the consequence of extraordinary operations.

- non-financial: an additional 0.8% on the difference defined in the previous point to be allocated depending on the achievement of at least 80% of the same annual non-financial targets assigned by the Board to the Administrators.

b) multi-annual objectives:

b1- 20% of the remuneration due on the basis of the annual targets will be paid on a deferred basis and re-evaluated on the basis of the growth of the Group’s results in relation to the growth of the capital invested to achieve them.

b2 - 20% of the remuneration due on the basis of the annual targets will be paid through the allocation of shares of El.En. Spa, in numbers equal to the aforementioned amount divided by the average of the prices in the 60 days preceding the approval of the annual financial statements, rounded up to the nearest ten. The assignment will take place annually by 31 July and the General Manager will be subject to a 4-year *lock-up*.

## **9. Criteria used to assess the achievement of performance targets underlying the award of shares, options, other financial instruments or other variable components of remuneration, specifying the extent of the variable component to be paid according to the level of achievement of said targets (letter i)**

The evaluation for the achievement of performance targets takes place:

- a) as to the economic-financial targets on the basis of the annual budget data approved by the Board with reference to the relevant financial year and, for the multi-annual targets, on the growth rate of the parameter taken as a measure for the achievement of the assigned target; the indicators relate to current operations.
- b) as to non-financial targets by comparing the assigned target with what has actually been achieved. The verification is carried out by the Committee and then by the entire Board on the basis of the information flows received from the corporate functions in charge of the sector being evaluated.

The qualitative targets assigned are always measurable on the basis of criteria established by the Board on a proposal from the Committee when assigning them. The achievement of the assigned quantitative targets is reflected in the evidence published in the annual NFS, which is subject to review.

As for the incentive remuneration plans based on financial instruments, the Administrators and the General Manager are already the recipients of options to subscribe to newly issued ordinary shares of the Company, following their assignment on the basis of the two stock option plans mentioned in Section 6 of the Report above. For both plans, there are prerequisites for the exercise of options.

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

- a) all recipients will be vested as of the third year following assignment;
- b) for Administrators and the General Manager, it is envisaged that the exercise of the options granted may only take place if they have attained in the relevant financial year at least the Base value of the targets allocated by the Board;
- c) Administrators alone are required to hold until the end of their term of office at least 5% of the shares resulting from the exercise of the options granted.

Full details of the Stock Option Plan 2016-2025 are available on the Company's website [www.elengroup.com](http://www.elengroup.com) - sect. *Investor Relations/Corporate Documents/Stock Option Plan 2016/2025*;

For the Stock Option Plan 2026-2031 implemented by the Board on 15 March 2023 with the granting of options to subscribe for ordinary shares of the Company from 1 April 2026:

- a) all recipients are to be vested from the third year following the award;
- b) for the Administrators and the General Manager, it is envisaged that the exercise of allocated and vested options may only take place if they have attained in the relevant financial year at least the Base value of the targets allocated by the Board;
- c) Administrators and the General Manager are required to hold until the end of their term of office, and in any case for a period of not less than five years from the allocation, at least 10% of the shares resulting from the exercise of the options allocated.

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

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

\* \* \*

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

The Board considers that the remuneration policy contributes to the corporate strategy to varying degrees depending on who it is aimed at.

With reference to the General Manager, the remuneration plan of which he is currently the receiver, and in any case, more in general, similar plans intended for persons involved in company management outside the historical shareholding structure makes it possible to achieve an objective of stability in the coverage of the role for the consistent achievement of strategic targets of a mainly economic nature and positioning in markets characterised by a limited number of players.

With reference to the Administrators, in addition to the attainment of said targets, the remuneration plan they receive is also relevant from the point of view of the pursuit of the long-term interests of the Company and the Group, as the targets are structured in such a way as to avoid their attainment through short-term management choices that would potentially undermine the sustainability of the Company and therefore its and the Group's ability to generate profit and create value in the long term.

\* \* \*



**11. Vesting periods, any deferred payment systems, with an indication of the deferral periods and the criteria used to determine such periods and, if any, the mechanisms for *ex post* correction of the variable component (*malus* or “*claw-back*” of variable compensation) (letter j)**

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

With the exception of the last year of the term of office, 70% of the variable portion of the remuneration due to the Administrators is paid in the financial year following the year in relation to which the targets were assigned, and the remaining 30%, possibly re-evaluated as described in paragraph 8 above, at the end of the term of office.

The 20% of the variable part of the General Manager's remuneration accrued in relation to the annual targets is paid in deferred payment as follows:

- i) 60% of the amounts accrued up to that time, following the approval of the 2023 annual financial statements, with the salary of the month following the month in which the financial statements were approved by the Shareholders' Meeting;
- ii) the balance of the amounts accrued, following the approval of the FY2024 financial statements, with the salary of the month following the month in which the financial statements were approved by the Shareholders' Meeting.

