



# Remuneration Policy and Report

Pursuant to Article 123-*ter* of the CFA

ELICA S.p.A.

<https://corporate.elica.com/it#governance>

Approved by the Board of Directors on March 14, 2024

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## LETTER OF THE CHAIRPERSON OF THE APPOINTMENTS AND REMUNERATION COMMITTEE

Dear shareholders,

As Chairperson of the Appointments and Remuneration Committee (the "Committee"), I am pleased to submit for your attention Elica's 2024 Remuneration Policy and Report.

The Committee - which in 2023 comprised Directors Angelo Catapano, Monica Nicolini, Liliana Fratini Passi and Susanna Zucchelli, in addition to the undersigned - has drafted and submitted to the Board of Directors a Remuneration Policy which is designed to strengthen the alignment between the interests of Stakeholders and those of Management. It also seeks to support the continuous improvement in individual and company performance and the consequent creation of value over the medium to long term, in line with the indications of the Corporate Governance Code for listed companies.

The year's financial results were in line with expectations despite a sharply contracting market. The Company continued to perform well despite the challenges presented by an unstable macroeconomic environment that has been hit hard by inflation over the past two years and geopolitical tensions. Adjusted EBITDA stood at a 10.2% margin on revenues, remaining stable from the previous year. Adjusted EBIT was Euro 24.3 million, with a 5.1% margin on revenues, thus maintaining significant strength despite the lower revenues caused by reduced demand. The Company also expanded its direct presence in American distribution by acquiring Canadian distributor AG International, further strengthening its position in the American market. Elica will present its new product proposals for the cooking world at the upcoming EuroCucina / FTK 2024 event, confirming its ongoing commitment to offering innovative, quality solutions and continuing to expand its range.

These results confirm the strength of a cohesive team of men and women who have been clear about their goals and taken all the necessary measures to achieve them.

The company's strategy to enhance the value of its human resources is based on a people strategy that ensures the company has the necessary response tools to develop rapid solutions to increasingly complex problems, while simultaneously ensuring the growth and enhancement of all employees.

The Company's mission as regards People focuses on its ability to attract staff who fit Elica's corporate culture, promoting internal growth, recognising merit and improving motivation. To achieve these goals, during the year the Company introduced policies and actions that are consistent with these strategic pillars, by strengthening and simplifying the present performance measurement and rewarding policies.

Despite the challenging economic environment, which also necessitated the use of temporary flexibility solutions, the Company continued to invest in employee growth. 2023 saw the introduction of a new Performance Development system focused on behavioural drivers linked to current and future challenges for Elica. The system seeks to encourage self-development by promoting greater management accountability for employee growth and by strengthening the processes for succession planning, which are always monitored by the Company. A major training plan involving all company employees, both at headquarters and in the production plants, was also carried out in 2023, focusing on innovation and reskilling.

This important shift in the Company's people management systems over the past three years, along with the need to be more effective and quicker in responding to ongoing market challenges, led to a review of internal reward systems. This involved simplifying processes and systems and adopting more flexible and agile tools, which bring together long-term professional growth and short-term specific rewards in the event of extraordinary performance. An annual incentive system ("MBO") has therefore been designed which is consistent with the general principles that underpin the entire Policy. The main focus of the system is to orientate the work of all management towards strategic objectives, stimulating the achievement of excellent performance through the payment of a higher bonus in the event of overperformance. All incentives are, however, at all times linked to a Group threshold gate that guarantees sustainability.

The 2024 Remuneration Policy will continue to focus strongly on Stakeholder objectives that are in line with strategic goals and corporate values, but will also continue to be attentive to promoting a culture of equality and performance incentives. As part of its role, the Committee devoted a significant portion of its work in 2023 to the means of identifying, verifying and

enacting the remuneration policy, making an unwavering commitment to continuous improvement through comparison with market best practices and within the framework of total adherence to current regulatory reference points.

In addition to optimising the systems that determine the variable component of management remuneration ("MBO") particular attention was paid to establishing sustainability-linked remuneration proposals also for the Company's Executive Directors.

In 2023, the Committee also worked on developing a long-term incentive plan (2024-2026) for the Chief Executive Officer, top management, and certain employees in key roles. The objective of this plan is to engage and motivate the team to achieve the targets of a particularly challenging three-year plan.

As it has always done, the Committee firmly believes that this document is an essential tool for clear and transparent communication of the Remuneration Policy to the market and investors, highlighting the role of the Policy in pursuing business strategy.

This report, prepared in accordance with Article 123-ter of Legislative Decree No. 58/1998, as amended, regarding transparency in the remuneration of Directors of listed companies, was adopted by the Board of Directors, which approved its contents on March 14, 2024. In compliance with the changes introduced by Legislative Decree No. 49 of May 10, 2019, the first section of this Report, which outlines the Remuneration Policy, will be submitted to the Shareholders' Meeting for a binding vote, while the second section on remuneration paid in 2023 will be submitted to the same Shareholders' Meeting for an advisory vote.

Confident that this Report reflects the Committee's commitment to the pursuit of increasingly clear, transparent, and effective communication of the Remuneration Policy and Report to all Stakeholders, I thank you for your endorsement and support of these policies.

Elio Cosimo Catania

Chairperson of the Appointments and Remuneration Committee

## INTRODUCTION

This Remuneration Policy and Report ("Report"), approved by the Board of Directors on March 14, 2024 on the proposal of the Appointments and Remuneration Committee, prepared pursuant to Article 123-ter of the CFA (Legislative Decree No. 58 of February 24, 1998, as amended), is divided into the following sections:

- SECTION I outlines the Policy adopted for members of the Governing Bodies and Senior Executives in 2024, describing its general philosophy, the bodies involved, and the procedures used to adopt and enact it;  
In compliance with Legislative Decree No. 49 of May 10, 2019, Section I of the Report is subject to a binding vote at the Shareholders' Meeting called to approve the Financial Statements at December 31, 2023.
- SECTION II sets out the remuneration paid in 2023 by name for Directors, Statutory Auditors, the Chief Executive Officer, and cumulatively for the other Senior Executives.  
In compliance with the provisions of Legislative Decree No. 49 of May 10, 2019, Section II of the Report is submitted to the advisory vote of the Shareholders' Meeting called to approve the 2023 Financial Statements.

The Policy described in Section I was prepared in line with the recommendations on remuneration set out in the Corporate Governance Code for listed companies, which Elica has adopted.

In this 2024 report, the Company has continued its mission to improve the quality of information provided to investors and the market in terms of transparency in the description of the Remuneration Policy and its application.

The two sections of the Remuneration Policy and Report are preceded by a paragraph in which some background information useful for reading the Remuneration Policy in relation to the Company's strategy is presented to the market and investors. This introductory section also presents an easy-to-read summary of the main elements of the Policy.

Finally, the second section of the Report includes an introduction that describes the application of the Policy for 2023.

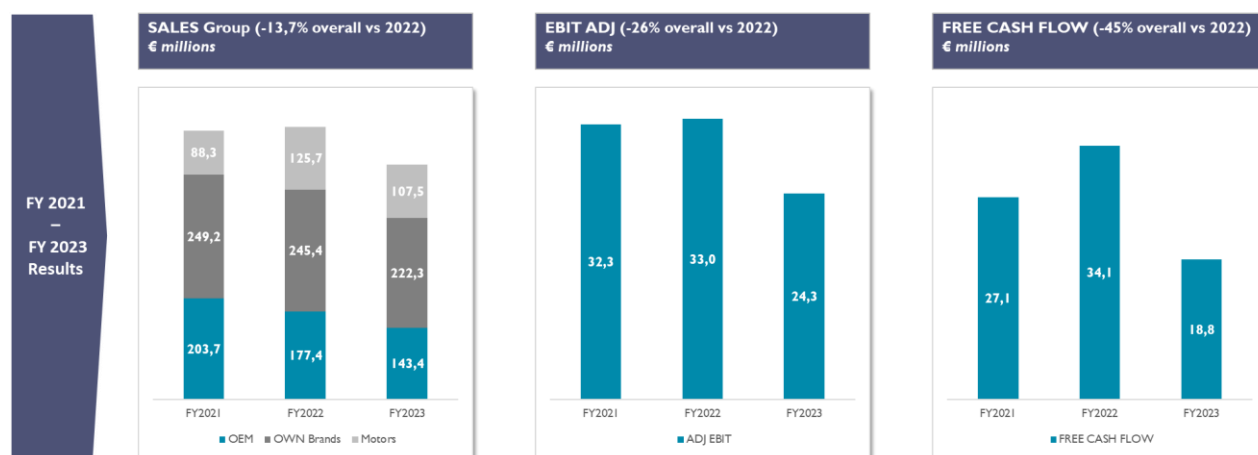
This Report is made available to the public at Elica's registered office at Via Ermanno Casoli 2, Fabriano 60044, and on the Company's website (<https://corporate.elica.com/it#governance>)

## EXECUTIVE SUMMARY

### Elica business strategy and key results

The three-year period 2021-2023 was a highly significant time for Elica, as the Company set itself apart as the key player in a Turnaround Project. During the period, Elica undertook a series of initiatives to improve margins and competitiveness in a complex global environment featuring a significant contraction in demand and high levels of inflation.

Thanks to a robust team, rapid execution and clarity of vision, Elica not only managed to protect its margins, but also launched major initiatives in the fields of products, distribution and communication. These initiatives are the foundation on which Elica will build its future developments.



Specifically, Elica's future priorities can be summarised as follows:

- Focus on sales, extending the Cooking Elica Brand range and strengthening the Motors BU, in terms of the technical and commercial development of products for the energy transition.
- Efficient cost management without compromising initiatives that generate a return in medium- to long-term growth.
- Maintaining a sound financial position.
- Focus on creating long-term value for shareholders.

