



Website: www.elengroup.com

**GUIDELINES FOR SHAREHOLDERS ON THE SIZE AND
COMPOSITION OF THE BOARD OF DIRECTORS TO BE APPOINTED
FOR THE THREE-YEAR PERIOD 2024-2026**

EL.EN. S.P.A.

GUIDELINES FOR SHAREHOLDERS ON THE SIZE AND COMPOSITION OF THE BOARD OF DIRECTORS TO BE APPOINTED FOR THE THREE-YEAR PERIOD 2024-2026

FOREWORD

The mandate of the current Board of Directors of the Company (“the Board”), appointed by resolution of the Ordinary Shareholders’ Meeting of 27 April 2021 for the financial years 2021-2023, expires with the approval of the financial statements for the financial year 2023; therefore, the Shareholders’ Meeting that will be convened to approve the financial statements for the financial year ending 31 December 2023 will be called to elect a new Board of Directors.

Consequently, in compliance with the principles (XIII-XIV) and recommendations of the Corporate Governance Code approved by the Corporate Governance Committee of Borsa Italiana s.p.a. (“the Code”), in view of the appointment of the corporate bodies, the Board, after hearing the opinion of the Nomination Committee, taking into account the results of the self-assessment process on the size, composition and actual functioning of the managing body and the policy on the composition of the corporate bodies adopted by the Company, has drawn up its own guidelines on the future size and composition of the administrative body (“the Guidelines”) that it intends to issue to the shareholders in view of the Shareholders’ Meeting that will appoint the new Board.

The guidelines, reproduced below, are published on the Company’s website as of 1 March 2024.

1. PURPOSE OF THE DOCUMENT

This document was drafted by the outgoing Board (*i*) with the aim of providing instructions on what is deemed to be the optimal size and composition of the managing body (in terms of, *inter alia*, skills, experience, age, gender), having regard to the characteristics and objectives of the Company and the composition policy adopted, and (*ii*) to ensure that the lists of candidates are composed of persons suited to the responsibilities they will be assuming.

In issuing the Guidelines, the Board took into account not only the outcomes of the evaluation process, but also the experience gained in the three-year period 2021-2023 and how the internal board committees function, as well.

For the purpose of compliance with the provisions of the Code and in particular Recommendation no. 23, those who submit a slate containing a number of candidates that is higher than the half of the members to be appointed are required to provide, in the documentation required for filing the slate itself, adequate information on its compliance with the Guidelines also with reference to the diversity criteria, and to indicate the candidate for the office of Chair of the Board, whose appointment is made according to the procedures set forth by the Articles of Association of the Company and the law.

2. SIZE

In accordance with Art. 19 of the Articles of Association, the Company is managed by a Board of Directors consisting of a minimum of three and a maximum of fifteen members.

It is deemed that the numerical thresholds of the members allow for sufficient leeway for due assessments of the appropriateness of the number of members, with regard:

- to the needs of the Company and the industrial group it heads (“the Group”), having regard in particular to the size, complexity and prospects of the business it oversees and, where present, the management and control role of the activities in which the Group operates;

- to the need to ensure adequate internal dialogue, without jeopardising the agility of the Board's activities and indeed encouraging the participation of its members so that they can more easily engage in discussions related to the items on the agenda;

- to the need to set up internal board committees as deemed appropriate.

The outgoing Board consists of seven directors and the following committees are formed from its members:

(i) the Control and Risk, Related Party Transactions and Sustainability Committee (composed of 4 directors);

(ii) the Nomination Committee (composed of 3 directors);

(iii) the Remuneration Committee (composed of 3 directors).

The self-assessment process carried out at the end of the three-year term of office found the number of members to be adequate and suitable to meet the needs outlined above.

The Board therefore suggests confirming the number of its members at seven.

3. QUALITATIVE COMPOSITION

The composition must take into account the Company's and the Group's current and foreseen needs, as well as the need to maintain the current composition in terms of executive, non-executive and independent directors, of different gender and age, in compliance with the laws and regulations in force and the Code's dictates.

It is hoped that the Board of the Company will include individuals:

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

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

To this end, the Board has decided, by virtue of the proposal made by the Nomination Committee, to express its opinion on the skills whose presence on the board is recommended, essentially confirming the instruction that the new Board be composed of professional figures and skills similar to those of the expiring Board, taking into account the regulations in force in terms of the balance of genders represented and possession of the independence requirements, as well as the requirements of the Code, in general.

In particular, the Board considers that a useful indicator to assess the professionalism required to sit on the Board would be to ascertain that the directors elected have a good knowledge and experience preferably in at least two of the following areas:

- experience in business management and corporate organisation: acquired through many years of activity in administration, management or control in companies or groups of size, structure and geolocation similar to those of El.En. group;

- ability to read and interpret financial statements prepared and drawn up in accordance with the regulations applicable to the Company and the Group: acquired through many years of experience in administration and control in listed or large companies or professional experience;

- expertise in the corporate field (internal control, compliance, legal, corporate, etc.): acquired through auditing or management control experience within listed or large companies, professional activities;

- knowledge of the Group's target markets, including foreign ones: acquired through the performance of business or professional activities over several years in companies or groups with an international vocation and a similar sector to that of the Group;

- knowledge of market mechanisms in the sector in which the Group operates: acquired through business or professional activities over several years in companies in the Group's technology sector;

- technical knowledge in the Group's field of operation: acquired through many years of activity at companies in the same technological sector as El.En. s.p.a.;

- specific expertise in the field of ESG sustainability and social responsibility: acquired through work within listed or large companies, professional and institutional activities or university teaching

The Board recommends that all of the aforementioned areas of expertise be represented on the managing body, as the coexistence of different skills and experience ensures the complementarity of professional profiles and thus promotes the efficient functioning of the Board.