Lastly, both the Administrators and the General Manager are recipients of and have signed specific *claw-back* clauses under which they will be required to return any sums attributed to them by virtue of incentivising remuneration plans, including those based on financial instruments approved during their term of office, if the sums have been paid for the achievement of the targets envisaged in the aforesaid plans that have been proven to be distorted by data that have been found to be manifestly and objectively incorrect by the end of the second financial year following that in which the respective sums were received. For the new Stock Option Plan 2026-2031, this clause has been supplemented with the provision of the Company's right to request the return, in whole or in part, of the options granted but not yet exercised or the return of the shares owned by the beneficiary resulting from the exercise of the vested options, or the return, in whole or in part, of the net gains obtained by the beneficiary as a result of the exercise of the options, in the event that the Board, after consulting the Remuneration Committee, ascertains, during the course of the Plan and/or within 3 years of the end of the Plan: (1) that the targets have been determined on the basis of data that have proven to be manifestly erroneous or that the data used to calculate the targets have been maliciously altered; (2) that the beneficiary has engaged in conduct that has resulted in a significant loss for the Issuer, any Group company or the Group in general; (3) that the beneficiary has engaged in fraudulent or grossly negligent conduct to the detriment of the Issuer, any Group company or the Group in general.

For Administrators, *malus* clauses, identical in content to the *claw back* clauses in terms of the trigger conditions, are also envisaged as of 2024 for the portion of variable remuneration that is deferred and thus not paid.

\* \* \*

## **12. Information on whether there are any provisions for retaining the financial instruments in the portfolio after their acquisition, with an indication of the retention periods and the criteria used to determine these periods (letter k)**

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

\* \* \*

## **13. Treatments provided for in the event of termination of office or termination of employment (letter l).**

The Administrators, who are not employees of the Company, receive an end-of-mandate indemnity of EUR 6,500.00 each per year of office.

The provision of these sums is mainly done by taking out a special insurance policy.

Payment is foreseen at the end of the term of office.

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

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

He is an executive with an employment contract.

With regard to the effect of the termination of the relationship on the options granted in connection with the Stock Option Plans described in paragraphs 6 and 9 of this report, please refer to the regulations of the plans respectively attached to the minutes of implementation of the Board on 13 September 2016 ([www.elengroup.com](http://www.elengroup.com) - sect. *Investor Relations/Corporate Documents/Stock Option Plan 2016-2025* ) and 15 March 2023 ([www.elengroup.com](http://www.elengroup.com) - sect. *Investor Relations/Corporate Documents/Stock Option Plan 2026-2031*).

No post-termination benefits are provided for either Administrators or General Managers.

## **14. Any other insurance and social security cover (letter m)**

In line with best practices, an insurance policy is envisaged, known as D&O (Directors & Officers) Liability for third-party liability of the corporate boards, general managers, managers with strategic responsibilities in the exercise of their functions, aimed at indemnifying the group and the corporate boards against the costs arising from the relevant compensation, resulting from the provisions set out in the applicable national collective bargaining agreement and the rules on mandates, excluding cases of wilful misconduct and gross negligence.

Apart from what is provided for by law in the case of an employment relationship, there is no other insurance cover, i.e. social security or pension cover, in favour of corporate boards.

The General Manager is the beneficiary of what is described in paragraph 7.

## **15. Remuneration policy for independent administrators, members of internal board committees, special assignments (letter o).**

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

As of 2021, the Shareholders' Meeting granted a further, modest increase in the fixed remuneration for non-executive Board members, including independent Board members, who are appointed as chairmen of internal board committees. In this regard, see the illustrative

report filed by the Board on 18 March 2021, which can be consulted on the company's website [www.elengroup.com](http://www.elengroup.com) (section *Investor Relations/governance/Shareholders' Meeting documents/2021/Ordinary Shareholders' Meeting 27 April 2021 - 4 May 2021*).

The Board proposed to the Shareholders' Meeting called to elect the new administrative body for the three-year period 2024-2026 an additional increase of EUR 1,000.00 per year gross.

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

In this context, the chairman, as a managing director, also receives a higher fixed remuneration component than non-delegated Board members, as well as a variable remuneration component, as described in the relevant sections above.

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

Without prejudice to the best practices adopted internationally by listed issuers, with reference to share-based incentive plans, there are no particular remuneration policies used as a specific reference.

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

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

With regard to the "exceptional circumstances" that allow for temporary derogations from the Policy approved by the Shareholders' Meeting, it should be noted that they refer to situations in which the derogation is necessary for the pursuit of the long-term interests of the Company and the sustainability of the Group as a whole or to ensure its ability to stay on the market.

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

The procedure that will be applied is that relating to the drafting of the Policy in general and any revisions, so if this becomes necessary due to unforeseeable and exceptional circumstances, it will be done at the proposal of the Committee, having heard the Board of Statutory Auditors in accordance with the above and, where necessary, the Company's *Regulation of Transactions with Related Parties*.

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

At present, the Company has had no need to deviate from the Policy.

\* \* \*

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

In accordance with Art. 2402 of the Italian Civil Code, the remuneration of the Board of Statutory Auditors is determined as a fixed amount at the time of appointment by the Shareholders' Meeting upon proposal of the Board. In this respect, the Board formulates its proposal on the basis of the following elements:

- a) the industry tariffs in force;
- b) a comparison with the remuneration paid to the auditors of other companies of comparable sector and size;
- c) the commitment required and the relevance of the role played by each of them.

