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

Approved in the first section by the Board of Directors at its meetings of 27 October 2022 and 14  
November 2022

Approved in the second section by the Board of Directors at its meeting of 15 March 2022

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## PREMISE

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

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

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

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

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

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

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

Pursuant to art. 84-*quater* of the Issuers' Regulation, the Report is made available to the public at the registered office of the Issuer and published on the site [internet www.elengroup.com](http://www.elengroup.com) in the section " *Investor Relations / Governance / Meetings' Documents / 2022 / Ordinary and Extraordinary Assembly December 15 2022*" as well as on the authorized storage mechanism eMarketSDIR which can be consulted at [www.emarketstorage.com](http://www.emarketstorage.com) starting from November 24, 2022.

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

FIXED AND VARIABLE REMUNERATION						
Recipients	Annual fixed component of global compensation 2021-2023	2021 variable component and percentage of global compensation	Objectives 2021-2023	Targets weight 2021-2023	Means of payment of the Variable Part	Severance
CHAIRMAN	Euro 17.000,00 pursuant to art. 2389, paragraph 1, cc  Euro 150.000,00 pursuant to art. 2389, paragraph 3, c.c.	Euro 300.000,00 (65,41%)	FINANCIAL: Consolidated operating result (EBIT)	70%	IN CASH  70% in the financial year following the year of achievement of the objectives  30% at the end of the mandate revalued on the basis of the medium-term performance of the Group's result -	Euro 6.500,00 per year
			NON-FINANCIAL: achievement of the annual target of the multiannual sustainability plan, measurable	30%		
MANAGING DIRECTOR (ALSO INVESTED WITH INTERNAL CONTROL, FGIP, EMPLOYER SUSTAINABILITY ETC.)	Euro 15.000,00 pursuant to art. 2389, paragraph 1, c.c.  Euro 126.000,00 pursuant to art. 2389, paragraph 3, c.c	Euro 150.000,00 (48,60%)	FINANCIAL: Consolidated operating result (EBIT)	70%	IN CASH  70% in the financial year following the year of achievement of the objectives  30% at the end of the mandate revalued on the basis of the medium-term performance of the Group's result	Euro 6.500,00 per year
			NON-FINANCIAL: achievement of the annual objective of the multi-year sustainability plan, measurable	30%		

Recipients	Annual fixed component of global compensation 2021-2024	2021 variable component and percentage of global compensation	Objectives 2021-2024	Target weights 2021-2024	Means of payment of the Variable Part	Severance
MANAGING DIRECTOR	Euro 15.000,00 pursuant to art. 2389, paragraph 1, cc  Euro 126.000,00 pursuant to art. 2389, paragraph 3, c.c.	Euro 108.750,00 (40,67%)	<u>FINANCIAL</u> : Consolidated operating result (EBIT)	70%	IN CASH  70% in the financial year following the year of achievement of the objectives  30% at the end of the mandate, revalued on the basis of the medium-term performance of the Group's result	Euro 6.500,00 per year
			<u>NON-FINANCIAL</u> : achievement of the annual objective of the multi-year sustainability plan, measurable	30%		
GENERAL MANAGER	Euro 350.750,00 compensation  Euro 100.000,00 Non-compete clause	Euro 1.018.504,00 (69,32%)	<u>FINANCIAL</u> : CONSOLIDATED EBIT (net of a franchise, the cutting branch of the industrial sector and the result of extraordinary operations)	73.33% f	60% in the financial year following the year of achievement of the objectives  20% in kind (in shares with four-year lock-up) in the year following that of achievement of the objectives  20% deferred (60% in 2024, 40% in 2025) revalued on the basis of the medium-term performance of the Group's result – the revaluation may not exceed 50%	CCNL
			<u>NON-FINANCIAL</u> : achievement of the annual objective of the multi-year sustainability plan, measurable	26.67%		

PLANS BASED ON LONG-TERM FINANCIAL INSTRUMENTS			
RECIPIENTS'	PLAN	FORTRESS	OPTION EXERCISE CONDITIONS
CHAIRMAN, MANAGING DIRECTORS, GENERAL MANAGER	Stock Option Plan 2016- 2025	<ul style="list-style-type: none"> <li>- exercise at least three years after the allocation (allocation 13 September 2016: first exercise window 14 September 2019-31 December 2025)</li> <li>- division of the options assigned into two <i>tranches</i>, the second of which exercisable one year after the exercise of the first (allocation 13 September 2016: second window 14 September 2020- 31 December 2025)</li> </ul>	<ul style="list-style-type: none"> <li>- be the recipients of an incentive remuneration plan for the year</li> <li>- have reached the basic value of the objectives assigned for the previous financial year</li> </ul>

COURTESY TRANSLATED

## SECTION I - REMUNERATION POLICY

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

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

\* \* \*

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

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

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

##### "Article 21 Compensation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The implementation of the Policy takes place by the Board under the supervision of the Board of Statutory Auditors.

No revisions of the current Policy are taking place or expected. Should this become necessary due to unforeseeable and exceptional circumstances, it will take place on the proposal of the Committee,

having heard the Board of Statutory Auditors in accordance with what has been described and where necessary with the Company's *Regulations for the transactions with related parties*.

\* \* \*

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

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

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

Currently, and until the appointment of the new Board in place of the one in charge, whose mandate expires with the approval of the financial statements at December 31, 2023, the Committee is so composed: Dott.ssa Fabia Romagnoli, independent director, the chairman of the Committee by virtue of the designation of the other members; Dott. Alberto Pecci, non-executive director; Mr. Michele Legnaioli, independent director.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In determining the remuneration policy of the Directors, General Manager and Executives of the Company up to now, has played a decisive role both the fact that the historical shareholders of the company who together have always had a substantial share of the share capital had sat in the Board for a long time and certainly since the admission, in 2000, of the shares to market organized and managed by Borsa Italiana s.p.a., both until 31 December 2016, the absence of a General Manager.