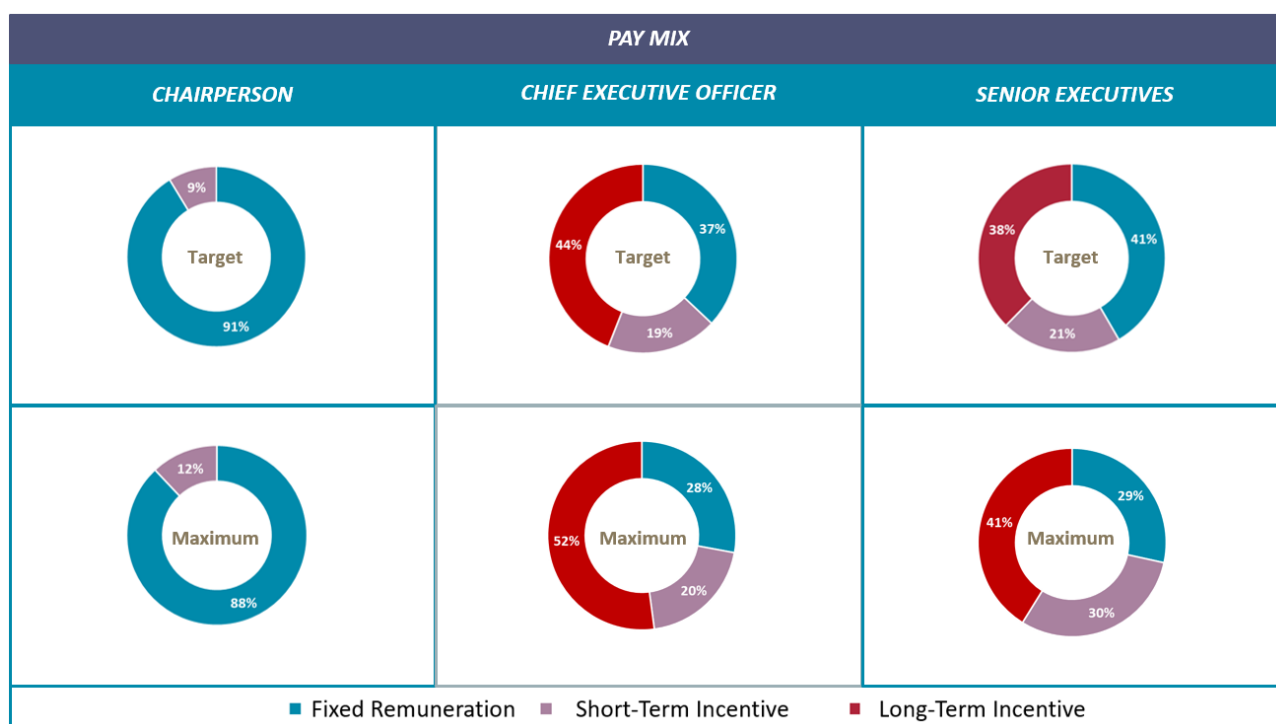
Against this backdrop, Elica's Remuneration Policy, as a fundamental tool in pursuing medium-/long-term strategic objectives, pays particular attention to both short and medium-long-term incentive plans and is based on a strong alignment of the performance indicators with the pillars of the strategy.

<i>Performance Indicators</i>	<b>GROWTH</b>	<b>PROFITABILITY</b>	<b>CASH GENERATION</b>	<b>SUSTAINABILITY</b>
<b>Adjusted EBIT</b> (MBO System and LTI Plan)		Chairperson, CEO and Senior Executives target		
<b>Free Cash Flow</b> (MBO System and LTI Plan)			Chairperson (MBO only), CEO and Senior Executives target	
<b>Strategic Projects</b> (MBO System)	Senior Executives target	Senior Executives target	Senior Executives target	
<b>Sustainability target</b> (MBO System)				Chairperson, CEO and Senior Executives target

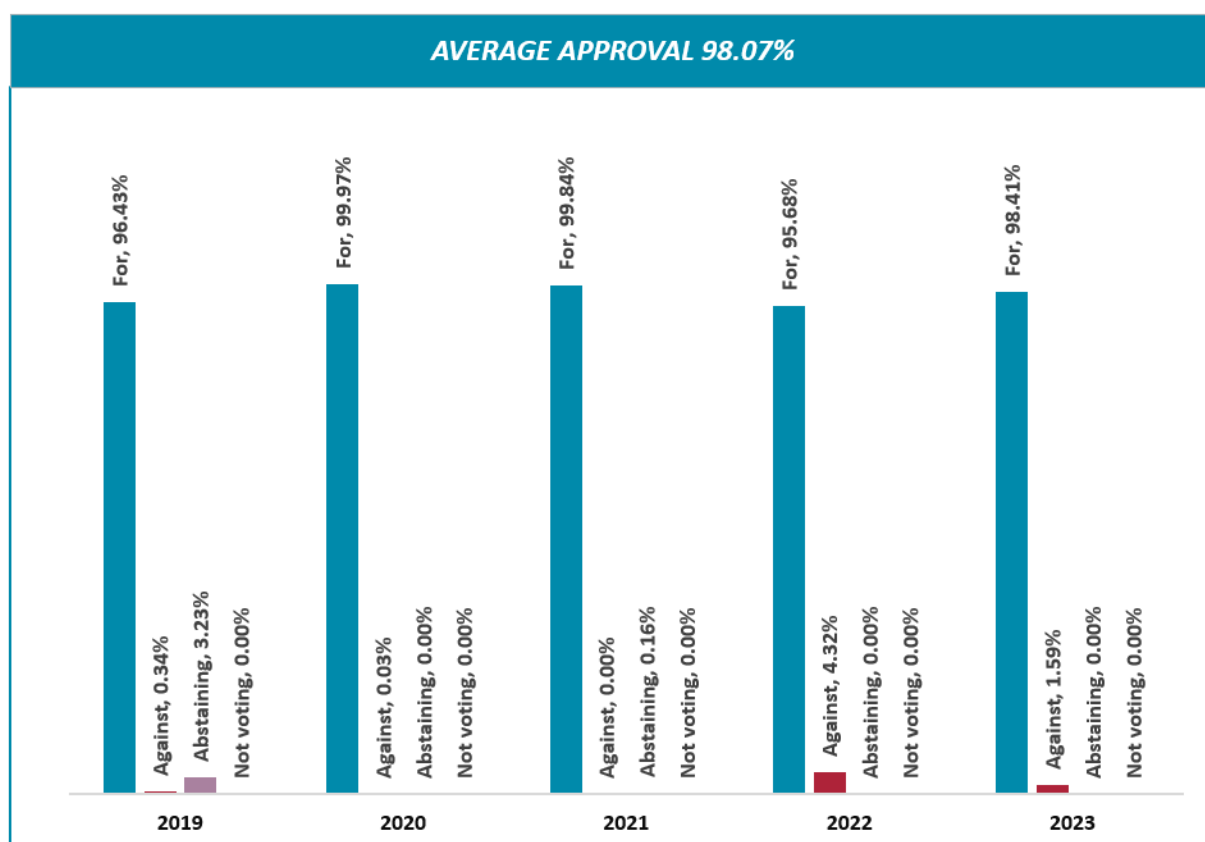
## Elica's Remuneration Policy

Elica's Remuneration Policy is defined in accordance with the corporate governance model adopted by the Company and in line with the recommendations of the Corporate Governance Code. There have been no changes to the architecture of the previous years' plans.

<b>PURPOSE OF THE POLICY</b>	<b>PRINCIPLES OF THE POLICY</b>	<b>ELEMENTS OF REMUNERATION</b>
<b>Value creation</b>	Incentive plans are defined with the aim of <i>aligning the interests of management with corporate strategies</i> , by clearly <i>linking the Policy with business results</i> Use of incentive plans designed to ensure the <i>alignment of interests</i> between <i>management and shareholders</i>	<ul style="list-style-type: none"> <li>• <b>Short-Term</b> incentive</li> <li>• <b>Long-Term</b> incentive</li> </ul>
<b>Financial robustness</b>	Incentive plans developed over a <i>time frame consistent</i> with the Company's <i>risk profile</i> and with the <i>expectations of key stakeholders</i> in order to ensure <i>sustainable value creation</i> in the medium to long term	<ul style="list-style-type: none"> <li>• <b>Long-Term</b> incentive</li> </ul>
<b>Attractiveness and Motivation</b>	<i>Remuneration levels and Policy architecture</i> defined to <i>attract, retain and motivate personnel with skills required</i> for the achievement of the Company's <i>strategic objectives</i>	<ul style="list-style-type: none"> <li>• <b>Fixed remuneration</b></li> <li>• <b>Non-monetary benefits</b></li> </ul>
<b>Performance recognition</b>	Remuneration systems geared toward <i>recognising merit</i> , through a clear <i>link between the results</i> achieved and <i>behaviours</i> enacted to achieve short and medium-long term results	<ul style="list-style-type: none"> <li>• <b>Short-Term</b> incentive</li> <li>• <b>Long-Term</b> incentive</li> </ul>
<b>Sustainability (ESG)</b>	Incentive targets related to <i>sustainability issues in Environmental, Social &amp; Governance</i> , designed to generate value <i>aligning the interests of the Company and all its stakeholders</i>	<ul style="list-style-type: none"> <li>• <b>Short-Term</b> incentive</li> </ul>



The table below shows the results of voting on the Remuneration Report in the past 5 years (voter %):



## Summary

A summary of the 2024 Remuneration Policy is presented below. This is without prejudice to the prerogatives of the next Shareholders' Meeting to approve the 2023 Financial Statements, on April 24, 2024, and of the new Board of Directors (which will take office with the same Shareholders' Meeting), to determine remuneration pursuant to Article 2389 paragraph 1 and paragraph 3 of the Civil Code.

Role	Purpose	Criteria and parameters	Quantitative references
Fixed remuneration			
Chairperson	Attract, retain and motivate highly skilled personnel	Verification of salary positioning relative to market salary levels based on assigned role and responsibilities	<ul style="list-style-type: none"><li>Remuneration as per Article 2389, paragraph 3, Civil Code: Euro 541,000</li><li>Gross Annual Remuneration: Euro 503,370</li></ul>
Chief Executive Officer			<ul style="list-style-type: none"><li>Remuneration as per Article 2389, paragraph 3, Civil Code: Euro 390,000</li><li>Gross Annual Remuneration: Euro 110,000</li></ul>
Directors, Chairpersons of Committees			<ul style="list-style-type: none"><li>Remuneration as per Article 2389, paragraph 1, Civil Code: Euro 50,000</li></ul>
Directors, members of Committees			<ul style="list-style-type: none"><li>Remuneration as per Article 2389, paragraph 1, Civil Code: Euro 43,000</li></ul>
Directors and Lead Independent Director			<ul style="list-style-type: none"><li>Remuneration as per Article 2389, paragraph 1, Civil Code: Euro 44,000</li></ul>
Senior Executives			Fixed remuneration is related to the role held and the responsibilities assigned to it
Short-term incentive plan			
Chairperson	Promote achievement of annual targets and performance enhancement	Targets: <ul style="list-style-type: none"><li>Adjusted EBIT (weighting 80%)</li><li>Free cash flow (weighting 20%).</li></ul> (Targets also act as gates) <ul style="list-style-type: none"><li>Multiplier based on a sustainability goal: +/-10%</li></ul>	Gross value awarded at target (achievement of 100% of targets): Euro 100,000
Chief Executive Officer		Pay-out curve: 45÷143, with a minimum performance level below which no award is provided. Plan subject to malus and clawback.	Gross value awarded at target (achievement of 100% of targets): Euro 250,000 (equal to 62.5% of fixed remuneration net of non-competition components)
Senior Executives		Targets: <ul style="list-style-type: none"><li>Group targets (also act as a gate)<ul style="list-style-type: none"><li>Adjusted EBIT</li><li>Free Cash Flow</li></ul></li><li>Division targets</li><li>Individual targets</li><li>Multiplier based on a sustainability goal: +/-10%</li></ul> Pay-out curve: 11÷213, with a minimum performance level below which no award is provided. Plan subject to malus and clawback.	Gross value awarded at target (achievement of 100% of targets): up to a maximum of 50% of fixed remuneration and commensurate with role
Long-term incentive plan			

Chairperson	Promote sustainable value creation in the medium/long term	On March 14, 2024, the Board of Directors approved the following Plan for the Chief Executive Officer and the Senior Executives	• Not applicable
Chief Executive Officer		Plan type: Monetary plan	• Target: 117% of fixed remuneration
		Vesting period: 3 years	
Senior Executives		Performance target calculated as a weighted average of the following indicators: <ul style="list-style-type: none"><li>Adjusted EBIT</li><li>Free Cash Flow</li></ul> Plan subject to malus and clawback.	• Target: in a range from 50% to 117% of fixed remuneration
Non-monetary benefits			
Chairperson, Chief Executive Officer and Senior Executives.	Supplementation of remuneration package	Benefits provided for by the relevant national collective bargaining agreements (CCNL) and by company policies	Supplementary pension, supplementary medical insurance, residential property, mixed-use car.
Termination of office and/or employment relationship			
Chairperson			Not applicable
Chief Executive Officer	Management retention tool	Benefits in the case of an early conclusion of mandate or employment without just cause	12 months' gross pay
Senior Executives			Benefit required by law, by national collective bargaining agreements and by individual agreements

## SECTION I: REMUNERATION POLICY

### 1. GOVERNANCE OF THE REMUNERATION PROCESS

#### 1.1 Bodies and parties involved

The Policy is defined following a formalised process described in the following paragraphs, which involves the Shareholders' Meeting, the Board of Directors, the Appointments and Remuneration Committee and the Human Resources Department.