The remuneration, in accordance with the law and consistent with the supervisory role of the auditing body, remains unchanged until the termination of office and is paid on an annual basis. The Board of Statutory Auditors is not the receiver of any variable component.

The Board of Statutory Auditors, like the Company's administrative bodies and executives, is covered by D&O insurance.

## SECTION II - REMUNERATION PAID

### FIRST PART

#### 1.1. Description of items making up remuneration and severance indemnity

Consistently with Section I of this report, the members of the current Board of Directors for the financial year 2022 were remunerated as follows.

The Shareholders' Meeting at the time of the appointment of the Board expiring with the approval of the financial statements for the year 2023, which took place on 27 April 2021, set, until a new and different resolution of the Shareholders' Meeting, at EUR 1,578,000.00 (one million five hundred and seventy-eight thousand point zero zero) as the maximum gross annual indemnity to be granted in total to the 7 (seven) members of the Board and to be allocated as follows:

- a) a total of EUR 119,000.00 (one hundred and nineteen thousand point zero zero) gross per year in equal parts among the members of the Board of Directors;
- b) a total of EUR 9,000.00 (nine thousand point zero zero) gross per year in equal parts among the non-executive Board members who serve as chairmen of the board committees;
- b) a total of EUR 450,000.00 gross per year in equal parts, also through the allocation of non-monetary benefits, between the Chairman of the Board of Directors and the Managing Directors;
- c) a total of EUR 1,000,000.00 (one million point zero) per year gross, as the variable portion of the remuneration to be attributed to the Chairman of the Board of Directors, managing directors and Board members holding special offices as bonuses depending on the achievement of targets set by the Board of Directors as well as extraordinary transactions and/or extraordinary operating results.

As a result, each of the seven members of the Board of Directors received a fixed allowance of EUR 17,000.00 per year.

The chairs of the internal Board committees received an additional EUR 3,000.00 per year.

The other members of the committees did not receive any remuneration for this participation. None of the non-executive Administrators were receivers of remuneration beyond that mentioned above.

The chairman of the Board of Directors, Gabriele Clementi, also in his capacity as managing director, and the other two managing directors, Andrea Cangioli and Barbara Bazzocchi, were paid, in 2023, as a fixed component, an additional EUR 150,000.00 each in accordance with the resolution passed by the Shareholders' Meeting, including the fringe benefit consisting in the allocation to each of them of a company car for mixed use that can also be used by their family members within the unchanged limits of the gross annual amount of EUR 5,000.00 each set by the Board of Directors.

Furthermore, in relation to the chairman and the two managing directors, the Shareholders' Meeting of 27 April 2021 confirmed the annual amount of EUR 6,500.00 each, pursuant to Art. 17 of the Income Tax Consolidation Act (T.U.I.R.) 917/1986, as end-of-mandate benefits: these sums are set aside through a special insurance policy.

With regard to the variable component related to the achievement of the predetermined targets set forth in the first section of this report, the recipients of the variable compensation plan accrued the following total amounts for the year 2023 (summarised, together with the

revaluation percentage on the 30% of the 2022 variable component deferred at the end of the term of office, in Table 1, column “3”):

- Gabriele Clementi - Chairman and Managing Director: EUR 194,327.00
- Andrea Cangioli - Managing Director: EUR 97,167.00
- Barbara Bazzocchi - Managing Director: EUR 70,443.00.

The proportion between fixed and variable components of Administrators for 2023 is as follows:

Clementi variable 53.78%

Cangioli variable 36.78%

Bazzocchi variable 29.66%.

The amount of the variable component due was determined by the Board in its meeting of 14 March 2024 on the basis of the Committee’s proposal in light of the analysis of the results of the draft 2023 financial statements and NFS that will be submitted to the Shareholders’ Meeting for approval, as well as the information flows received from the various competent functions with reference to sustainability objectives that are not strictly ESG.

In particular, with reference to the annual targets achieved with respect to those assigned, the Company intends to provide the percentage of achievement for reasons related to the handling of relevant corporate disclosure and not to explicitly indicate the consistency of the targets. For all targets, both financial and non-financial, the Base value and target were exceeded and:

- a) With reference to the targets of an economic and financial nature: achievement stood at 94.00% of the predetermined target;
- b) With reference to targets of a non-financial nature:
  - ESG: achievement of the maximum target assigned;
  - other sustainability: achievement of the maximum target assigned.

The payment of the variable part of remuneration is as follows: 70% by March 2024, 30% of the remuneration, accrued and possibly revalued, upon termination of office (Shareholders’ Meeting 2024).

Some of the Administrators of the Company receive remuneration as members of the administrative bodies of subsidiaries. These fees, summarised in table 1, column “1”, are paid directly by the administered subsidiary.

The General Manager, Paolo Salvadeo, receives a higher total remuneration than the higher total remuneration attributed to the persons under letter a).

The Company has entered into a non-competition agreement with the General Manager for the duration of the relationship and for two years following the termination. In return for this commitment, he receives an annual allowance of EUR 100,000.00 (one hundred thousand/00) gross. During the financial year 2023, he received as a fixed component a total of EUR 350,750.00 in cash and EUR 25,816.00 in non-monetary benefits as contractually stipulated, as well as EUR 2,295.00 in travel reimbursements.