For these reasons, the professionalism and dedication shown by the executive directors was constantly considered a sufficient condition for aligning their interests with the pursuit of the priority objective of creating value for shareholders in the medium-long term and is not, instead, has never been conditioned by the consistency and nature of the remuneration attributed or received.

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

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

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

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

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

In fact, with reference to the General Manager appointed with effect from January 1, 2017 and subject external to the corporate capital, on December 15, 2016 on the proposal of the Committee the Board approved an *ad hoc* remuneration policy valid until December 31, 2020 which provided for a fixed component very significant compared to those of the past as an external figure with a remuneration already defined within the context of another group company, and a variable component parameterised to the current income of the Company for the reference year.

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

The Committee following the consolidation of the relationship between the Company and the General Manager, the evolution of its role and Policy in general also on the basis of evaluation made by the shareholders subsequent to the 2020 Shareholders' meeting, decided to propose to the Board, which

then has approved, an incentive compensation plan 2021-2024 allocated to it on a multiannual basis and consisting of targets including non-financial and medium-long term objectives.

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

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

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

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

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

The members of the Board are recipients of a differentiated remuneration depending on whether they are executive or non-executive.

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

- a) a fixed annual part equal for all the directors quantified upon appointment and for the entire duration of the mandate, by the Shareholders' meeting, pursuant to art. 2389, co. 1 and 3 of the Italian Civil Code;
- b) an additional fixed annual component established by the Board, pursuant to art. 2389, co. 3 of the Italian Civil Code for the entire duration of the mandate, upon the granting of management powers and proxies;
- c) from 28 April 2021, an increase in the annual fixed portion for non-executive directors, including independent directors, who are appointed chairmen of the board committees quantified at the time of appointment in line with the resolutions of the Shareholders' Meeting;
- d) a variable part that is determined on the basis of objectives, of an economic and non-economic nature, assigned by the Board on an annual and multi-annual basis;
- e) stock options that, currently, and in relation to the 2016-2025 Stock Option Plan, and in the event of approval of the 2026-2031 Stock Option Plan by the Shareholders' Meeting also in relation to it, can only be exercised after three years from the assignment and if at least the Entry Point (as defined below) of one of the objectives related to the variable part of the remuneration, assigned by the Board has been achieved with reference to the previous year.

The remuneration of non-executive directors, although independent, has been made up until the end of the mandate of the Board, only the fixed annual component equal for all directors quantified upon appointment and for the entire duration of the mandate by the Shareholders' meeting.

For the Board that was appointed by the 2021 Shareholders' Meeting with effect from the January 1, 2021, the Shareholders approved the proposal of the outgoing Board to assign a modest increase in the fixed remuneration for all directors, including non-executive directors, and an additional

remuneration for the directors who have been appointed chairmen of the internal board committees. See in this regard, the explanatory report submitted by the Board on March 18, 2021 available on the website of the company [www.elengroup.com](http://www.elengroup.com) ( section *Investor Relations / Governance / Shareholders documents / 2021 / ORDINARY April 27, 2021 - May 4, 2021*).

The remuneration of the General Manager consists of:

- a) in a fixed annual component determined by the Board at the time of the assignment and revisable every four years;
- b) in a variable component determined as to the composition and mechanism every four years and on the basis of objectives of an economic nature and non-financial objectives, determined by the Board on an annual and multi-year basis, revisable every four years;
- c) in stock options that may be exercised if with reference to the previous year, they have reached at least the Entry Point value (as defined below) of one of the objectives related to the variable part of the remuneration assigned by the Board to this regard;
- d) in an annual remuneration during the relationship for the restraint of competition pact.

The Company currently has no other Executives.

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

- a) on an annual, two-year and starting from 2021, three-year, growth and income levels of the Company and the Group;
- b) on the achievement, on an annual and multi-year basis (from 3 to 5 years) of measurable objectives in the following areas of sustainability considered material: environmental, human rights, corruption, social issues, personnel;
- c) in *stock options* that can be exercised if at least one of the Entry Point targets assigned has been achieved with reference to the previous year.

For both, on an annual or multi-annual basis depending on the nature and objective, specific targets of economic growth (revenue, net profit) are assigned to directors, graduated and objectively measurable, of the Company and the industry group that it guides ("Group") and the achievement of certain objectives in the context of corporate sustainability. In the area of sustainability, the objectives linked to the implementation of the ESG sustainability plan are constant. As happened with reference to 2020 - an exercise in relation to which due to the health emergency caused by COVID-19, among other things, objectives linked to the conservation of particularly qualified human resources assets - can also be assigned any additional non-financial objectives linked to the sustainability of the group. On the basis of the degree of achievement of the individual objectives, an overall coefficient is calculated to be applied to the floor incentive, in cash, provided for each subject ("Floor Incentive") The total coefficient to be applied to the Floor Incentive is predetermined at the time of assignment of the single objective and is graduated, in advance, at the time of approval of the incentive compensation plan by the Board on a proposal of the Committee ("Compensation Plan") in relation to the level of achievement and/or exceedance of the assigned objective.

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

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

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

Starting from 2021, the incentive remuneration plan of the Directors, similarly to what established for the Director General, provides that a percentage, 30%, of the accrued variable compensation part annually, shall be paid to the end of the mandate, possibly reassessed on the basis of the economic growth of the Company and the Group as predetermined by the Board of Directors based in 2020.