Specifically, the scopes of responsibility are:

<i>PARTY TO BE REMUNERATED</i>	<i>DECISION-MAKING BODY</i>	<i>PROPOSING BODY</i>	<i>SUPPORTING DEPARTMENTS</i>	<i>CONSULTING COMPANIES</i>
<b>Chairperson</b>	<ul style="list-style-type: none"> <li>Shareholders' Meeting</li> <li>Board of Directors</li> </ul>	<ul style="list-style-type: none"> <li>Appointments and Remuneration Committee</li> </ul>	<ul style="list-style-type: none"> <li>Human Resources department</li> </ul>	
<b>Chief Executive Officer</b>	<ul style="list-style-type: none"> <li>Shareholders' Meeting</li> <li>Board of Directors</li> </ul>	<ul style="list-style-type: none"> <li>Appointments and Remuneration Committee</li> </ul>	<ul style="list-style-type: none"> <li>Human Resources department</li> </ul>	
<b>Directors</b>	<ul style="list-style-type: none"> <li>Shareholders' Meeting</li> </ul>	<ul style="list-style-type: none"> <li>Board of Directors</li> </ul>		
<b>Senior Executives</b>	<ul style="list-style-type: none"> <li>Chairperson &amp; Chief Executive Officer</li> </ul>	<ul style="list-style-type: none"> <li>Appointments and Remuneration Committee</li> </ul>	<ul style="list-style-type: none"> <li>Human Resources department</li> </ul>	<ul style="list-style-type: none"> <li>Mercer</li> </ul>

In defining the Remuneration Policy for Senior Executives, Elica was supported by the consulting firm Mercer Italia.

#### 1.2 Appointments and Remuneration Committee

The Appointments and Remuneration Committee was established by the Board of Directors, which defined its duties and powers, in line with the provisions contained in the Corporate Governance Code, which Elica S.p.A. has adopted. The Committee consists of Independent Directors to ensure that the remuneration policies of the Chairperson, Chief Executive Officer, Directors vested with specific offices and Senior Executives, in addition to those of the Non-Executive Directors, are formulated by a body free of conflicts of interest.

The table below outlines the composition and activities of the Appointments and Remuneration Committee in 2023:

NAME	COMMITTEE ROLE	OFFICE	COMMITTEE ACTIVITIES
<b>Elio Cosimo Catania</b>	Chairperson	Independent Non-Executive Director	<b>4 meetings</b> held in 2023 Average meeting duration of <b>1 hour</b>
<b>Angelo Catapano</b>	Member	Independent Non-Executive Director	
<b>Monica Nicolini</b>	Member	Independent Non-Executive Director	
<b>Liliana Fratini Passi</b>	Member	Independent Non-Executive Director	
<b>Susanna Zucchelli</b>	Member	Independent Non-Executive Director	

The Chairperson of the Board of Statutory Auditors and the Statutory Auditors also attend the meetings of the Appointments and Remuneration Committee. Also attending by invitation are the Head of Human Resources and, on specific Agenda items, the Chief Financial Officer and other managers.

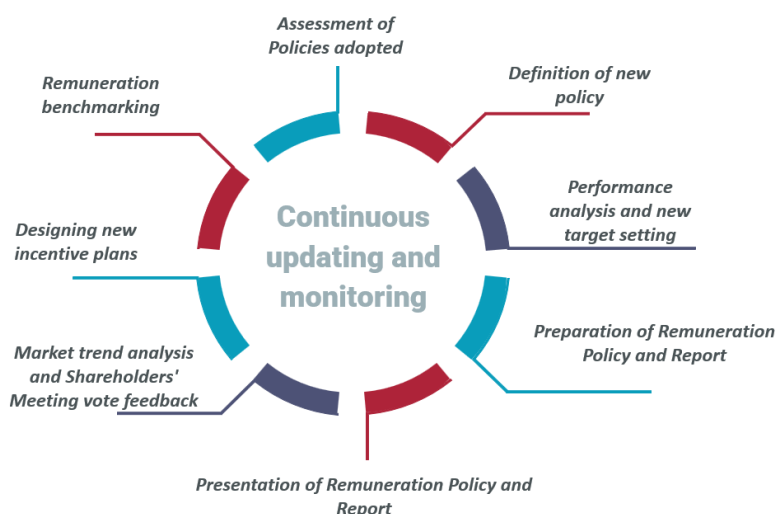
In 2023, among other matters, the Appointments and Remuneration Committee:

- made proposals to the Board regarding remuneration of the Company's Executive Directors and proposals for the definition of management performance targets linked to the variable component of remuneration, broken down by business divisions; specifically:
  - it assessed and proposed to the Board the structure of the 2024 short-term variable remuneration system for Executive Directors and Top Management, and evaluated the structure of the short-term variable remuneration system for company management;
  - it assessed and proposed to the Board the structure of the long-term incentive plan (2024-2026) for the Chief Executive Officer, top management, and certain employees in key roles;
- proposed the overall remuneration framework as presented to the Board and then to the Shareholders' Meeting;
- proposed to the Board the Remuneration Policy and Report (including, among other things, a description of how the Committee exercises its functions), to be submitted to the Shareholders' Meeting;
- periodically monitored and verified the correct application of the remuneration policy adopted;
- monitored the application of the decisions adopted by the Board, verifying, in particular, the effective achievement of the performance targets;
- assessed that the size and composition of the Board and Committees were suitable for the purpose of carrying out the functions assigned to them;
- made proposals to the Board on how and when to carry out the annual Board of Directors assessment, which was carried out in view of the renewal of the Board's mandate by an independent third party;
- assessed the validity of the policy for diversity in the composition of corporate bodies and the Committee Regulation, last amended in February 2021;
- oversaw and monitored the effectiveness of the provisions of the Executive Director succession plan and reported to the Board on the matter;
- through its Chairperson, reported to the Board of Directors at the first appropriate meeting.

No Director attended the Committee meetings at which proposals were made to the Board of Directors regarding his or her own compensation and decisions regarding the compensation of Committee members were made with the abstention of those involved.

The Committee had access to the information and departments required to adequately carry out its duties. Therefore, as the Committee made use of the resources, the means and the structure of the Company, specific financial resources were not provided for.

We note that the work of the Remuneration Committee was carried out as part of a continuous and structured process designed to establish the new Remuneration Policy and related compensation instruments, and to prepare the Remuneration Policy and Report.



For more information on the functions assigned to the Appointments and Remuneration Committee in 2023, see Section “7.2. Appointments and Remuneration Committee” and “Table 3” of the 2023 Corporate Governance and Ownership Structure Report, published at the same time as this Report.

In 2024 and until the date of approval of this Report, two meetings of the Committee were held on February 8 and March 7. These covered, among other matters, the periodic assessment of the remuneration policies enacted in 2023, the creation of proposals for Remuneration Policies for both Executive Directors and Senior Executives (short- and long-term), and a review of this Report for subsequent approval by the Board of Directors.

### 1.3 Board of Directors

As of the date of this Report, the Board of Directors of Elica S.p.A. consists of seven Directors, as listed below. For more details on the role played by the Board of Directors, please refer to the Company's By-Laws, which are available at <https://corporate.elica.com/it#governance>, and to the 2023 Corporate Governance and Ownership Structure Report, published at the same time as this Report.

### 1.4 Shareholders' Meeting

The duties of the Shareholders' Meeting, as per the By-Laws, and with respect to the matters of interest within the scope of this Report, are:

- appointing and dismissing Directors;
- appointing Statutory Auditors and the Chairperson of the Board of Statutory Auditors;
- establishing the remuneration of the Directors and Statutory Auditors;
- commenting on the Report itself, with a binding vote on Section I and an advisory vote on Section II.

In line with the provisions of current regulations, the Shareholders' Meeting held on April 27, 2023 approved the remuneration policy pursuant to Article 123-ter, paragraph 3-bis of Legislative Decree No. 58/1998, with votes in favour totalling 98.40%. It also voted in favour of Section II, in accordance with paragraph 6 of Article 123-ter of Legislative Decree No. 58/1998, with votes in favour totalling 99.02%.

### 1.5 Appointment of independent experts

Elica S.p.A. decided to use independent third-party expert consultants in a support function for the evaluation of positions and the definition of remuneration policies (Mercer Italia).

### 1.6 Process for defining and approving the Policy

The "Remuneration Policy" is submitted to the Board of Directors for approval by the Appointments and Remuneration Committee. In drafting the policy, the Appointments and Remuneration Committee involves the Human Resources Department - with the aim of gathering market data in terms of practices, policies and benchmarking, in order to better develop the policy - and, where necessary, also independent experts in the field.

On the proposal of the Appointments and Remuneration Committee, the Board of Directors defines and adopts the "Remuneration Policy" in its form and internal regulatory sources and, specifically, the content summarised in the paragraphs relating to the remuneration policy for members of the Board of Directors and the incentive plans. In accordance with the By-Laws, the Board of Directors also takes into consideration the opinion of the Board of Statutory Auditors regarding the policy on the remuneration of Directors vested with specific offices. After examining and approving the Policy, the Board of Directors submits this to the binding vote of the Shareholders' Meeting, making it available at least 21 days before the date of the Shareholders' Meeting through the publication of the Remuneration Policy and Report.

The full text of the Remuneration Policy and Report was reviewed in advance by the Appointments and Remuneration Committee and then approved by the Board of Directors on March 14, 2024.