As to the variable component related to the achievement of the predetermined objectives set forth in the first section of this report, the General Manager as receiver of the variable compensation plan (table 1, column “3” letter (I)) accrued for the year 2023 the total amount of EUR 1,543,888.00, since the financial results achieved by the company exceeded the Base target assigned and the non-financial sustainability targets predetermined by the Board were achieved. This variable compensation is paid as to EUR 768,694.80 in cash, as to EUR 256,231.60 in shares subject to a four-year *lock-up* as mentioned in Section I, and as to EUR 256,231.00 as 20% of the 2023 variable component to be paid to him in deferred payment in

accordance with the terms set forth in Table 3B. This table also shows an additional EUR 262,730.00 that constitutes the revaluation on the deferred variable component.

The Administrators, the General Manager, as well as other employees and collaborators of the Group are recipients of options to subscribe to newly issued ordinary shares of the Company. As mentioned in the first section, the Company has approved and implemented two stock option plans.

#### Stock Option Plan 2016-2025

On 13 September 2016, options were granted for the subscription from 14 September 2019 until 31 December 2025 of newly issued ordinary shares of the Company.

This allocation took place in connection with the implementation of the Stock Option Plan 2016-2025 approved by the Shareholders' Meeting on 12 May 2016 and implemented by the Board on 13 September 2016 upon the Committee's proposal.

In particular: for all recipients there is a vesting period starting from the third year following the assignment; for Administrators and the General Manager it is envisaged that the exercise of the options assigned can only take place if they have achieved in the relevant year at least the Base value of the targets assigned by the Board; for Administrators alone it is envisaged that they hold at least 5% of the shares resulting from the exercise of the options assigned until the end of their mandate.

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

Specifically:

a) minutes of the Shareholders' Meeting's approval on 12 May 2016 of the Stock Option Plan 2016-2025 and accompanying documentation including, within the explanatory report of the administrative body on the subject, the information document, updated as at 25 March 2016, prepared pursuant to Art. 84-bis of the Issuers' Regulation - *sect. Investor Relations/Shareholders' Meeting documents/Ordinary and Extraordinary Shareholders' Meeting 26 April 2016 - 12 May 2016*

b) minutes of the Board meeting held on 13 September 2016 to implement the Stock Option Plan 2016-2025 and to exercise the proxy, pursuant to Art. 2443 of the Italian Civil Code, of the reserved capital increase to service that plan with accompanying documentation - *sec. Investor Relations/Corporate Documents/Stock Option Plan 2016-2025*;

c) the disclosure document, updated as at 13 September 2016, prepared pursuant to Art. 84-bis of the Issuers' Regulation and containing (pp. 16 et seq.) table no. 1 envisaged by paragraph 4.24 of Annex 3A, Schedule 7 - *sect. Investor Relations/Corporate Documents/Stock Option Plan 2016-2025*.

#### Stock Option Plan 2026-2031

On 15 March 2023, options were granted for the subscription from 1 April 2026 to 31 December 2031 of newly issued ordinary shares of the Company.

This assignment took place in connection with the implementation of the Stock Option Plan 2026-2031 approved by the Shareholders' Meeting on 15 December 2022 and implemented by the Board on 15 March 2023 upon the Committee's proposal.

In particular: for all recipients, vesting is envisaged starting from the third year following the assignment; for Administrators and the General Manager, it is provided that the exercise of the assigned options can only take place if they have achieved in the relevant year at least the Base value of the objectives assigned by the Board; for Administrators and the General Manager alone, it is provided that they hold at least 10% of the shares resulting from the exercise of the assigned options until the end of their term of office.

Full details of the Stock Option Plan 2026-2031 are available on the Company's website.

Specifically:

a) minutes of the approval of the Shareholders' Meeting on 15 December 2022 of the Stock

Option Plan 2026-2031 and accompanying documentation including, within the explanatory report of the administrative body of the subject, the information document, updated as of 15 December 2022, prepared pursuant to Art. 84-bis of the Issuers' Regulation - *sect. Investor Relations/Shareholders' Meeting documents/Ordinary and Extraordinary Shareholders' Meeting 15 December 2022*;

b) minutes of the Board meeting held on 15 March 2023 for the implementation of the Stock Option Plan 2026-2031 and the exercise of the proxy, pursuant to Art. 2443 of the Italian Civil Code, of the reserved capital increase to service that plan with accompanying documentation - *sec. Investor Relations/Corporate Documents/Stock Option Plan 2026-2031*;

c) the information document, updated to 15 March 2023, prepared pursuant to Art. 84-bis of the Issuers' Regulation and containing (pp. 25 et seq.) table no. 1 envisaged by paragraph 4.24 of Annex 3A, Schedule 7 - *sect. Investor Relations/Corporate Documents/Stock Option Plan 2026-2031*.

A new information document was also published pursuant to Art. 84-bis of the Issuers' Regulation and containing (pp. 25 et seq.) table no. 1 envisaged by paragraph 4.24 of Schedule 3A, Schedule 7 updated as at 31 December 2023 - *sect. Investor Relations/Corporate Documents/Stock Option Plan 2026-2031*.