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

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

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

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

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

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

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

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

For the period 2021-2024 the objectives were drawn up taking into account the one hand the long-term profitability growth and on the other the sustainable success of the Company and the Group. Therefore, both annual and multi-year objectives were assigned and the deferred payment of a substantial part of the variable remuneration part, which can be revalued on the basis of the Group's multi-year growth, was envisaged. The objectives are both financial (consolidated operating result) and non-financial (achievement of sustainability objectives). Remuneration is partly in cash and partly in shares of the Company with a commitment to hold these securities for the next four years. For the General Manager, the fixed part of the remuneration, while being more consistent than that of the Directors, is balanced by an adequate variable part. In particular, until 2020 the variable remuneration of the General Manager in the event of full achievement of all the targets, stood at 50% of the total salary.

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

The Board also assigns a variable part of compensation, of an incentive type, to the chairman of the technical-scientific committee when appointed, a body of the Company envisaged and governed by art. 24 of the Articles of Association.

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

#### 2016-2025 Stock Option Plan

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

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

#### 2026-2031 Stock Option Plan

The Board of Directors has proposed to the Shareholders' Meeting called for 15 December 2022 the Stock Option Plan 2026-2031 in relation to which the following documentation is available on the Company's website in the following respective sections:

- a) explanatory report of the Board on the Company's website ([www.elengroup.com](http://www.elengroup.com) section "Investor Relations/governance/shareholders' meeting documents/2022/ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING 15 DECEMBER 2022")
- b) the information document, updated on 15 November 2022, drawn up pursuant to art. 84-bis of the Issuers' Regulations and containing the tables provided for in paragraph 4.24 of Annex 3A, Schedule 7 on the Company's website [www.elengroup.com](http://www.elengroup.com) both in the section "Investor Relations/governance/shareholders' meeting documents/2022 /ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING 15 DECEMBER 2022") and in sec. *Investor Relations/Corporate Documents/Stock Option Plan 2026-2031*.

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

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

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

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

The amounts of non-monetary benefits represent to the Directors less than 3% of their individual fixed remuneration, to the General Manager less than 7% of the fixed remuneration, excluding the compensation for the restraint of competition.

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

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

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

For the Directors, the objectives may be as follows:

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

With reference to the objectives of a financial nature a gate value ("Entry Point") is provided and expressed in percentage terms of the realization of the *budget* approved for the current year equal to 90% of the *budget*, an intermediate value ("*Target*") equal to the *budget* and a maximum value ("*Maximum*") equal to 110% of the *budget* for each of the above-mentioned objectives. Upon reaching the Entry Point value for each objective the Floor Incentive falls due, in cash, equal to 50% of the predetermined amount as a *bonus*. The Floor Incentive is increasable in function of the measure of its overcoming according to a linear progression between each of intermediate values up to 110% in the case of achievement or overshooting of the Maximum.

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

Therefore, retained the Policy described in the 2020 report, it was decided in 2020 to develop and assign objectives which could highlight the resilience of the Company to the changed economic scenario following the health emergency. These objectives relate to the preservation of the integrity of the company structure with reference to the production and research and development department and to the issue of safety and health in the workplace with reference to the containment of infections. For the General Manager, the 2020 target was the achievement of an annual consolidated operating result gate beyond which an increase in fixed remuneration equal to 3% of the difference between the annual consolidated operating result achieved and the gate value.

Starting from 2021, the objectives consist of:

a) annual goals:

- of a financial nature: 2.2% of the difference between the annual consolidated operating result achieved and the annual consolidated operating result predetermined as an Entry Point, with the exclusion of the result achieved with reference to the cutting systems sector and the results (profits and losses) resulting from transactions extraordinary;
- non-financial: a further 0.8% on the difference defined in the previous point to be assigned based on the achievement of at least 80% of the annual objectives of the Group's sustainability plan approved by the Board of Directors of El.En. spa.

b) over the year objectives:

the 20% part of the variable compensation due on the basis of annual targets will be paid postponed and re-evaluated on the basis of the trend of the Group results as predetermined by the Board from 2019 on and taking into account the amount of capital invested for the achievement of the abovementioned predetermined operating results.

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

TARGET	% OF VARIABLE COMPENSATION PART BASED ON THE DEGREE OF ACHIEVEMENT OF THE OBJECTIVE
ACHIEVEMENT OF THE ANNUAL CONSOLIDATED EBIT TARGET	<ENTRY POINT 0% ENTRY POINT 50% TARGET 100% MAX 110%
ACHIEVEMENT OF THE ANNUAL TARGET OF THE 2018-2022 SUSTAINABILITY PLAN	<ENTRY POINT 0% ENTRY POINT 50% TARGET 100% MAX 110%

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

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

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

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

The extent of the variable component for which annual disbursement is envisaged based on the achievement of the objectives varies from 0% in case of non-achievement of the Entry Point (90% *budget*) to 10% more than the *bonus* provided for in case of achievement of the Maximum (110% *budget*). Equally is carried out for the part of the variable compensation payable on the basis of the annual objectives that will be paid postponed and that is related to

the predetermined pluriennial objective of growth, revaluated to positive or negative at the end of the mandate on the basis of the trend of Group results.

As for the incentive compensation plans based on financial instruments, the Directors and the General Manager, following the intervened assignment on September 13, 2016, have already been granted with the options to subscribe as of September 14, 2019 common shares newly issued by the Company. This assignment took place during the implementation of the 2016-2025 Stock Option Plan approved by the Shareholders' meeting on 12 May 2016 and implemented by the Board on 13 September 2016 on the proposal of the Committee.