We note that the Related Party Transactions Policy does not apply to Shareholders' Meeting motions pursuant to Article 2389, paragraph 1 of the Civil Code, relating to remuneration paid to the members of the Board of Directors and the Executive Committee (where established) and motions concerning the remuneration of Directors vested with specific offices within the overall amounts previously determined by the Shareholders' Meeting in accordance with Article 2389, paragraph 3 of the Civil Code, nor to Shareholders' Meeting motions as per Article 2402 of the Civil Code concerning Board of Statutory Auditor remuneration. This policy is also not applicable to motions, other than those submitted to the Shareholders' Meeting in accordance with Article 2389, first paragraph of the Civil Code and Article 2402 of the Civil Code, concerning the remuneration of Directors vested with specific offices, in addition to other Senior Executives, on the condition that:

- I. Elica has adopted a remuneration policy, which is subject to a binding vote of the Shareholders' Meeting;
- II. in the drawing up of the remuneration policy a committee exclusively made up of Non-Executive Directors, the majority of whom independent, was involved;

- III. the remuneration awarded to each Director or Senior Executive is set in accordance with this Policy and quantified according to criteria that do not involve discretionary assessments.

### **1.7 Process for temporary exceptions to the Policy**

In compliance with the provisions of Legislative Decree No. 49 of May 10, 2019, the Company has a process in place for temporary exceptions to the Remuneration Policy if exceptional circumstances arise where an exception to the Policy is necessary in the furtherance of the long-term interests and sustainability of the Company as a whole, or to ensure the Company's ability to compete in the marketplace.

The Appointments and Remuneration Committee, supported by the Human Resources Department, is the board entrusted with the task of verifying the presence of such exceptional situations and formulating proposals for temporary exceptions to the Policy to the Board of Directors, which has been identified as the board entrusted with the approval of such temporary exceptions.

Exceptions may relate to:

- changes in the ratio of fixed remuneration to variable remuneration;
- changes in performance targets and their weightings with regard to MBO and LTI plans.

As regards these exceptions, the opinion of the Related Party Transactions Committee must be obtained, following the relevant procedure set out by the Company.

Any exceptions approved, which may relate to the aforementioned elements of the Policy, will be disclosed through the subsequent Remuneration Policy and Report, accompanied by the reasons that prompted the Company to make such an exception.

## **2. PURPOSE, PRINCIPLES AND TOOLS OF THE REMUNERATION POLICY**

### **2.1 Purpose of the Policy**

Elica's Remuneration Policy was defined in accordance with the governance model adopted by the Company and considering the recommendations of the Corporate Governance Code.

Elica's Remuneration Policy is based on the following principles:

<b>Value creation</b>	Incentive plans are defined with the aim of <i>aligning the interests of management with corporate strategies</i> , by clearly <i>linking the Policy with business results</i>
<b>Financial robustness</b>	Incentive plans developed over a <i>time frame consistent</i> with the Company's <i>risk profile</i> and with the <i>expectations of key stakeholders</i> in order to ensure <i>sustainable value creation</i> in the medium to long term
<b>Attractiveness and motivation</b>	<i>Remuneration levels and Policy architecture</i> defined to <i>attract, retain and motivate personnel with skills required</i> for the achievement of the Company's <i>strategic objectives</i>
<b>Performance recognition</b>	Remuneration systems geared toward <i>recognising merit</i> , through a clear <i>link between the results</i> achieved and <i>behaviours</i> enacted to achieve short and medium-long term results
<b>Sustainability (ESG)</b>	Incentive targets related to <i>sustainability issues in Environmental, Social &amp; Governance</i> , designed to generate value <i>aligning the interests of the Company and all its stakeholders</i> .

## 2.2 Content and addressees of the Policy

The key elements of remuneration for Directors and Senior Executives are defined below, in line with the purposes and principles described:

<b>POLICY CONTENT</b>	<b>CHAIRPERSON</b>	<b>CHIEF EXECUTIVE OFFICER</b>	<b>NON-EXECUTIVE DIRECTORS</b>	<b>SENIOR EXECUTIVES</b>
<b>Fixed remuneration</b>	<ul style="list-style-type: none"> <li>Remuneration (pursuant to Article 2389, Civil Code)</li> <li>Gross Annual Remuneration</li> </ul>	<ul style="list-style-type: none"> <li>Remuneration (pursuant to Article 2389, Civil Code)</li> <li>Gross Annual Remuneration</li> </ul>	<ul style="list-style-type: none"> <li>Remuneration (pursuant to Article 2389, paragraph 1, Civil Code) for participation in the Board and Committees</li> </ul>	<ul style="list-style-type: none"> <li>Gross Annual Remuneration</li> </ul>
<b>Short-term variable incentive</b>	<ul style="list-style-type: none"> <li>Annual incentive system (MBO)</li> <li>Malus and clawback</li> </ul>	<ul style="list-style-type: none"> <li>Annual incentive system (MBO)</li> <li>Malus and clawback</li> </ul>		<ul style="list-style-type: none"> <li>Annual incentive system (MBO)</li> <li>Malus and clawback</li> </ul>
<b>Long-term variable incentive</b>		<ul style="list-style-type: none"> <li>Monetary plan</li> <li>Malus and clawback</li> </ul>		<ul style="list-style-type: none"> <li>Monetary plan</li> <li>Malus and clawback</li> </ul>
<b>Non-monetary benefits</b>	<ul style="list-style-type: none"> <li>Benefits under national collective bargaining agreements and company practices</li> </ul>	<ul style="list-style-type: none"> <li>Benefits under national collective bargaining agreements and company practices</li> </ul>	<ul style="list-style-type: none"> <li>Directors and Officers Policy</li> </ul>	<ul style="list-style-type: none"> <li>Benefits under national collective bargaining agreements and company policies</li> </ul>
<b>Post-employment benefits</b>		<ul style="list-style-type: none"> <li>Post-employment benefits</li> </ul>		

## 2.3 Remuneration of Directors not holding special offices

On April 29, 2021, the Elica S.p.A. Board of Directors approved the award of the Board of Directors remuneration approved by the Shareholders' Meeting on the same date, for a total annual amount of Euro 230,000, plus VAT where due, statutory contribution charges and reimbursement of documented expenses incurred in execution of the role (remuneration pursuant to Article 2389, paragraph 1 of the Civil Code), to apply for the entire term of office until the approval of the financial statements for the year ended December 31, 2023.

The remuneration was divided as follows:

OFFICE	FEE
Director - Member of Committees	€ 43,000
Director - Chairperson of Committees	€ 50,000
Director and Lead Independent Director	€ 44,000

The Shareholders' Meeting on April 24, 2024 will be called to approve the remuneration due to the members of the Board of Directors pursuant to Article 2389 paragraph 1 Civil Code.

The new Board of Directors appointed by the Shareholders' Meeting on April 24, 2024 will then be responsible for allocating the remuneration for Directors not holding special offices.

In line with the recommendations of the Corporate Governance Code, the Remuneration of Directors not holding special offices does not include a variable component linked to the Company or the Group's financial performance.

However, such remuneration is deemed sufficient to attract, retain and motivate Directors with the professional qualities required to successfully manage the Company.

The Non-Executive Directors are not beneficiaries of share-based payments.

Directors shall also be entitled to reimbursement of documented expenses incurred by reason of their office.

A D&O (Directors & Officers) Liability insurance policy is also provided for third-party liability of corporate bodies in the performance of their duties; among other things, this policy covers any legal expenses. The corresponding renewal for the full term of the Board of Directors was last approved at the Shareholders' Meeting on April 29, 2021. This topic will once again be brought to the Shareholders' Meeting's attention at the next renewal of the Board on April 24, 2024.

## 2.4 Chairperson of the Board of Directors

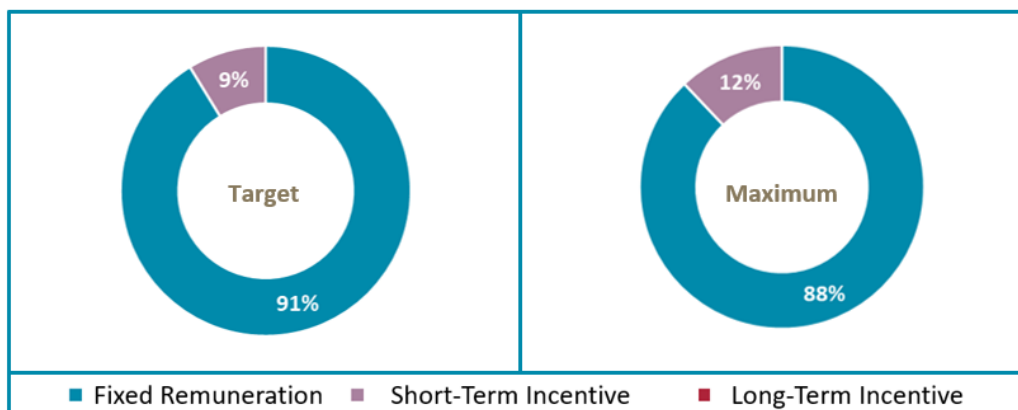
### Pay mix

The remuneration package provided for the Chairperson of the Board of Directors includes a fixed component - arising from the role of Executive Director and employee - and a short-term variable component.

The Shareholders' Meeting on April 24, 2024 will be called to approve the remuneration due to the members of the Board of Directors pursuant to Article 2389 paragraph 1 Civil Code.

The new Board of Directors appointed by the Shareholders' Meeting on April 24, 2024 will then be responsible for approving the fixed remuneration due to the Chairperson of the Board of Directors, as remuneration pursuant to Article 2389, paragraph 3 of the Civil Code.

The Executive Chairperson's pay mix is as follows:



### Fixed remuneration

The Fixed Remuneration of the Chairperson of the Board of Directors, approved by the Board of Directors with the approval of the Board of Statutory Auditors, consists of the following elements:

Remuneration (pursuant to Article 2389, paragraph 3, Civil Code)	€ 541,000
Gross Annual Remuneration	€ 503,370

The total Fixed Remuneration paid to the Chairperson of the Board of Directors is **Euro 1,044,370**. We note that the Chairperson of the Board of Directors waived the remuneration pursuant to Article 2389, paragraph 1 of the Civil Code.

### Short-term variable incentive: MBO

The annual incentive system (MBO), designed in line with the general principles on which the entire Policy is based, and mainly enables the pursuit of the following objectives:

- aligning management objectives with business strategies, directing management actions toward strategic objectives in harmony with business priorities;
- stimulating the achievement of excellent performance, through the recognition of a higher premium in the event of overperformance.
- management and monitoring of performance in the short term through annual evaluation of beneficiary performance on an annual basis;

The MBO system for the Chairperson of the Board of Directors, in substantial continuity with the policy approved last year and in line with the nature of the position, provides exclusively for Group targets of an economic-financial nature and a multiplier based on sustainability goals. Specifically, the MBO system provides for:

- **Gates:** thresholds for access to the annual incentive system, calculated on the weighted average of the two performance targets. Failure to achieve the gate performance level means that no bonus is awarded;
- **Target sheets:** a calculation mechanism for the target bonus based on the achievement level of performance targets;
- **Multipliers:** a corrective mechanism that modifies final payout by a factor of +/-10% depending on the achievement of the sustainability performance target (on/off trigger mechanism).