As for the Board of Statutory Auditors appointed on 29 April 2022, in 2023 it received the remuneration established by the Shareholders' Meeting at the time of its appointment, which resolved "to determine, for the entire duration of the appointment, the annual remuneration of the effective members of the Board of Statutory Auditors, in the total amount of EUR 31,500.00 (thirty-one thousand five hundred point zero zero) for the Chairman and in the total amount of EUR 21,000.00 (twenty-one thousand point zero zero zero) for each of the standing auditors". The remuneration actually received by the Chairman and the regular members is described in the tables below. In addition, some acting members of the company's Board of Statutory Auditors also receive remuneration as members of the Board of Statutory Auditors of subsidiary companies, respectively resolved by the Shareholders' Meetings. This remuneration, summarised in table 1, column "1", is paid to the recipients directly by the subsidiary. One of the standing auditors, as a member of the supervisory body appointed pursuant to Legislative Decree no. 231/2001 of the Company and certain subsidiaries receives the relevant additional remuneration (summarised in Table 1, column "5").

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

The Chairman and the two Managing Directors, as has been mentioned, are only entitled to an end-of-mandate indemnity set at EUR 6,500.00 per annum pursuant to Art. 17 of the Income Tax Consolidation Act (T.U.I.R.) 917/1986.

There are no agreements that envisage compensation in the event of early termination of the relationship with the General Manager.

During the financial year 2023, no allowances or benefits were granted for termination of office or termination of employment.

### 1.3. Derogations applied to the Policy

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



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

No *ex post* correction mechanisms were applied during the financial year 2023.

#### 1.5. Variation in pay and comparison information

A comparison of the annual variation for the financial years 2019-2020-2021-2022-2023 is shown below:

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

			2019	2020	2021	2022	2023
Gabriele Clementi	Chairman and Chief Executive officer		285.524	302.130	458.666	450.406	363.568
		Var. %		5,82	51,81	-1,80	-19,28
Barbara Bazzocchi	Managing Director		193.554	199.593	267.416	269.735	238.256
		Var. %		3,12	33,98	0,87	-11,67
Andrea Cangioli	Managing Director		213.262	221.565	308.666	308.704	265.283
		Var. %		3,89	39,31	0,01	-14,07
Alberto Pecci	Director		15.000	15.000	18.093	20.000	20.000
		Var. %		0,00	20,62	10,54	0,00
Michele Legnaioli	Director		15.000	15.000	18.093	20.000	20.000
		Var. %		0,00	20,62	10,54	0,00
Fabia Romagnoli	Director		15.000	15.000	18.093	20.000	20.000
		Var. %		0,00	20,62	10,54	0,00
Daniela Toccafondi	Director				11.551	17.000	17.000
		Var. %				47,17	0,00
Vincenzo Pilla	Chairman Board of Statutory Auditors		31.200	31.200	31.200	10.172	0
	until 29 April 2022	Var. %		0,00	0,00	-67,40	-100,00
Carlo Carrera	Chairman Board of Statutory Auditors					22.169	32.760
	from 30 April 2022	Var. %					47,77
Paolo Caselli	Effective Auditor		30.160	30.160	30.160	30.744	31.200
		Var. %		0,00	0,00	1,94	1,48
Rita Pelagotti	Effective Auditor		20.800	20.800	20.800	21.384	21.840
		Var. %		0,00	0,00	2,81	2,13
Paolo Salvadeo	General Manager		1.043.489	776.457	1.491.372	1.937.239	2.022.749
		Var. %		-25,59	92,07	29,90	4,41

- ii) of the Company's results (annual % variation)

	2023	2022	Var. %
Revenues	137.709.107	155.249.876	-11,30%
Operating income	20.193.355	27.604.028	-26,85%

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

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

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

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

		2019	2020	2021	2022	2023
Average number of employees	Var. %		8,10	9,74	9,88	3,54
Average gross annual remuneration	Var. %		-10,42	10,16	-1,21	3,17

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

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

The Shareholders' Meeting held on 27 April 2023 approved this Section II of the Report for the financial year 2022 as follows:

	Number of shareholders on its own or by proxy	Number of shares	% of shares represented at the meeting	% of the share capital with voting rights	% of the share capital
Favorable	33	45.741.658	78,142596	78,142596	57,253440
Opposites	231	12.794.480	21,857404	21,857404	16,014461
Abstained	0	0	0,000000	0,000000	0,000000
Not voting	0	0	0,000000	0,000000	0,000000
<b>Total</b>	<b>264</b>	<b>58.536.138</b>	<b>100,000000</b>	<b>100,000000</b>	<b>73,267901</b>
Not counted	0	0	0,000000	0,000000	0,000000