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

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

In particular:

a) minutes of approval of the Shareholders' Meeting on May 12, 2016 of the 2016-2025 Stock Option Plan and accompanying documentation including, within the explanatory report of the administrative body on the subject, the information document, updated as of March 25, 2016, drawn up pursuant to art. 84-bis of the Issuers' Regulations - sec. *Investor Relations/shareholders' meeting documents/ordinary and special shareholders' meeting April 26, 2016 - May 12, 2016*

b) minutes of the Board meeting on September 13, 2016 for the implementation of the 2016-2025 Stock Option Plan and for the exercise of the proxy, pursuant to art. 2443 of the Italian Civil Code, of the capital increase reserved for the service of said plan with related accompanying documentation - section *Investor Relations/corporate documents/2016/2025 Stock Option Plan*;

c) the information document, updated as of September 13, 2016, drawn up pursuant to art. 84-bis of the Issuers' Regulations and containing (pages 16 et seq.) Table no. 1 pursuant to paragraph 4.24 of Annex 3A, Scheme 7 - section *Investor Relations/corporate documents/2016/2025 Stock Option Plan*.

In the event of approval by the Shareholders' Meeting of the 2026-2031 *Stock Option Plan*, the Directors and the General Manager may be included in the implementation of the same among the assignees of the options. The new plan also provides for all recipients to be *vested* starting from the third year following the assignment; for Directors and the General Manager it is envisaged that the exercise of the options assigned and accrued can only take place if they have reached at least the Entry Point of the objectives assigned by the Board in the relevant financial year; for Directors are expected to hold until the end of their term of office at least 10% of the shares resulting from the exercise of the options assigned.

The information currently available on the 2026-2031 *Stock Option Plan* is available in the Board's explanatory report to the Shareholders' Meeting available from 15 November 2022 on the Company's website [www.elengroup.com](http://www.elengroup.com) – sect. *Investor Relations/shareholders' meeting documents//2022/ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING 15 DECEMBER 2022* as well as in the information document, updated on the same date, drawn up pursuant to art. 84-bis Issuers' Regulation in the same process and also in the section in *Investor Relations/corporate documents/Stock Option Plan 20\_26-2031*.

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

\* \* \*

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

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

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

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

\* \* \*

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

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

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

The 20 % of the variable part of compensation of the General Manager accrued in relation to annual targets is paid postponed as follows:

i) the 60% of the amounts accrued until then, following the approval of the financial statements in 2023, with the salary of the month following the approval of the budget by the Shareholders' Meeting;

ii) the balance of accrued, following the approval of the 2024 financial statements, with the salary of the month following the approval of the budget by the Shareholders' Meeting.

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

For the new 2026-2031 Stock Option Plan, this clause has been supplemented with the provision of the Company's right to request the return, in whole or in part, of the options granted but not yet

exercised or the return of the shares in the ownership of the beneficiary deriving from the exercise of the options accrued or the total or partial return of the net profits obtained by the beneficiary as a result of the exercise of the options, in the event that the Board, after consulting the Remuneration Committee, ascertains, during the Plan and/or within 3 years from the end of the Plan: (1) that the objectives have been determined on the basis of data that have proved manifestly incorrect or that the data used for the final balance of the objectives have been maliciously altered; (2) that the beneficiary has engaged in conduct that resulted in a material loss to the Issuer, any Group company or the Group in general; (3) that the beneficiary has engaged in fraudulent conduct or gross negligence to the detriment of the Issuer, any Group company or the Group in general.

\* \* \*

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

There is no further information in addition to the hereinabove mentioned in paragraph 9 in relation to the 2016-2025 Stock Option Plan, to the 2026-2031 Stok Option Plan and in paragraph 10 in relation to the lock up of shares that may be granted by virtue of the incentive compensation plan of the Director General.

\* \* \*

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

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

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

Liquidation of the indemnity is expected upon termination of the mandate.

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

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

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

In line with best practices, a D&O (*Directors & Officers*) *Liability* insurance policy is envisaged for civil liability towards third parties of the corporate bodies, general managers, executives with strategic responsibility in the exercise of their functions aimed at keep harmless the Group and the corporate bodies from the charges deriving from the related damages compensation, pursuant to the provisions established on the matter by the applicable national collective labor agreement and the rules on mandate, excluding cases of willful misconduct and gross negligence.

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

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

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

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

Therefore, independent directors and non-executive directors do not receive any further remuneration. Until the end of the mandate of the current Board, no further consideration is envisaged for participation in endo board committees.

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

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

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

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

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

It should also be noted that the Board before proposing to the determination of the compensation of the administrative and control bodies proceeds to an examination of the compensation paid in the related organs of other companies in the sector and comparable size.

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

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

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

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

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

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

\* \* \*

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

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

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

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

The Board of Statutory Auditors is not the recipient of any variable component.

COURTESY TRANSLATION

## SECTION II - COMPENSATION PAID

### PART ONE

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

The Board of Directors was renewed by resolution of the Shareholders' Meeting of 27 April 2021. Previously, it was composed of six members. In 2021 the number of components was raised to seven. Therefore, in coherence with Section I, the Directors during the year 2021 have been remunerated as follows.