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

As for the directors who qualify as independent pursuant to Art. 147-ter, paragraph 4, of (It.) Legislative Decree of 24 February 1998, no. 58 ("Consolidated Law on Finance - TUF") and Art. 2 of the Code, it is appropriate that at least one of them has qualified experience in chairing supervisory bodies or internal control and risk committees of listed companies of a similar size to El.En. s.p.a., or has served on the managing bodies of banking, financial or insurance institutions, so as to effectively contribute to the governance of the risks to which the Company is exposed on its path to sustainable success.

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

In this respect, the following aptitudes and qualities are considered relevant:

- independence of thought and moral integrity combined with common sense and judgement;
- ability to integrate sustainability issues into the business vision;
- ability to strike a balance with the opinions of other directors and manage conflicts constructively;
- sharing the sustainable business strategic plan as outlined by El.En. by supporting the executive directors in its implementation;
- aptitude to collaborate.

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

In this regard, the Board, in consideration of the commitment connected to each role (executive, non-executive or independent director) also in relation to the nature and size of the companies in which the offices are held, their possible belonging to the issuer's group and the challenges faced by all economic operators in the current global social/economic scenario, established at its meeting of 29 February 2024 that none of its directors may hold offices as director and/or statutory auditor in more than three companies listed on regulated markets, including foreign markets, in financial, banking, insurance or large companies.

For the purpose of assessing the commitment required, the Board hereby announces, for information purposes only, that the presumed number of meetings scheduled annually for the next three years, in which Board or committee members will be called upon to participate, is as follows:

- Board: 6/8 meetings
- Control and Risk Committee: 4 meetings
- Committee for Transactions with Related Parties: 2 meetings
- Sustainability Committee: 4 meetings
- Remuneration Committee: 2/4 meetings

- Independent Directors: 1/2 meetings.

It should be noted that, in addition to the meeting time, the time to be devoted to analysing the information documents, preparing the meetings and meeting with the various corporate departments involved in the various processes, and, for those who hold the office of committee chair, the time to be devoted to organising and coordinating the meetings, must also be considered.

5) diversified in gender - in the sense that at least two-fifths (147-ter paragraph 1-ter of the TUF; 144-undecies of the CONSOB Issuers' Regulations) of the members must belong to the least represented gender - in order to bring to the Board a different vision and approach to the various issues and to the Company's management in general.

In fact, it is believed that, regardless of legal and regulatory requirements, gender diversification, practised by El.En. s.p.a. since its establishment in 1981, ensures that the different nature and method of approaching issues that unequivocally characterise the male and female genders effectively contribute to the balanced management of the Company and the Group.

Furthermore, the presence of different genders on the Board increases the perception of the needs of the different genders in the entire corporate organisation and facilitates the adoption of measures to pervasively promote equal treatment and opportunities throughout the Group.

In the case of the Company, therefore, since a composition of 7 (seven) members is proposed, it is necessary that at least 3 (three) directors be of a different gender from the others. Therefore, the slates must contain an adequate number of candidates of different gender.

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

7) who meet the requirements of good repute under Art. 147-quinquies of the TUF.

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

Lastly, in relation to the composition of the slates of candidates and the appointment of the new managing body, shareholders are reminded that pursuant to Art. 147-ter, paragraph 4, of the TUF in conjunction with Art. 2 of the Code, as well as the Stock Exchange Regulations (letter m), subsection 3, Article 2.2.3) and the related Instructions (Article IA.2.10.6) applicable to the Company as an issuer of Star-qualified shares, in the case of a board of up to 7 (seven) members, at least 2 (two) directors must be elected who meet the independence requirements established for statutory auditors in Art. 148, paragraph 3, of the TUF and by Art. 2 of the Code, taking into account that, in relation to the latter, the assessment is carried out in concrete terms by the Board.

Moreover, the significant presence on the Board of Directors of members who, in addition to the skills and qualities described above, can qualify as independent allows the Board to be able to set up its own internal board committees and to effectively build the necessary dialogue between the various members, enabling the examination of the perspective of these directors, considered an indispensable ingredient of good corporate governance.

* * *

As of today, this document is deposited at the company's registered office, Borsa Italiana s.p.a., on the company's website www.elengroup.com section *Investor Relations/Governance/Documents of the Shareholders' Meeting/2024* on the authorised storage site www.emarketstorage.com available to shareholders, who may inspect it and, at their own expense, obtain a hard copy.

Calenzano, 1 March 2024

For the Board of Directors
The chairman
Gabriele Clementi, engineer