## **PART TWO - TABLES**

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

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

(A) Name and surname	(B) Office	(C) Period for which office was held		(D) Office expiry	(1) Fixed compensation	(2) Compensation for committee participation	(3) Variable non-equity compensation		(4) Non-monetary benefits	(5) Other remuneration	(6) Total	(7) Fair value of equity compensation	(8) Severance indemnity for end of office or termination of employment
		From	To				Bonuses and other incentives (*)	Profit sharing					
<b>Gabriele Clementi</b>	Chairman and Chief Executive Officer	01/01/2023	31/12/2023	Approval 2023 FS									
(I) Compensation in the company preparing the financial statements					163.274,00		196.568,00		3.726,00		363.568,00	129.316,00	6.500,00
(II) Compensation from subsidiaries and associates note (A)					7.402,00						7.402,00		
(III) Total					170.676,00		196.568,00		3.726,00		370.970,00	129.316,00	6.500,00
<b>Barbara Bazzocchi</b>	Managing Director	01/01/2023	31/12/2023	Approval 2023 FS									
(I) Compensation in the company preparing the financial statements					163.566,00		71.256,00		3.434,00		238.256,00	57.474,00	6.500,00
(II) Compensation from subsidiaries and associates note (B)					24.000,00						24.000,00		
(III) Total					187.566,00		71.256,00		3.434,00		262.256,00	57.474,00	6.500,00
<b>Andrea Cangoli</b>	Managing Director	01/01/2023	31/12/2023	Approval 2023 FS									
(I) Compensation in the company preparing the financial statements					162.000,00		98.283,00		5.000,00		265.283,00	129.316,00	6.500,00
(II) Compensation from subsidiaries and associates note (C)					7.402,00						7.402,00		
(III) Total					169.402,00		98.283,00		5.000,00		272.685,00	129.316,00	6.500,00
<b>Alberto Pecci</b>	Director	01/01/2023	31/12/2023	Approval 2023 FS									
(I) Compensation in the company preparing the financial statements note (D)					17.000,00	3.000,00					20.000,00		
(II) Compensation from subsidiaries and associates													
(III) Total					17.000,00	3.000,00					20.000,00		
<b>Michele Legnaioli</b>	Director	01/01/2023	31/12/2023	Approval 2023 FS									
(I) Compensation in the company preparing the financial statements (note E)					17.000,00	3.000,00					20.000,00		
(II) Compensation from subsidiaries and associates													
(III) Total					17.000,00	3.000,00					20.000,00		
<b>Fabia Romagnoli</b>	Director	01/01/2023	31/12/2023	Approval 2023 FS									
(I) Compensation in the company preparing the financial statements (note F)					17.000,00	3.000,00					20.000,00		
(II) Compensation from subsidiaries and associates													
(III) Total					17.000,00	3.000,00					20.000,00		
<b>Daniela Toccafondi</b>	Director	01/01/2023	31/12/2023	Approval 2023 FS									
(I) Compensation in the company preparing the financial statements					17.000,00						17.000,00		
(II) Compensation from subsidiaries and associates													
(III) Total					17.000,00						17.000,00		

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

note B: remuneration received as a Managing Director of the subsidiary Ot-las srl (€ 12.000) and as Sole Director of the subsidiary Esthelogue srl (€ 12.000)

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

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

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

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

(\*) the amount shown in the table includes the 2023 variable component and the revaluation relating to the deferred portions

continued -

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

- continued

(A)	(B)	(C)		(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
		From	To				Bonuses and other incentives (***)	Profit sharing					
Name and surname	Office	Period for which office was held		Office expiry	Fixed compensation	Compensation for committee participation	Variable non-equity compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
<b>Carlo Carrera (*)</b>	Chairman of the Board of Statutory Auditors	01/01/2023	31/12/2023	Approval 2024 FS									
(I) Compensation in the company preparing the financial statements					32.760,00						32.760,00		
(II) Compensation from subsidiaries and associates note													
(III) Total					32.760,00						32.760,00		
<b>Paolo Caselli (*)</b>	Effective Auditor	01/01/2023	31/12/2023	Approval 2024 FS									
(I) Compensation in the company preparing the financial statements (note A)					21.840,00					9.360,00	31.200,00		
(II) Compensation from subsidiaries and associates note (B)					50.097,00					14.735,00	64.832,00		
(III) Total					71.937,00					24.095,00	96.032,00		
<b>Rita Pelagotti (*)</b>	Effective Auditor	01/01/2023	31/12/2023	Approval 2024 FS									
(I) Compensation in the company preparing the financial statements					21.840,00						21.840,00		
(II) Compensation from subsidiaries and associates													
(III) Total					21.840,00						21.840,00		
<b>Gino Manfredi (*)</b>	Alternate Auditor	01/01/2023	31/12/2023	Approval 2024 FS									
(I) Compensation in the company preparing the financial statements													
(II) Compensation from subsidiaries and associates (note C)					63.346,00						63.346,00		
(III) Total					63.346,00						63.346,00		
<b>Paolo Salvadeo</b>	General Manager	01/01/2023	31/12/2023										
(I) Compensation in the company preparing the financial statements (note D) (**)					450.750,00		1.543.888,00		25.816,00	2.295,00	2.022.749,00	172.421,00	
(II) Compensation from subsidiaries and associates													
(III) Total					450.750,00		1.543.888,00		25.816,00	2.295,00	2.022.749,00	172.421,00	