As for remuneration until 27 April 2021, the Shareholders' Meeting which appointed the Board established, up to new and different Shareholders' general meeting, in EUR 1.468.000,00 (one million four hundred sixty-eight thousand/00) the total maximum annual allowance attributed to 6 (six) members of the Board and to be divided as follows:

a) with respect to total EUR 90.000,00 (ninety thousand/00) per annum in equal parts among all the members of the Board of Directors;

b) for a total of 378,000.00 (three hundred and seventy-eight thousand/00) per year in equal parts, also through the attribution of non-monetary benefits, between the Chairman of the Board of Directors and the managing directors;

c) as to a total gross annual amount of € 1,000,000.00 (one million/00), as a variable part of the remuneration to be attributed to the Chairman of the Board of Directors, managing directors and directors vested with special offices by way of *bonuses* based on the achievement objectives set by the Board of Directors as well as extraordinary transactions and/or extraordinary results for the year. The Shareholders' Meeting at the time of appointment on 27 April 2021 established, until a new and different resolution of the Shareholders' Meeting, in euro 1,578,000.00 (one million, five hundred and seventy-eight thousand zero point) the maximum gross annual allowance to be attributed to the 7 (seven) members of the Board and to be divided as follows:

a) as for total euro 119,000.00 (one hundred and nineteen thousand zero point zero) gross annually in equal parts among the members of the Board of Directors;

b) as for a total of € 9,000.00 (nine thousand zero point zero) gross annually in equal parts among the non-executive directors who hold the position of chairmen of the board committees;

c) as for total euro 450,000.00 (four hundred and fifty thousand point zero zero) gross annual in equal parts, also through the attribution of non-monetary benefits, between the Chairman of the Board of Directors and the delegated directors;

c) as for total euro 1,000,000.00 (one million point zero zero) gross per year, as a variable part of compensation to be attributed to the Chairman of the Board of Directors, delegated directors and directors invested with particular positions as bonuses depending on the achievement of objectives set by the Board of Directors as well as extraordinary transactions and / or extraordinary operating results.

Consequently until April 27<sup>th</sup> 2021 each of the six Directors has received over 2020 and *pro rata temporis*, a fixed salary of EUR 15.000,00 per year. Since April 28<sup>th</sup> 2021, each of the seven members of the Board of Directors has received 2020 a fixed allowance of EUR 17,000.00 per year, *pro rata temporis*, during. 2021.

The chairmen of the internal committees of the Board from the date of appointment received an additional € 3,000.00 per year, *pro rata temporis*. The other members of the committees did not receive anything for this participation. None of the non-executive directors was the recipient of additional remuneration with respect to that mentioned above.

The Chairman of the Board, Gabriele Clementi, as also managing director and the other two managing directors Andrea Cangiolli and Barbara Bazzocchi, were paid, in 2021 and until Aprile 27<sup>th</sup>, as a fixed component, an additional 126,000.00 euros each *pro rata temporis*, and since April 28<sup>th</sup> 2021 an additional 150,000,00 euros each *pro rata temporis*, in accordance with the resolution of the

Shareholders' Meeting inclusive of the fringe benefit consisting of the assignment to each of them of a company car for mixed use that can also be used by their family members within the limits of 5,000.00 gross per year each as established by the Board.

Furthermore, in relation to the Chairman and the two Managing Directors, the Shareholders' Meeting held on April 27<sup>th</sup>, 2021 confirmed in annual € 6,500.00 each, pursuant to art. 17 TUIR 917/1986, as end-of-mandate indemnity: these sums are set aside through a specific insurance policy.

With regard to the variable component relating to the achievement of the predetermined objectives referred to in the first section of this report, the recipients of the variable or compensation plan have accrued the following overall amounts for the year 2021 (summarized in table 1, column "3"):

- Gabriele Clementi - chairman and managing director: euro 300,000.00
- Andrea Cangioli - managing director: euro 150,000.00
- Barbara Bazzocchi - managing director: euro 108,750.00

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

Clementi variable 65,41%

Cangioli variable 48,60%

Bazzocchi variable 40,97%

The variable compensation component accrued was determined by the Board at its meeting on March 15, 2022 on a proposal of the Committee in the light of the evaluation of results of the financial statements 2021 and NFS that will be year submitted to the approval of Shareholders' Meeting, as well as of the flow of information received from the various relevant functions in relation to sustainability goals not strictly ESG.

It also benefits, for all the subjects included in the plan, from the predetermined increase of 50% of the Basic Incentive, accrued as a result of the achievement of results consistently higher than the assigned objectives and not foreseeable.

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

- a) With reference to objectives of an economic and financial nature: the achievement was twice the Basic objective and 28% above the predetermined Maximum objective;
- b) With reference to the non-financial objectives
  - ESG: achievement of the maximum assigned objective;
  - other sustainability: achievement of the maximum assigned objective.

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

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

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

During the 2021 financial year, it received a total of € 350,750.00 in cash and € 20,758.00 in non-monetary benefits as contractually provided for in addition to € 1,360.00 as travel reimbursements. With regard to the variable component relating to the achievement of the predetermined objectives

referred to in the first section of this report, the General Manager as recipient of the variable compensation plan (table 1, column "3" letter (I)) has accrued in relation to the year 2021 the total sum of € 1,018,504.00 having the financial results achieved by the company exceeded the assigned gate value and having achieved the non-financial sustainability objectives predetermined by the Board. This variable remuneration is paid as much as EUR 613,000.00 in cash, as for EUR 203,701.00 in shares subject to a four-year lock-up as mentioned in section I and EUR 203,701.00 which will be paid to him deferred in the terms provided for in Table 3B.