The Chairperson's MBO system includes the following performance targets as defined by the Board of Directors at its meeting on February 13, 2024:

TARGET	TARGET TYPE	WEIGHTING	SUSTAINABILITY TARGET  Multiplier +/- 10%
EBIT ADJUSTED	Gate / Target sheet	80%	
FREE CASH FLOW	Gate / Target sheet	20%	

For incentive purposes, the actual vesting level of the award is calculated according to the following payout curve, to which a +/-10% adjustment factor should then be applied based on the achievement of the sustainability target:

PERFORMANCE LEVEL	PAYOUT (% of target)	SUSTAINABILITY TARGET  Multiplier +/- 10%
Minimum	50%	
Target	100%	
Maximum	130%	

The Board of Directors confirmed a **target MBO** award of **Euro 100,000** for its Chairperson.

The plan is subject to **malus** and **clawback** clauses, whereby the Company has the right to demand, within three years of the completion of the plan and regardless of whether the employment relationship is ongoing or has ended, the return - in whole or in part - of any sums allocated under the Plan (or to withhold components not yet disbursed), where these have been received on the basis of data which was later found to be erroneous or falsified, or in the event that the Beneficiary has been responsible for wilful or culpable conduct, without which the award conditions would not have been achieved.

### Non-monetary benefits

The Chairperson of the Board of Directors receives the benefits provided by company policies (insurance coverage, mixed-use car).

### *Indemnity in the case of dismissal or termination of employment*

There are currently no agreements in place between the Company and the Chairperson of the Board of Directors that govern treatment in the event of termination of office or termination of employment except, in each case, as required by law.

### *Non-competition agreements*

At the date of this report, there are no non-competition agreements between Elica and the Chairperson of the Board of Directors that provide for the payment of consideration in relation to the obligation arising from the agreement.

## **2.5 Chief Executive Officer**

### *Pay mix*

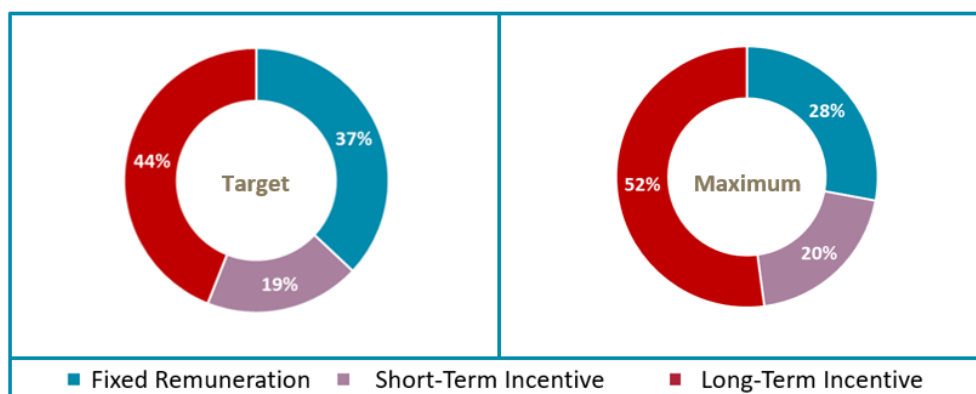
On March 16, 2021, the Board of Directors appointed Mr. Cocci as Chief Executive Officer of the Company, dividing his remuneration package as follows: a fixed component for the delegated powers conferred, a fixed component for the positions retained as an Executive of the Company, a short-term variable component, and a long-term variable component.

This remuneration package was confirmed by the Board of Directors, with the favourable opinion of the Board of Statutory Auditors, on April 29, 2021.

The Shareholders' Meeting on April 24, 2024 will be called to approve the remuneration due to the members of the Board of Directors pursuant to Article 2389 paragraph 1 Civil Code.

The new Board of Directors appointed by the Shareholders' Meeting on April 24, 2024 will then be responsible for approving the fixed remuneration due to the Chief Executive Officer, as remuneration pursuant to Article 2389, paragraph 3 of the Civil Code.

The Chief Executive Officer's target pay mix features a significant focus on variable components linked to the achievement of the challenging performance targets set out in the three-year plan, and places particular emphasis on medium- to long-term targets.



### Fixed remuneration

The Chief Executive Officer's Fixed Remuneration, approved by the Board of Directors with the favourable opinion of the Board of Statutory Auditors on April 29, 2021, comprises the following elements:

Remuneration (pursuant to Article 2389, paragraph 3, Civil Code)	€ 390,000
Gross Annual Remuneration	€ 110,000

The total Fixed Remuneration awarded to the Chief Executive Officer is **Euro 500,000<sup>1</sup>**. We note that the Chief Executive Officer waived the remuneration pursuant to Article 2389, paragraph 1 of the Civil Code.

### Short-term variable incentive: MBO

The Chief Executive Officer is a beneficiary of the MBO system defined in line with the criteria and mechanisms described for the Chairperson of the Board of Directors.

Specifically, the MBO system provides for:

- **Gates:** thresholds for access to the annual incentive system, calculated on the weighted average of the two performance targets. Failure to achieve the gate performance level means that no bonus is awarded;
- **Target sheets:** a calculation mechanism for the target bonus based on the achievement level of performance targets;
- **Multipliers:** a corrective mechanism that modifies final payout by a factor of +/-10% depending on the achievement of the performance target (on/off mechanism).

As for the Chairperson, at its meeting on February 13, 2024 the Board of Directors set the following performance targets for the position of Chief Executive Officer:

TARGET	TARGET TYPE	WEIGHTING	SUSTAINABILITY TARGET  Multiplier +/- 10%
EBIT ADJUSTED	Gate / Target sheet	80%	
FREE CASH FLOW	Gate / Target sheet	20%	

<sup>1</sup> Of the fixed remuneration paid to Mr. Cocci, we note the component paid as a non-competition agreement, valid for two years following the conclusion of employment: Euro 22,000 for the subordinate relationship and Euro 78,000 for the position of Chief Executive Officer.

For incentive purposes, the actual vesting level of the award is calculated according to the following incentive curve:

PERFORMANCE LEVEL	PAYOUT (% of target)
Minimum	50%
Target	100%
Maximum	130%

**SUSTAINABILITY  
TARGET**

Multiplier  
+/- 10%

The Board of Directors approved a **target MBO** award for the Chief Executive Officer of 62.5% of fixed remuneration, net of the amounts awarded as a non-competition agreement. This value corresponds to Euro 250,000.

The plan is subject to **malus** and **clawback** clauses.

#### *Long-term variable incentive: 2024-2026 Monetary Plan*

Elica's ambition and strategic objectives require close attention to short-term performance, but also an ability to interpret the results of the decisions made and the consequent action which will be taken over the long-term period.

As such, the new long-term incentive plan - the beneficiaries of which are the Chief Executive Officer and the Senior Executives - approved by the Board of Directors on March 14, 2024 is an exclusively monetary plan, based on simplicity and immediacy.

The Plan includes a strategic, economic-financial performance target, calculated as the weighted average of the following two indicators according to the relative weighting assigned to each of them:

- Adjusted EBIT (weighting: 80%)
- Free cash flow (weighting: 20%).

These indicators are therefore mutually dependent and will be reported jointly at the end of the vesting period. The final result of the performance target, as is the case when it is set, provides a differentiated (increasing) weighting for the results achieved in each of the years of the vesting period. The degree of achievement of the Performance Target is therefore obtained by weighting the results of individual years according to the relative weighting of each year.

The value of the monetary incentive to actually be disbursed to each beneficiary if the performance target is achieved will be determined as follows:

<i>PERFORMANCE LEVEL</i>	<i>PAYOUT (% of target)</i>
<b>Minimum</b>	50%
<b>Target</b>	100%
<b>Maximum</b>	160%

The Chief Executive Officer is awarded a bonus for the three-year period that is 3.5 times the sum of fixed remuneration, thus corresponding to a target annual LTI award of 117% of total fixed remuneration.

The plan is subject to **malus** and **clawback** clauses.

#### *Non-monetary benefits*

The Chief Executive Officer receives the benefits provided by company policies and reference collective bargaining agreements (supplementary pension, supplementary medical insurance, mixed-use car).

#### *Indemnity in the case of dismissal or termination of employment*

If the term of office is revoked without just cause before the date of the Shareholders' Meeting called to approve the 2023 Financial Statements, an indemnity will be paid that is equivalent to the overall gross annual remuneration received for the office by the Chief Executive Officer (fixed remuneration and short-term variable remuneration) plus the pro rata amount of the long-term variable accrued (this amount is proportionally reduced if the revocation of office occurs during the last 12 months of the term of office).

We note that the new Board of Directors, which will take office at the Shareholders' Meeting on April 24, 2024, will be granted the power to set the new total remuneration package for the Chief Executive Officer.

#### *Non-competition agreements*

A non-competition agreement is in place between Elica and the Chief Executive Officer, which provides for the payment of consideration for the obligation under the agreement: a) until the conclusion of the term of office, relating to work for manufacturers of home appliances and with a global scope; b) in the two years following the conclusion of the relationship of Director of the Company relating to work for companies competing with the Company, identified in the agreement signed and wherever they may be located.

The fee for the non-competition agreement will be paid monthly for the duration of the relationship, together with the payment for the position of Chief Executive Officer.

In the event of non-compliance with the non-competition agreement, a sum equal to twice the amount disbursed as “non-competition” fee is to be paid to the Company by the person concerned.

## 2.6 Senior Executives

On February 10, 2022, the Board of Directors defined “Senior Executives” as: *“those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of that Company”*, in line with the definition under Annex 1 to the Consob Related Party Transactions Regulation, identifying them as the “Executives with Strategic Responsibilities” for the purposes of this report. As a result of the Company's governance model, the Senior Executives at the date of this report are:

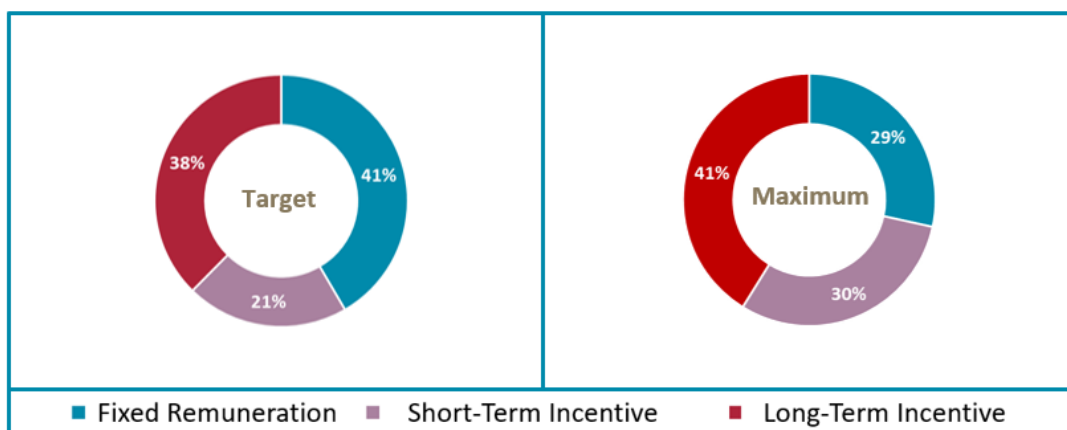
NAME	ROLE
Francesca Pisani	General Counsel
Luca Barboni	Managing Director – BU Cooking
Stefania Santarelli	Chief Financial Officer
Deborah Carè	Chief HR Officer
Fabrizio Ghisla	General Manager EMC FIME

The above list may be subject to change due to departures or recruitment of Senior Executives, to be identified according to the definition above.