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

Note A: in the "other remuneration" column we listed the remuneration received as President of the ELEN. Spa Surveillance Body

note B: the "fixed remuneration" column summarizes the remuneration received as Sole Auditor of Dekam M.E.L.A. srl, effective member of the Board of Statutory Auditors of Quanta System Spa and Chairman of the Board of Statutory Auditors of Lasit spa

the column "other movements" summarizes the remuneration received as a member of the 231 Supervisory Body of Quanta System spa and Dekam M.E.L.A. srl

note C: the "fixed remuneration" column summarizes the remuneration received as Sole Auditor of Esthelogue srl, Cutlite Penta srl and Ot-las srl, of effective member of the Board of Statutory Auditors of Lasit spa and

of President of the Board of Statutory Auditors of Quanta System spa

Note D: The "fixed compensation" item includes € 100.000,00 as non compete agreement compensation accruing and being paid during the employment - the item "non monetary benefits" includes fringe benefits received as employee

the item "other remuneration" includes allowances for business trips performed as employee

(\*\*) € 256.261,00 entered on the item "bonuses and other incentives" is paid in kind by assigning # 28,500 ELEN. Spa ordinary shares subjected to a four-years lockup

(\*\*\*) the amount shown in the table includes the 2023 variable component and the revaluation relating to the deferred portions

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

(A)	(B)	(1)	Options held at the beginning of the year			Options assigned during the year						Options exercised during the year			Options vested during the year	Options held at the end of the year	Options of the year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)=(2)+(5)-(11)-(14)	(16)
Name and surname	Office	Plan	Number of options	Exercise Price	Period of possible exercise (from-to)	Number of options	Exercise Price	Period of possible exercise (from-to)	Fir value on assignment date	Assignment date	Market value of underlying shares on the assignment date	Number of options	Exercise Price	Market price of underlying shares on the exercise date (**)	Number of options	Number of options (*)	Fair Value
<b>Gabriele Clementi</b>	Chairman and Chief Executive Officer																
(I) Compensation in the company preparing the financial statement		Stock Option Plan 2016/2025 - Shareholders' resolution 12/05/2016 - BoD resolution 13/09/2016	0	12,72	From 14/09/19 to 31/12/25											0	0,00
		Stock Option Plan 2016/2025 - Shareholders' resolution 12/05/2016 - BoD resolution 13/09/2016	0	12,72	From 14/09/20 to 31/12/25												0
(II) Compensation from subsidiaries and associates		N/A															
(III) Total			0													0	0,00
<b>Andrea Cangjoli</b>	Managing Director																
(I) Compensation in the company preparing the financial statement		Stock Option Plan 2016/2025 - Shareholders' resolution 12/05/2016 - BoD resolution 13/09/2016	3.000	12,72	From 14/09/19 to 31/12/25							3.000	12,72	8,59		0	0,00
		Stock Option Plan 2016/2025 - Shareholders' resolution 12/05/2016 - BoD resolution 13/09/2016	17.500	12,72	From 14/09/20 to 31/12/25							6.000	12,72	8,59		11.500	0,00
(II) Compensation from subsidiaries and associates		N/A															
(III) Total			20.500													11.500	0,00

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

(\*\*) following 2021's El.En. Spa stock split each option grants the market price relates to one of the four shares subscribed following the exercise of one option

continued -

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

- continued

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

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

continued -

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

- continued

(A)	(B)	(1)	Options held at the beginning of the year			Options assigned during the year						Options exercised during the year			Options vested during the year	Options held at the end of the year	Options of the year	
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)=(2)+(5)-(11)-(14)	(16)	
Name and surname	Office	Plan	Number of options	Exercise Price	Period of possible exercise (from-to)	Number of options	Exercise Price	Period of possible exercise (from-to)	Fir value on assignment date	Assignment date	Market value of underlying shares on the assignment date	Number of options	Exercise Price	Market price of underlying shares on the exercise date	Number of options	Number of options	Fair Value	
<b>Gabriele Clementi</b>	Chairman and Chief Executive Officer																	
(I) Compensation in the company preparing the financial statement		Stock Option Plan 2026/2031 - Shareholders' resolution 15/12/2022 - BoD resolution 15/03/2023				45.000	13,91	From 01/04/26 to 31/12/31	282.121,00		RC 14/03/2023 BoD 15/03/2023			15.0246			45.000	73.828,00
		Stock Option Plan 2026/2031 - Shareholders' resolution 15/12/2022 - BoD resolution 15/03/2023				45.000	13,91	From 01/04/27 to 31/12/31	281.633,00		RC 14/03/2023 BoD 15/03/2023			15.0246			45.000	55.488,00
(II) Compensation from subsidiaries and associates		N/A																
(III) Total						90.000			563.754,00								90.000	129.316,00
<b>Andrea Cangoli</b>	Managing Director																	
(I) Compensation in the company preparing the financial statement		Stock Option Plan 2026/2031 - Shareholders' resolution 15/12/2022 - BoD resolution 15/03/2023				45.000	13,91	From 01/04/26 to 31/12/31	282.121,00		RC 14/03/2023 BoD 15/03/2023			15.0246			45.000	73.828,00
		Stock Option Plan 2026/2031 - Shareholders' resolution 15/12/2022 - BoD resolution 15/03/2023				45.000	13,91	From 01/04/27 to 31/12/31	281.633,00		RC 14/03/2023 BoD 15/03/2023			15.0246			45.000	55.488,00
(II) Compensation from subsidiaries and associates		N/A																
(III) Total						90.000			563.754,00								90.000	129.316,00