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

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

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

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

In particular:

a) minutes of approval of the Shareholders' Meeting on May 12, 2016 of the 2016-2025 Stock Option Plan and accompanying documentation including, within the explanatory report of the administrative body on the subject, the information document, updated as of March 25, 2016, drawn up pursuant to art. 84- *bis* of the Issuers' Regulations - *sec. Investor Relations/shareholders' meeting documents / ordinary and extraordinary shareholders' meeting April 26, 2016 - May 12, 2016*

b) minutes of the Board meeting on 13 September 2016 for the implementation of the 2016-2025 Stock Option Plan and for the exercise of the proxy, pursuant to art. 2443 of the Italian Civil Code, of the capital increase reserved for the service of said plan with related accompanying documentation - *section Investor Relations / corporate documents / Stock Option Plan 2016 - 2025*;

c) the information document, updated as of September 13, 2016, drawn up pursuant to art. 84-*bis* of the Issuers' Regulations and containing (pages 16 et seq.) Table no. 1 pursuant to paragraph 4.24 of Annex 3A, Scheme 7 - *section Investor Relations / corporate documents / 2016 - 2025 Stock Option Plan*.

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

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

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

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

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

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

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

During the 2021 financial year, no indemnities or benefits were awarded for the termination of the office or for the termination of the employment relationship.

### 1.3. Exemptions applied to the Policy

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

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

During the 2021 financial year, no *ex post* correction mechanisms were applied.

### 1.5. Salary change and comparison information

The comparison between the annual change is shown below for the financial years 2017-2018-2019-2020-2021:

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

			2017	2018	2019	2020	2021
Gabriele Clementi	Chairman and Chief Executive officer		260.115	153.266	285.524	302.130	458.666
		Var. %		-41,08	86,29	5,82	51,81
Barbara Bazzocchi	Managing Director		182.406	144.854	193.554	199.593	267.416
		Var. %		-20,59	33,62	3,12	33,98
Andrea Cangoli	Managing Director		199.058	146.656	213.262	221.565	308.666
		Var. %		-26,32	45,42	3,89	39,31
Alberto Pecci	Director		12.000	14.047	15.000	15.000	18.093
		Var. %		17,06	6,78	0,00	20,62
Michele Legnaioli	Director		12.000	14.047	15.000	15.000	18.093
		Var. %		17,06	6,78	0,00	20,62
Fabia Romagnoli	Director		12.000	14.047	15.000	15.000	18.093
		Var. %		17,06	6,78	0,00	20,62
Daniela Toccafondi	Director						11.551
		Var. %					
Vincenzo Pilla	Chairman of the Board of Statutory Auditors		31.200	31.200	31.200	31.200	31.200
		Var. %		0,00	0,00	0,00	0,00
Paolo Caselli	Effective Auditor		30.160	30.160	30.160	30.160	30.160
		Var. %		0,00	0,00	0,00	0,00
Rita Pelagotti	Effective Auditor		20.800	20.800	20.800	20.800	20.800
		Var. %		0,00	0,00	0,00	0,00
Paolo Salvadeo	General Manager		883.705	816.959	1.043.489	776.457	1.491.372
		Var. %		-7,55	27,73	-25,59	92,07

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

	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%

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

	2018	2017	Var. %
Revenues	62.137.220	54.060.616	14,94%
Operating income	482.894	-980.271	

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

		2017	2018	2019	2020	2021
Average number of employees	Var. %		6,67	0,84	8,10	9,74
Average gross annual remuneration	Var. %		-5,65	-0,20	-10,42	10,16

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

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

The Shareholders' Meeting on April 27<sup>th</sup>, 2021 approved this Section II of the Report relating to the 2020 financial year 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 with voting rights
Favorable	151	13.604.361	94,658689	94,658689	68,470995
Opposites	25	579.082	4,029233	4,029233	2,914530
Abstained	3	188.572	1,312078	1,312078	0,949086
Not voting	0	0	0,000000	0,000000	0,000000
<b>Total</b>	<b>179</b>	<b>14.372.015</b>	<b>100,000000</b>	<b>100,000000</b>	<b>72,334612</b>
Not counted	0	0	0,000000	0,000000	0,000000

\* \* \*

## **PART TWO - TABLES**

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

COURTESY TRANSLATION

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

(A)	(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>Gabriele Clementi</b>	Chairman and Chief Executive Officer	01/01/2021	31/12/2021	Approval 2023 FS									
(I) Compensation in the company preparing the financial statements					155.129,00		300.000,00		3.537,00		458.666,00		6.500,00
(II) Compensation from subsidiaries and associates note (A)					11.505,00						11.505,00		
(III) Total					166.634,00		300.000,00		3.537,00		470.171,00		6.500,00
<b>Barbara Bazzocchi</b>	Managing Director	01/01/2021	31/12/2021	Approval 2023 FS									
(I) Compensation in the company preparing the financial statements					156.612,00		108.750,00		2.054,00		267.416,00		6.500,00
(II) Compensation from subsidiaries and associates note (B)					24.000,00						24.000,00		
(III) Total					180.612,00		108.750,00		2.054,00		291.416,00		6.500,00
<b>Andrea Cangioli</b>	Managing Director	01/01/2021	31/12/2021	Approval 2023 FS									
(I) Compensation in the company preparing the financial statements					155.340,00		150.000,00		3.326,00		308.666,00		6.500,00
(II) Compensation from subsidiaries and associates note (C)					11.505,00						11.505,00		
(III) Total					166.845,00		150.000,00		3.326,00		320.171,00		6.500,00
<b>Alberto Pecci</b>	Director	01/01/2021	31/12/2021	Approval 2023 FS									
(I) Compensation in the company preparing the financial statements note (D)					16.359,00	1.734,00					18.093,00		
(II) Compensation from subsidiaries and associates													
(III) Total					16.359,00	1.734,00					18.093,00		
<b>Michele Legnaioli</b>	Director	01/01/2021	31/12/2021	Approval 2023 FS									
(I) Compensation in the company preparing the financial statements (note E)					16.359,00	1.734,00					18.093,00		
(II) Compensation from subsidiaries and associates													
(III) Total					16.359,00	1.734,00					18.093,00		
<b>Fabia Romagnoli</b>	Director	01/01/2021	31/12/2021	Approval 2023 FS									
(I) Compensation in the company preparing the financial statements (note F)					16.359,00	1.734,00					18.093,00		
(II) Compensation from subsidiaries and associates													
(III) Total					16.359,00	1.734,00					18.093,00		
<b>Daniela Toccafondi</b>	Director	27/04/2021	31/12/2021	Approval 2023 FS									
(I) Compensation in the company preparing the financial statements					11.551,00						11.551,00		
(II) Compensation from subsidiaries and associates													
(III) Total					11.551,00						11.551,00		