### Pay mix

The remuneration package for Senior Executives includes a fixed component provided for the employment relationship with the Company, a short-term variable component and a long-term variable monetary component.

The chart below sets out the average pay mix of Senior Executives.



### *Fixed remuneration*

The Gross Annual Remuneration of Senior Executives is determined on the basis of the role and responsibilities assigned considering the remuneration levels on the market for roles of similar level of responsibility and managerial complexity and may be adjusted periodically, as part of the salary review process involving the entire managerial population. In particular, the Remuneration Policy guidelines envisage the possibility of carrying out salary adjustments aimed at aligning remuneration levels with the market, for resources that have expanded their responsibilities or role, as well as persons in organizational positions considered critical to Elica's business. It is also possible to provide for the payment of a one-off sum in extraordinary situations involving a limited number of resources, in the presence of excellent performance on activities/projects of a strategic nature for the Company, or in consideration of attraction and retention requirements.

### *Short-term variable incentive: MBO*

The Senior Executives are beneficiaries of a short-term incentive system that aligns with the business strategy. Specifically, the operation mechanism of the Short-Term Incentive System provided for Senior Executives involves Group targets, measured through a target bonus multiplier mechanism based on the extent to which the targets set for the Chairperson and Chief Executive Officer (Adjusted EBIT and Free Cash Flow), Division targets (Division Adjusted EBIT) and individual targets (based on the main economic KPIs managed by the role and identical for all beneficiaries in the same function) are achieved. A multiplier of +/- 10% will also be applied to the final payout based on whether or not (on/off trigger mechanism) the sustainability target set by the Company is achieved.

The Senior Executives are beneficiaries of a short-term target incentive award of **50% of Fixed Remuneration**. This percentage may vary according to a payout scale defined by the Company which recognises, on average, from 11% of the target MBO award on achievement of the minimum performance level up to 213% of the target MBO award on achievement of the maximum performance level (cap).

The plan is subject to **malus** and **clawback** clauses.

### *Long-term variable incentive: Monetary plan*

The Senior Executives are beneficiaries of the Monetary Plan approved by the Board of Directors on March 14, 2024, described in detail in relation to the Chief Executive Officer.

Senior Executives are awarded a bonus for the three year period, calculated using a GAR multiplier (within a min-max range), depending on the role held, up to a maximum of 3.5 times **Fixed Remuneration**, thus corresponding to a target annual LTI award equal to a maximum of 117% of GAR.

The plan is subject to **malus** and **clawback** clauses.

### *Non-monetary benefits*

The remuneration offer is supplemented with the non-monetary benefits provided for by the relevant national collective bargaining agreements (CCNL) and company policies (supplementary pension, supplementary medical insurance, mixed-use car).

### *Indemnity in the case of dismissal or termination of employment*

There are currently no individual agreements in place between the Company and Senior Executives, so the rules set out in the relevant national collective bargaining agreements will apply.

### *Non-competition agreements*

For Senior Executives, the Company provides for the possibility of individual agreements that recognise payment in relation to the obligations of the covenant itself. For situations of high competitive risk related to the criticality of the role held by the Senior Executive, at the indication of the Chief Executive Officer, specific agreements - including non-competition covenants - may be stipulated.

Some non-competition agreements are currently in place with Senior Executives.

### *Other provisions*

In exceptional cases only, the Company may provide for the possibility of paying Senior Executives an entry bonus upon hiring, exclusively to attract managerial personnel with business-critical skills, or a one-off payment in consideration of outstanding qualitative performance. The policy also provides for possible bonuses linked to the pursuit of exceptional non-recurring strategic goals.

## **2.7 Remuneration of the members of the Control Board**

The composition and remuneration of the members of the Board of Statutory Auditors were approved by the Shareholders' Meeting on April 29, 2021 for the entire term of office (i.e. 2021, 2022, and 2023). Upon conclusion of the term of office (set for the Shareholders' Meeting to approve the financial statements at December 31, 2023), on April 24, 2024, the Shareholders' Meeting will be asked to decide on the new composition of the Board and the new remuneration for the term of office. The table below sets out the current composition of the Board of Statutory Auditors and its remuneration:

ROLE	NAME	FEES
<b>Chairperson</b>	<ul style="list-style-type: none"> <li>Giovanni Frezzotti</li> </ul>	€ 40,000
<b>Statutory Auditors</b>	<ul style="list-style-type: none"> <li>Massimiliano Belli</li> <li>Simona Romagnoli</li> </ul>	€ 20,000
<b>Alternate Auditors</b>	<ul style="list-style-type: none"> <li>Serenella Spaccapaniccia</li> <li>Leandro Tiranti</li> </ul>	-

A D&O (Directors & Officers) Liability insurance policy is also provided for third-party liability of corporate bodies in the performance of their duties; among other things, this policy covers any legal expenses. The corresponding renewal for the full term of the Board of Statutory Auditors was last approved at the Shareholders' Meeting on April 29, 2021. This topic will once again be brought to the Shareholders' Meeting's attention at the next renewal of the corporate boards on April 24, 2024.

## SECTION II: fees paid

### Introduction

This section is divided into two parts:

- Part One describes the various elements that make up remuneration, with reference to the implementation of the 2023 Remuneration Policy, following the verifications conducted out by the Appointments and Remuneration Committee, which reported alignment with the 2023 Remuneration Policy approved by the Board of Directors on March 16, 2023;
- Part Two presents by name the remuneration of management and supervisory bodies and, cumulatively, the remuneration of Senior Executives and information on their shareholdings in the Company.

In line with the provisions of Article 123-*ter*, paragraph 8-*bis* of the CFA, KPMG S.p.A., the company tasked with auditing the financial statements, verified that the Directors had prepared the second section of the Report.

## SECTION I

### Fixed remuneration

#### *Directors not holding special offices*

Directors not holding special offices were paid the fixed amounts approved by the Shareholders' Meeting of April 29, 2021. Where Directors not holding special offices were appointed, or ceased to hold office, during the year, remuneration was paid pro rata.

#### *Chairperson of the Board of Directors*

The Chairperson of the Board of Directors was paid:

- fixed remuneration (as per Article 2389, paragraph 3, Civil Code);
- Gross Annual Remuneration as an Executive of the Company.

The total fixed remuneration of the Chairperson of the Board of Directors for 2023 was therefore Euro 1,044,414.

#### *Chief Executive Officer*

The Chief Executive Officer received the following remuneration:

- fixed remuneration (as per Article 2389, paragraph 3, Civil Code);
- Gross Annual Remuneration as an Executive of the Company.

The Chief Executive Officer's total fixed remuneration in 2023 was Euro 493,446. The Chief Executive Officer waived 10% of his total fixed remuneration for July and August 2023 for reasons of internal equality in a year when the Extraordinary Temporary Lay-off Scheme was used.

#### *Senior Executives*

Senior Executives were paid Gross Annual Remuneration as Executives of the Company, *pro rata* where applicable, which totalled Euro 649,231. The Senior Executives waived 10% of their Gross Annual Remuneration for July and August 2023 for reasons of internal equality in a year when the Extraordinary Temporary Lay-off Scheme was used.

## Short-term variable incentive 2023

### *Chairperson of the Board of Directors and Chief Executive Officer*

For 2023, the Chairperson of the Board of Directors and the Chief Executive Officer currently in office did not accrue the short-term variable incentive as the targets set out in the gate/multiplier of the MBO System of which they are beneficiaries were not achieved, on the basis of the Draft Financial Statements for the year 2023, submitted for approval to the Shareholders' Meeting called to cast a binding vote on Section I of this Report and an advisory vote on Section II.

Specifically, considering the failure to achieve the performance gate with a score of 64% of the target, the Chairperson of the Board of Directors and the Chief Executive Officer receive no incentive payout.

### *Annual Monetary Incentive Targets<sup>2</sup>*

2023 TARGETS			2023 RESULTS	
MBO EBIT Group	36.2M €	80%	24.3M €	
FCF Group	36.0M €	20%	18.8M €	
GROUP GATE	36.2M €	100%	23.2M €	64%

### *Senior Executives*

For 2023, the Senior Executives did not accrue the short-term variable incentive as the Group Gate set was not achieved.

## Long-term variable incentive - 2016-2022 Phantom Stock and Co-investment Plan; 2019-2025 Phantom Stock and Co-investment Plan; 2021-2023 Monetary LTI Plan

### *Chairperson of the Board of Directors*

The Chairperson of the Board of Directors is not a beneficiary of the long-term variable incentive for the three-year period 2021-2023.

In 2023, the bonus related to the 2020-2022 Cycle of the Phantom Stock Plan was settled, as resolved by the Board of Directors on April 27, 2023. Consistent with that described in the 2023 Remuneration Report, the Chairperson of the Board of Directors was assigned 146,094 Phantom Stock. The Share Value on the Allocation date of April 27, 2023, based on the average share value for the month before the Allocation date, was Euro 2.832. The Chairperson expressed his willingness not to join to the Co-Investment Plan provided for in the regulations. As such, 100% of the Phantom Stock allocated would be converted into cash based on the value of the share on the Allocation date, and the corresponding award of Euro 413,738 would then be paid out with June 2023 accruals, subject to any applicable withholding and tax deductions.

<sup>2</sup> MBO EBIT: Refers to 2023 EBIT net of normalisation components as detailed in the 2023 Annual Financial Report. Free Cash Flow refers to Free Cash Flow for 2023.

2023 also saw the deferred allocation of 204,890 Phantom Stock relating to the 2018-2020 Cycle of the Phantom Stock Plan. On the basis of the Share Value on the Deferred Allocation Date of May 5, 2023, calculated as the average share value in the month before the Allocation Date (Euro 2.806), the value of this stock was Euro 574,921.