continued -



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

- continued

(A)	(B)	(1)	Options held at the beginning of the year			Options assigned during the year						Options exercised during the year			Options vested during the year	Options held at the end of the year	Options of the year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)=(2)+(5)-(11)-(14)	(16)
Name and surname	Office	Plan	Number of options	Exercise Price	Period of possible exercise (from-to)	Number of options	Exercise Price	Period of possible exercise (from-to)	Fir value on assignment date	Assignment date	Market value of underlying shares on the assignment date	Number of options	Exercise Price	Market price of underlying shares on the exercise date	Number of options	Number of options	Fair Value
<b>Barbara Bazzocchi</b>	Managing Director																
(I) Compensation in the company preparing the financial statement		Stock Option Plan 2026/2031 - Shareholders' resolution 15/12/2022 - BoD resolution 15/03/2023				20.000	13,91	From 01/04/26 to 31/12/31	125.387,00	RC 14/03/2023 BoD 15/03/2023	15,0246					20.000	32.813,00
		Stock Option Plan 2026/2031 - Shareholders' resolution 15/12/2022 - BoD resolution 15/03/2023				20.000	13,91	From 01/04/27 to 31/12/31	125.170,00	RC 14/03/2023 BoD 15/03/2023	15,0246					20.000	24.661,00
(II) Compensation from subsidiaries and associates		N/A															
(III) Total						40.000			250.557,00							40.000	57.474,00
<b>Paolo Salvadeo</b>	General manager																
(I) Compensation in the company preparing the financial statement		Stock Option Plan 2026/2031 - Shareholders' resolution 15/12/2022 - BoD resolution 15/03/2023				60.000	13,91	From 01/04/26 to 31/12/31	376.161,00	RC 14/03/2023 BoD 15/03/2023	15,0246					60.000	98.438,00
		Stock Option Plan 2026/2031 - Shareholders' resolution 15/12/2022 - BoD resolution 15/03/2023				60.000	13,91	From 01/04/27 to 31/12/31	375.510,00	RC 14/03/2023 BoD 15/03/2023	15,0246					60.000	73.983,00
(II) Compensation from subsidiaries and associates		N/A															
(III) Total								751.671,00								120.000	172.421,00

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

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

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

(A) Name and surname	(B) Office	(1) Plan	(2)			(3)			(4) Other bonuses
			Bonus of the year			Bonuses of previous years			
			(A) Payable / paid	(B) Deferred (*)	(C) Deferral period	(A) Not payable anymore	(B) Payable / paid	(C) Still deferred	
<b>Gabriele Clementi</b>	Chairman and Chief Executive Officer								
(I) Compensation in the company preparing the financial statement		Remuneration policy 2021/2023	136.029,00	60.539,00	End of the term			192.436,00	
(II) Compensation from subsidiaries and associates									
(III) Total			136.029,00	60.539,00				192.436,00	
<b>Barbara Bazzocchi</b>	Managing Director								
(I) Compensation in the company preparing the financial statement		Remuneration policy 2021/2023	49.310,00	21.945,00	End of the term			69.758,00	
(II) Compensation from subsidiaries and associates									
(III) Total			49.310,00	21.945,00				69.758,00	
<b>Andrea Cangioli</b>	Managing Director								
(I) Compensation in the company preparing the financial statement		Remuneration policy 2021/2023	68.015,00	30.269,00	End of the term			96.219,00	
(II) Compensation from subsidiaries and associates									
(III) Totale			68.015,00	30.269,00				96.219,00	
<b>Paolo Salvadeo</b>	General manager								
(I) Compensation in the company preparing the financial statement		Remuneration policy 2021-2024	1.024.926,00	518.962,00	60% in the month following the approval of the 2023 annual financial statements, the balance in the month following the approval of the 2024 annual financial statements			546.903,00	
(II) Compensation from subsidiaries and associates									
(III) Total			1.024.926,00	518.962,00				546.903,00	

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

## SCHEME NO. 7-ter

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

Surname and name	Office	Investee company	Number of shares held at the end of the previous year	Number of shares acquired	Number of shares assigned (*)	Number of shares sold	Number of shares held at the end of the current year
Andrea Cangioli	Managing Director	El.En. Spa	11.768.752	36.000			11.804.752
Gabriele Clementi	Chairman and Chief Executive Officer	El.En. Spa	7.646.488				7.646.488
Barbara Bazzocchi	Managing Director	El.En. Spa	2.012.992				2.012.992
Alberto Pecci	Director	El.En. Spa	8.313.824	100.000			8.413.824
Alberto Pecci (spouse)	Director	El.En. Spa	4.800				4.800
Michele Legnaioli	Director	El.En. Spa	2.560				2.560
Paolo Salvadeo	General Manager	El.En. Spa	15.380		18.150		33.530
(Immobiliare del Ciliegio Srl) (**)		El.En. Spa	5.798.592				5.798.592

(\*) Shares assigned as part (20%) of the variable component of 2022 remuneration, subject to a four-year *lock-up*

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

continued -

**SCHEME NO. 7-ter**

- continued

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

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

N/A

Calenzano, 14 March 2024

Per the Board of Directors  
The president  
Ing. Gabriele Clementi