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

note B: remuneration received as a Chairman of the subsidiary Or-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

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>Vincenzo Pilla (*)</b>	Chairman of the Board of Statutory Auditors	01/01/2021	31/12/2021	Approval 2021 FS									
(I) Compensation in the company preparing the financial statements					31.200,00						31.200,00		
(II) Compensation from subsidiaries and associates note (A)					28.773,00						28.773,00		
<b>(III) Total</b>					<b>59.973,00</b>						<b>59.973,00</b>		
<b>Paolo Caselli (*)</b>	Effective Auditor	01/01/2021	31/12/2021	Approval 2021 FS									
(I) Compensation in the company preparing the financial statements (note B)					20.800,00					9.360,00	30.160,00		
(II) Compensation from subsidiaries and associates note (C)					36.547,00					14.528,00	51.075,00		
<b>(III) Total</b>					<b>57.347,00</b>					<b>23.888,00</b>	<b>81.235,00</b>		
<b>Rita Pelagotti (*)</b>	Effective Auditor	01/01/2021	31/12/2021	Approval 2021 FS									
(I) Compensation in the company preparing the financial statements					20.800,00						20.800,00		
(II) Compensation from subsidiaries and associates					0						0,00		
<b>(III) Total</b>					<b>20.800,00</b>						<b>20.800,00</b>		
<b>Gino Manfrani (*)</b>	Alternate Auditor	01/01/2021	31/12/2021	Approval 2021 FS									
(I) Compensation in the company preparing the financial statements					0,00						0,00		
(II) Compensation from subsidiaries and associates (note D)					42.292,00						42.292,00		
<b>(III) Total</b>					<b>42.292,00</b>						<b>42.292,00</b>		
<b>Paolo Salvadeo</b>	General Manager	01/01/2021	31/12/2021										
(I) Compensation in the company preparing the financial statements (note E) (**)					450.750,00		1.018.504,00		20.758,00	1.360,00	1.491.372,00		
(II) Compensation from subsidiaries and associates													
<b>(III) Total</b>					<b>450.750,00</b>		<b>1.018.504,00</b>		<b>20.758,00</b>	<b>1.360,00</b>	<b>1.491.372,00</b>		

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

Note A: amonts received as Presidente of the Statutory Auditing Committe of Quanta System spa and Lasit Spa

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

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

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

Note E: The "fixed compensation" item includes € 100.000,00 as non compete agreemnt 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

(\*\*) 20% of the item "bonuses and other incentives" is paid in kind by assigning # 15.380 El.En. Spa ordinary shares subjected to a four-years lockup

**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	26.500	12,72	From 14/09/20 to 31/12/25								12.000 7.710 6.790	12,72	35,00 34,90 35,20		0
(II) Compensation from subsidiaries and associates		N/A															
(III) Total			26.500									26.500				0	0,00
<b>Andrea Cangilioli</b>	Managing Director																
(I) Compensation in the company preparing the financial statement		Stock Option Plan 2016/2025 - Shareholders' resolution 12/05/2016 - BoD resolution 13/09/2016	3.000	12,72	From 14/09/19 to 31/12/25											3.000	0,00
		Stock Option Plan 2016/2025 - Shareholders' resolution 12/05/2016 - BoD resolution 13/09/2016	17.500	12,72	From 14/09/20 to 31/12/25											17.500	0,00
(II) Compensation from subsidiaries and associates		N/A															
(III) Total			20.500													20.500	0,00

(\*) Transactions performed before 2021's El.En. Spa stock split

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

continued -

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

- continued

(A)	(B)	(1)	Options held at the beginning of the year			Options assigned during the year						Options exercised during the year			Options vested during the year	Options held at the end of the year	Options of the year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)=(2)+(5)-(11)-(14)	(16)
Name and surname	Office	Plan	Number of options	Exercise Price	Period of possible exercise (from-to)	Number of options	Exercise Price	Period of possible exercise (from-to)	Fir value on assignment date	Assignment date	Market value of underlying shares on the assignment date	Number of options (*)	Exercise Price	Market price of underlying shares on the exercise date (*)	Number of options	Number of options (**)	Fair Value
<b>Barbara Bazzocchi</b>	Managing Director																
(I) Compensation in the company preparing the financial statement		Stock Option Plan 2016/2025 - Shareholders' resolution 12/05/2016 - BoD resolution 13/09/2016	0	12,72	From 14/09/19 to 31/12/25											0	0,00
		Stock Option Plan 2016/2025 - Shareholders' resolution 12/05/2016 - BoD resolution 13/09/2016	9.000	12,72	From 14/09/20 to 31/12/25											9.000	0,00
(II) Compensation from subsidiaries and associates		N/A															
(III) Total			9.000													9.000	0,00
<b>Paolo Salvadeo</b>	General manager																
(I) Compensation in the company preparing the financial statement		Stock Option Plan 2016/2025 - Shareholders' resolution 12/05/2016 - BoD resolution 13/09/2016	0	12,72	From 14/09/19 to 31/12/25											0	0,00
		Stock Option Plan 2016/2025 - Shareholders' resolution 12/05/2016 - BoD resolution 13/09/2016	26.000	12,72	From 14/09/20 to 31/12/25								26.000	12,72	34,00	0	0,00
(II) Compensation from subsidiaries and associates		N/A															
(III) Total			26.000									26.000				0	0,00