### Chief Executive Officer

Chief Executive Officer Giulio Cocci is a beneficiary of the Long-Term Monetary Plan approved by the BoD on March 16, 2021. 2023 was the third and final vesting year of the Plan. The plan provided for a monetary award commensurate with the Delta Economic Value generated over the period 2021-2023. The Delta Economic Value generated in the 2021-2023 period was 43.1% of the Target, corresponding to a bonus of Euro 776,098.

2021-2023 TARGETS		2021-2023 RESULTS
Delta Economic Value (Euro millions)	284M €	122.5M €
		43.1%

The Chief Executive Officer, as an Executive of the Company, is also a beneficiary of the Phantom Stock Plan awarded in 2020. In accordance with the resolution described for the Chairperson of the Board of Directors regarding the bonus paid in 2023 and relating to the 2020-2022 Cycle, the Chief Executive Officer was allocated 16,777 Phantom Stock. The Chief Executive Officer expressed his willingness not to join to the Co-Investment Plan provided for in the regulations. As such, 100% of the Phantom Stock allocated would be converted into cash based on the value of the share on the Allocation date, and the corresponding award of Euro 47,512 would then be paid out with June 2023 accruals, subject to any applicable withholding and tax deductions.

### Senior Executives

The Senior Executives are beneficiaries of the Long-Term Monetary Plan approved by the BoD on March 16, 2021. 2023 was the third and final vesting year of the Plan. The plan provided for a monetary award commensurate with the Delta Economic Value generated over the period 2021-2023. The Delta Economic Value generated in the 2021-2023 period was 43.1% of the Target, corresponding to a bonus for Senior Executives of Euro 908,683.

In 2023, the bonus related to the 2020-2022 Cycle of the Phantom Stock Plan was settled, as resolved by the Board of Directors on April 27, 2023. Consistent with that described in the 2023 Remuneration Report, the Senior Executives were allocated 26,812 Phantom Stock. The Share Value on the Allocation date of April 27, 2023, based on the average share value for the month before the Allocation date, was Euro 2.832. No Senior Executive expressed their desire to join the Co-Investment Plan provided for in the regulations. As such, 100% of the 26,812 Phantom Stock allocated would be converted into cash based on the value of the share on the Allocation date, and the corresponding award of Euro 75,932 would then be paid out with June 2023 accruals, subject to any applicable withholding and tax deductions.

### Non-monetary benefits

In line with the national collective bargaining agreements and company policies, non-monetary benefits were recognised for the Chairperson, the Chief Executive Officer and the Senior Executives in 2023, the value of which is shown in Table 1.

## Termination of office or employment

### Senior Executives

There were no terminations of employment resulting in severance payments in 2023.

## Exceptions to the Remuneration Policy

No exceptions were applied to the Remuneration Policy as approved by the Shareholders' Meeting of April 27, 2023.

## Variable component ex-post correction mechanisms

No ex-post correction mechanisms - such as malus or clawback - were applied to the variable components.

## Annual change in remuneration - Pay ratio

In the interest of transparent dealings with our stakeholders, we disclose the ratio of fixed remuneration plus variable (short-term) remuneration received in 2023 by the Chairperson and Chief Executive Officer compared to the average remuneration of Elica S.p.A. employees in Italy. The other markets in which the Group Elica operates have pay structures that are so different that this information is not very meaningful. The average employee remuneration considered in the pay-ratio calculation is the average actual (fixed pay plus annual variable pay) not including LTI and benefits (these are not included in the total remuneration of the Chairperson and the Directors).

		CHAIRPERSON	Average Elica S.p.A. employees Italy <sup>1</sup>	Relationship	Company results SALES Euro millions	Company results ADJ EBIT Euro millions
2019	Fixed salary received + MBO paid in year <sup>2</sup>	1,144,370 €	33,155 €	35:1	480	19.6
2020	Fixed salary received + MBO paid in year <sup>2</sup>	1,130,957 €	30,609 €	37:1	453	15.9
2021	Fixed salary received + MBO paid in year <sup>2</sup>	1,044,370 €	30,578 €	34:1	541.1	32.3
2022	Fixed salary received + MBO paid in year <sup>2</sup>	1,159,414 €	37,927 €	31:1	548.5	33
2023	Fixed salary received + MBO paid in year <sup>2</sup>	1,142,814 €	39,789 €	29:1	473.2	24.3
		CHIEF EXECUTIVE OFFICER <sup>3</sup>	Average Elica S.p.A. employees Italy <sup>1</sup>	Relationship	Company results SALES Euro millions	Company results ADJ EBIT Euro millions
2019	Fixed salary received + MBO paid in year <sup>2</sup>	750,833 €	33,155 €	23:1	480	19.6
2020	Fixed salary received + MBO paid in year <sup>2</sup>	675,833 €	30,609 €	20:1	453	15.9
2021	Fixed salary received + MBO paid in year <sup>2</sup>	400,000 €	30,578 €	13:1	541.1	32.3
2022	Fixed salary received + MBO paid in year <sup>2</sup>	730,000 €	37,927 €	19:1	548.5	33
2023	Fixed salary received + MBO paid in year <sup>2</sup>	739,446 €	39,789 €	19:1	473.2	24.3

<sup>1</sup>Calculated based on 1,141 FTE in 2019, 1,118 FTE in 2020, 1,078 FTE in 2021, 735 FTE in 2022 and 640 FTE in 2023. The reduced scope in 2022 is due to the transfer of business units to the subsidiary EMC FIME and the reorganisation of the Italian plant in line with the 2022-2025 Plan.

<sup>2</sup>Includes annual variable remuneration on a cash basis. Not considering LTI. Not considering LTI accrual paid in 2023.

<sup>3</sup>Details the remuneration of each of the holders of the role of Chief Executive Officer over the period

The Company anticipates a possible change in calculation methodology in the next Report if more detailed regulations are provided or a different market practice emerges.

### **Vote cast by Shareholders' Meeting 2023**

The 2023 Shareholders' Meeting's vote on Section II of the previous year's Report did not reveal any particular issues to be incorporated into policy development or application.

## SECTION II

**TABLE 1 Remuneration of the Board of Directors, Board of Statutory Auditors, and Senior Executives**

A	B	C	D	1	2	3		4	5	6	7	8
Name	Office	Period of office	Concl. of office	Fixed Remuneration	Remuneration for committee participation	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Post-employment benefits
						Bonuses and other incentives	Profit sharing					
Francesco Casoli	EXECUTIVE CHAIRPERSON BoD	01/01/2023 - 31/12/2023	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ - (1)						€ -		
(II) Remuneration from subsidiaries and associates				€ 541,044 (2)						€ 541,044		
(III) Total				€ 503,370 (3)		€ - (12)		€ 18,141 (4)		€ 521,511	€ 122,251 (5)	
				€ 1,044,414	€ -	€ -	€ -	€ 18,141	€ -	€ 1,062,555	€ 122,251	€ -
Giulio Cocci	CHIEF EXECUTIVE OFFICER	01/01/2023 - 31/12/2023	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ - (1)						€ -		
(II) Remuneration from subsidiaries and associates				€ 384,800 (2)		€ 776,098 (11)				€ 1,160,898		
(III) Total				€ 108,646 (3)		€ - (12)		€ 14,398 (4)		€ 123,044	€ -	
				€ 493,446	€ -	€ 776,098	€ -	€ 14,398	€ -	€ 1,283,942	€ -	€ -
Angelo Catapano	INDEPENDENT DIRECTOR	01/01/2023 - 31/12/2023	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ 43,000 (6)						€ 43,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 43,000	€ -	€ -	€ -	€ -	€ -	€ 43,000	€ -	€ -
Elio Cosimo Catania	INDEPENDENT DIRECTOR	01/01/2023 - 31/12/2023	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ 50,000 (6)						€ 50,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 50,000	€ -	€ -	€ -	€ -	€ -	€ 50,000	€ -	€ -
Liliana Fratini Passi	INDEPENDENT DIRECTOR	01/01/2023 - 31/12/2023	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ 43,000 (6)						€ 43,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 43,000	€ -	€ -	€ -	€ -	€ -	€ 43,000	€ -	€ -
Monica Nicolini	INDEPENDENT DIRECTOR AND LEAD INDEPENDENT DIRECTOR	01/01/2023 - 31/12/2023	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ 44,000 (6)						€ 44,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 44,000	€ -	€ -	€ -	€ -	€ -	€ 44,000	€ -	€ -
Susanna Zucchelli	INDEPENDENT DIRECTOR	01/01/2023 - 31/12/2023	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ 50,000 (6)						€ 50,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 50,000	€ -	€ -	€ -	€ -	€ -	€ 50,000	€ -	€ -

A	B	C	D	1	2	3		4	5	6	7	8
Name	Office	Period of office	Concl. of office	Fixed Remuneration	Remuneration for committee participation	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Post-employment benefits
						Bonuses and other incentives	Profit sharing					
Giovanni Frezzotti	CHAIRPERSON BOARD OF STATUTORY AUDITORS	01/01/2023 - 31/12/2023	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ 40,000 (7)						€ 40,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 40,000	€ -	€ -	€ -	€ -	€ -	€ 40,000	€ -	€ -
Massimiliano Belli	STATUTORY AUDITOR	01/01/2023 - 31/12/2023	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ 20,000 (7)						€ 20,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 20,000	€ -	€ -	€ -	€ -	€ -	€ 20,000	€ -	€ -
Simona Romagnoli	STATUTORY AUDITOR	01/01/2023 - 31/12/2023	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ 20,000 (7)						€ 20,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 20,000	€ -	€ -	€ -	€ -	€ -	€ 20,000	€ -	€ -
Serenella Spaccapaniccia	ALTERNATE AUDITOR	01/01/2023 - 31/12/2023	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ -						€ -		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Leandro Tiranti	ALTERNATE AUDITOR	01/01/2023 - 31/12/2023	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ -						€ -		
(II) Remuneration from subsidiaries and associates				€ 5,000 (8)						€ 5,000		
(III) Total				€ 5,000	€ -	€ -	€ -	€ -	€ -	€ 5,000	€ -	€ -
Senior Executives (9)	AGGREGATE FORM	01/01/2023 - 31/12/2023	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ 649,231 (3)		€ 840,774 (11)		€ 45,072 (4)		€ 1,615,077	€ -	€ -
(II) Remuneration from subsidiaries and associates						€ 67,909 (11)						
				€ 152,500 (10)		€ - (12)		€ 12,717 (4)		€ 233,126	€ -	€ -
(III) Total				€ 801,731	€ -	€ 988,683	€ -	€ 57,789	€ -	€ 1,848,203	€ -	€ -

(1) Remuneration established by the Shareholders' Meeting pursuant to Article 2389, paragraph 1 of the Civil Code

(2) Remuneration established by the BoD pursuant to Article 2389, paragraph 3 of the Civil Code

(3) Remuneration as a Company Executive For the Chief Executive Officer and the Senior Executives, reflects the waiver of 10% of Gross Annual Remuneration for July and August 2023 for reasons of internal equality in a year when the Extraordinary Temporary Lay-off Scheme was used.

(4) Non-monetary benefits as a Company Executive

(5) Phantom stock & voluntary co-investment plan: Deferral & Matching 2021

(6) Remuneration established by the Shareholders' Meeting on April 29, 2021, pursuant to Article 2389, paragraph 1, Civil Code, calculated pro rata

(7) Remuneration established by the Shareholders' Meeting on April 29, 2021, pursuant to Article 2402, Civil Code, calculated pro rata

(8) Remuneration as Statutory Auditor of the Board of Statutory Auditors of Airforce S.p.A

(9) The total number of Senior Executives was 5

(10) Remuneration as Executive of EMC FIME, Board Member of Airforce S.p.A.

(11) Value accrued relating to the 2021-2023 Long-term monetary incentive Plan.

(12) MBO and other bonuses 2023

TABLE 3A Financial instrument-based incentive plans, other than stock options, in favour of members of the Board of Directors and Senior Executives

			Financial instruments granted in previous years not vested in the year		Financial instruments granted in the year					Financial instruments vested in the year and not allocated	Financial instruments vested in the year and which may be allocated		Financial instruments accruing in the year
A	B	1	2	3	4	5	6	7	8	9	10	11	12
Name	Office	Plan	Number and type financial instruments	Vesting period	Number and type financial instruments	Fair value at grant date	Vesting period	Grant date	Market price upon grant	Number and type financial instruments	Number and type financial instruments	Value at vesting date (1)	Fair value
<b>Francesco Casoli</b>	EXECUTIVE CHAIRPERSON BoD												
(I) Remuneration from company preparing the accounts		2016-2022 PHANTOM STOCK & VOLUNTARY CO-INVESTMENT PLAN: 2018/2020 CYCLE: <b>Deferment &amp; Matching 2021 5/5/2021</b>									204,890 Phantom Stock Deferred+Matching	€ 547,056	€ 122,251
(II) Remuneration from subsidiaries and associates													
<b>(III) Total</b>						€ -						€ 547,056	€ 122,251
<b>Giulio Cocci</b>	CHIEF EXECUTIVE OFFICER												
(I) Remuneration from company preparing the accounts													
(II) Remuneration from subsidiaries and associates													
<b>(III) Total</b>						€ -						€ -	€ -
<b>Senior Executives</b>	AGGREGATE FORM												
(I) Remuneration from company preparing the accounts													
(II) Remuneration from subsidiaries and associates													
<b>(III) Total</b>						€ -						€ -	€ -

(1) Denotes the number of allocated Phantom Stock for the share price at the vesting period end date of Euro 2.67 as of 05/05/2023 for the 2021-2023 Deferral and Matching period

TABLE 3B Monetary incentive plans for members of the Board of Directors and Senior Executives

A Name	B Office	1 Plan	2 Bonus for the year			3 Prior year bonuses			4 Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Issuable/ Issued (3)	Deferred	Period of deferment	No longer issuable	Issuable/ Issued	Still deferred	
<b>Francesco Casoli</b>	<b>EXECUTIVE CHAIRPERSON BoD</b>								
(I) Remuneration from company preparing the accounts		MBO 2023 (1)	€ -						
(II) Remuneration from subsidiaries and associates									
(III) Total			€ -	€ -		€ -	€ -	€ -	€ -
<b>Giulio Cocci</b>	<b>CHIEF EXECUTIVE OFFICER</b>								
(I) Remuneration from company preparing the accounts		MBO 2023 (1)	€ -						
		2021-2023 LTI incentive plan (4)	€ 776,098						
(II) Remuneration from subsidiaries and associates									
(III) Total			€ 776,098	€ -		€ -	€ -	€ -	€ -
<b>Senior Executives</b>	<b>AGGREGATE FORM</b>								
(I) Remuneration from company preparing the accounts		MBO 2023 (2)	€ -						€ 80,000
		2021-2023 LTI incentive plan (4)	€ 840,774						
(II) Remuneration from subsidiaries and associates		MBO 2023 (2)	€ -						
		2021-2023 LTI incentive plan (4)	€ 67,909						
(III) Total			€ 908,683	€ -		€ -	€ -	€ -	€ 80,000

(1) MBO 2023 for Chairperson and CEO

(2) MBO 2023 for Senior Executives Column 4 also includes an extraordinary bonus related to non-recurring strategic goals of an extraordinary nature

(3) We note that, with regard to the MBO 2023 item, the values expressed in column 2A refer to the failure to achieve the targets set by the gate/multiplier of the MBO system, as per the BoD resolution of 14/03/2024

(4) 2021-2023 LTI Incentive Plan, approved by Board resolutions on 12/02/2021 and 05/05/2021. The Plan covers the issue of a Cash Bonus, the amount of which is determined based on the economic value of the Group created by management during the Vesting Period (three-year period 2021-2023). The value in the table represents the total accrued bonus of 43.1% of the target

## Schedule 7-ter Table 1 - Shareholdings of the Board of Directors and Statutory Auditors

Name	Office	Company	Number of shares held at 31.12.2022	Number of shares acquired in 2023	Number of shares sold in 2023	Number of shares held at 31.12.2023
CASOLI FRANCESCO	CHAIRPERSON BOD	ELICA SPA	160,000	0	0	160,000

## Schedule 7-ter Table 2 - Shareholdings of Senior Executives

Number of Senior Executives	Company	Number of shares held at 31.12.2022	Number of shares acquired in 2023	Number of shares sold in 2023	Number of shares held at 31.12.2023	Title and manner of holding
5	ELICA	6,667	0	0	6,667	OWNED

## GLOSSARY

**Chief Executive Officer:** the member of the Board of Directors to whom the Board has assigned the functions of Chief Executive Officer. The Chief Executive Officer of Elica S.p.A., appointed by the Board of Directors on March 16, 2021, is Giulio Cocci.

**Executive Directors:** the Directors vested with specific offices by the Board of Directors, and specifically the Executive Chairperson, Francesco Casoli, and the Chief Executive Officer.

**Directors vested with specific offices:** see Executive Directors.

**Shareholders' Meeting:** the collective decision-making body of the Company. All shareholders with voting rights (directly or by proxy) are represented at the meeting. Its powers are assigned by law and the By-Laws: these mainly include the approval of the Financial Statements, the appointment and revocation of the Directors, the Board of Statutory Auditors and its Chairperson. As regards the Remuneration Policy, it casts a binding vote on Section I of the Remuneration Policy and Report and a non-binding opinion on Section II of the Report, making the results of the vote publicly available.

**Corporate Governance Code:** the document contains a number of indications regarding “best practices” in terms of the organisation and operation of Italian listed companies. These recommendations are not binding, though listed companies must “keep both the market and their shareholders informed about their governance structure and the degree to which they comply with the Code.”

**Board of Statutory Auditors:** the Company's internal control body, tasked with supervising the administration of the Company. Expresses a non-binding opinion on the establishment of the Remuneration Policy for Directors vested with specific offices, which is taken into account by the Board of Directors.

**Control, Risks and Sustainability Committee:** constituted within the Board of Directors based on Article 6 of the Corporate Governance Code. It consists of Independent Directors. It performs the duties assigned to it in compliance with the recommendations of the Corporate Governance Code, issues a prior, non-binding opinion pursuant to the Related Party Transactions Policy,<sup>3</sup> and performs the additional functions assigned to it in the area of sustainability.<sup>4</sup>

**Appointments and Remuneration Committee:** established within the Board of Directors in accordance with the principles of the Corporate Governance Code. It is composed of Independent Directors and is tasked with, among other matters, presenting to the Board of Directors a proposal on the General Policy for the remuneration of Executive Directors, Directors vested with specific offices and Senior Executives.

**Board of Directors (BoD or Board):** the collective body entrusted with management of the Company. At the date of this Report, the Elica S.p.A. Board of Directors consists of the following seven Directors: Francesco Casoli, Giulio Cocci, Elio Cosimo Catania, Monica Nicolini, Angelo Catapano, Susanna Zucchelli and Liliana Fratini Passi. It is responsible for approving the Remuneration Policy proposed by the Appointments and Remuneration Committee.

**Senior Executives:** on February 10, 2022, the Board of Directors defined “Senior Executives” as: “those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of that Company”, in line with the definition under Annex 1 to the Consob Related Party Transactions Regulation, identifying them as the “Senior Executives” for the purposes of this report. Elica S.p.A. has identified 5 such individuals, listed in this document.

<sup>3</sup> Available on the website <https://corporate.elica.com/it#governance>.

<sup>4</sup> See the Corporate Governance and Ownership Structure Report, available at <https://corporate.elica.com/it#governance>.

**EBIT:** the operating profit from continuing operations as reported in the annual Consolidated Income Statement.

**ADJUSTED EBIT:** EBIT net of the following adjusting components: corporate finance transactions (e.g. acquisitions, disposals, mergers, incorporations) and restructuring costs and/or extraordinary events.

**Entry Gate:** in a given incentive plan, the "entry gate" target. Represents the minimum target level to be achieved, below which the incentive plan does not provide for the payment of any incentive.

**Free Cash Flow:** Elica Group cash flow from operations net of cash flow from investments (CapEx), as defined in the Consolidated Cash Flow Statement

**LTI:** *long term incentive* A plan that awards individuals a multi-year cash bonus and/or financial instruments based on targets set by the Company.

**Malus and Clawback:** contractual clauses that permit the Company to request the repayment (or to withhold components not yet disbursed), in full or in part, of the variable components of remuneration paid, where these have been received on the basis of data which was later found to be erroneous or falsified, or in the event that the Beneficiary has been responsible for wilful or culpable conduct.

**Target level:** the standard level of achievement of the target that entitles the beneficiary to 100% of the incentive (without prejudice to other multipliers or discretionary parameters).

**Maximum level:** the maximum level of achievement of the target that entitles the beneficiary to a pre-established percentage above 100% of the incentive (without prejudice to other multipliers or discretionary parameters).

**GAR:** Gross Annual Remuneration i.e. the fixed annual remuneration received, before taxes and social security charges for the portion relating to the employee, and therefore not including annual bonuses, other bonuses, allowances, fringe benefits, expense reimbursements, and any other form of remuneration of a variable or occasional nature.

**Issuers' Regulation:** regulation in accordance with Consob Resolution No. 11971 of May 14, 1999 and subsequent amendments and supplements.

**Regulation on the provisions for related party transactions:** the regulation adopted by Consob with Resolution No. 17221 of March 12, 2010, as subsequently amended and supplemented.

**Shareholders:** the Company's shareholders.

**Annual Incentive System or MBO (Management by Objectives):** the plan which grants beneficiaries the right to receive an annual cash bonus, on the basis of the agreed targets and annual incentive plan in place.

**Stakeholder:** any subject with an interest in a Company.

**Consolidated Finance Act (CFA):** Legislative Decree No. 58 of February 24, 1998, the "Consolidated Act on financial intermediation", as subsequently amended and supplemented. This introduced a set of principles ("guidelines") and refers for detailed regulations to the Supervisory Authorities (Consob).