(\*) Transactions performed before 2021's El.En. Spa stock split

(\*\*) 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

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

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

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

(A) Name and surname	(B) Office	(1) Plan	(2)			(3)			(4)
			Bonus of the year			Bonuses of previous years			Other bonuses
			(A) Payable / paid	(B) Deferred	(C) Deferral period	(A) Not payable anymore	(B) Payable / paid	(C) Still deferred	
<b>Gabriele Clementi</b>	Chairman and Chief Executive Officer								
(I) Compensation in the company preparing the financial statement		Remuneration policy 2021/2023 - BoD resolution 14/05/2021	210.000,00	90.000,00	End of the term				
(II) Compensation from subsidiaries and associates									
(III) Total			210.000,00	90.000,00					
<b>Barbara Bazzocchi</b>	Managing Director								
(I) Compensation in the company preparing the financial statement		Remuneration policy 2021/2023 - BoD resolution 14/05/2021	76.125,00	32.625,00	End of the term				
(II) Compensation from subsidiaries and associates									
(III) Total			76.125,00	32.625,00					
<b>Andrea Cangioli</b>	Managing Director								
(I) Compensation in the company preparing the financial statement		Remuneration policy 2021/2023 - BoD resolution 14/05/2021	105.000,00	45.000,00	End of the term				
(II) Compensation from subsidiaries and associates									
(III) Totale			105.000,00	45.000,00					
<b>Paolo Salvadeo</b>	General manager								
(I) Compensation in the company preparing the financial statement		Remuneration policy 2021-2024	814.803,00	203.701,00	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				
(II) Compensation from subsidiaries and associates									
(III) Total			814.803,00	203.701,00					

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 (par value 0,13)	Number of shares acquired	Number of shares sold	Number of shares held and cancelled within the stock split (pre-split par value € 0,13)
Andrea Cangioli	Managing Director	El.En. Spa	2.942.188			2.942.188
Gabriele Clementi (*)	Chairman and Chief Executive Officer	El.En. Spa	1.911.622	26.500	26.500	1.911.622
Barbara Bazzocchi	Managing Director	El.En. Spa	997.496			997.496
Barbara Bazzocchi (spouse)	Managing Director	El.En. Spa	9.000			9.000
Alberto Pecci	Director	El.En. Spa	2.078.456			2.078.456
Alberto Pecci (spouse)	Director	El.En. Spa	1.200			1.200
Michele Legnaioli	Director	El.En. Spa	640			640
Daniela Toccafondi (spouse) (**)	Director	El.En. Spa	16	8	24	0
Vincenzo Pilla	Chairman Board of Statutory Auditors	El.En. Spa	1.200			1.200
Daniela Moroni	Alternate Auditor	El.En. Spa	8.400		400	8.000
Paolo Salvadeo (*)	General Manager	El.En. Spa	0	26.000	26.000	0
(Immobiliare del Ciliegio Srl) (***)		El.En. Spa	1.449.648			1.449.648

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

(\*\*) The initial balance is showing shares purchased in the calendar year prior to the appointment of Dott.ssa Toccafondi as Director

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

Surname and name	Office	Investee company	Number of shares assigned on 02/08/2021 within the stock split (no explicit par value post-split)	Number of shares acquired	Number of shares sold	Number of shares (decrease) (*) (**)	Number of shares held at the end of the current year (no par value)
Andrea Cangioli	Managing Director	El.En. Spa	11.768.752				11.768.752
Gabriele Clementi	Chairman and Chief Executive Officer	El.En. Spa	7.646.488				7.646.488
Barbara Bazzocchi (*)	Managing Director	El.En. Spa	3.989.984			1.976.992	2.012.992
Barbara Bazzocchi (spouse) (**)	Managing Director	El.En. Spa	36.000			36.000	0
Alberto Pecci	Director	El.En. Spa	8.313.824				8.313.824
Alberto Pecci (spouse)	Director	El.En. Spa	4.800				4.800
Michele Legnaioli	Director	El.En. Spa	2.560				2.560
Daniela Toccafondi (spouse)	Director	El.En. Spa	0				0
Vincenzo Pilla	Chairman Board of Statutory Auditors	El.En. Spa	4.800				4.800
Daniela Moroni	Alternate Auditor	El.En. Spa	32.000				32.000
Paolo Salvadeo	General Manager	El.En. Spa	0				0
(Immobiliare del Ciliegio Srl) (***)		El.En. Spa	5.798.592				5.798.592

(\*) Devolution of the inheritance to the heirs of the spouse

(\*\*) Transfer to heirs mortis causa

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

continued -

**SCHEME NO. 7-ter**

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

Partecipazioni degli altri dirigenti con responsabilità strategica									
Number of executives with strategic responsibilities	Investee company	Number of shares held at the end of the previous year (par value 0,13)	Number of shares acquired	Number of shares sold	Number of shares held and cancelled within the stock split (pre-split par value € 0,13)	Number of shares assigned on 02/08/2021 within the stock split (no explicit par value post-split)	Number of shares acquired	Number of shares sold	Number of shares held at the end of the current year

N/A

Calenzano, 23 November 2022

For the Board of Director  
The President  
Ing. Gabriele Clementi



COURTESY TRANSLATION