



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 16, 2023

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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 2023 Remuneration Policy and Report.

The Committee - which, following the Shareholders' Meeting of April 29, 2021, comprises Directors Angelo Catapano, Monica Nicolini, Liliana Fratini Passi and Susanna Zucchelli, in addition to myself - 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.

During the year, the Company saw a strong consolidation of its financial results. Along with revenue growth, the Company made particularly significant organic progress in key markets such as EMEA and the Americas. It was able to increase its market share despite the unfavourable and highly unstable macroeconomic environment, which suffered chiefly from spiralling inflation and the war in Ukraine.

The Company's strategy for enhancing the value of the people in its workforce is based around continuously updating the operational systems in force, responding to potential future risks and ensuring that the Company is equipped with adequate response tools to anticipate solutions while benefitting all employees.

The Company's mission as regards *People* focuses on attracting staff who fit Elica's corporate culture, promoting internal growth, recognising merit and improving motivation. To achieve these goals, during the year the Company moved quickly to direct its resources towards equipping itself with operational guidelines that correspond to these strategic pillars, with a view to strengthening the current reward structures.

One important element of transformation adopted involves the introduction and use of a new Performance Development system, developed by defining and sharing behavioural drivers related to the challenges that Elica will face in the near future. The evolution of Performance Development tools provides for a closer focus on self-development and a significant increase in management accountability for employee growth. These changes are designed to emphasise the link with succession planning processes, which the Company constantly monitors.

This important shift in the Company's people management systems, 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.

The 2023 Remuneration Policy was therefore developed by integrating the structural change process, while remaining consistent with the incentive tools currently provided for Directors and Senior Executives.

As part of its role, the Committee devoted a significant portion of its work in 2022 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.

Particular attention was paid to establishing and updating performance targets for Directors and Senior Executives, including a multiplier in short-term incentives based on a sustainability goal, to further consolidate the Company's commitment to creating value for its stakeholders.

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 16, 2023. 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 2022 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 16, 2023 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 2023, 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, 2022.
- SECTION II sets out the remuneration paid in 2022 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 2022 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 2023 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.

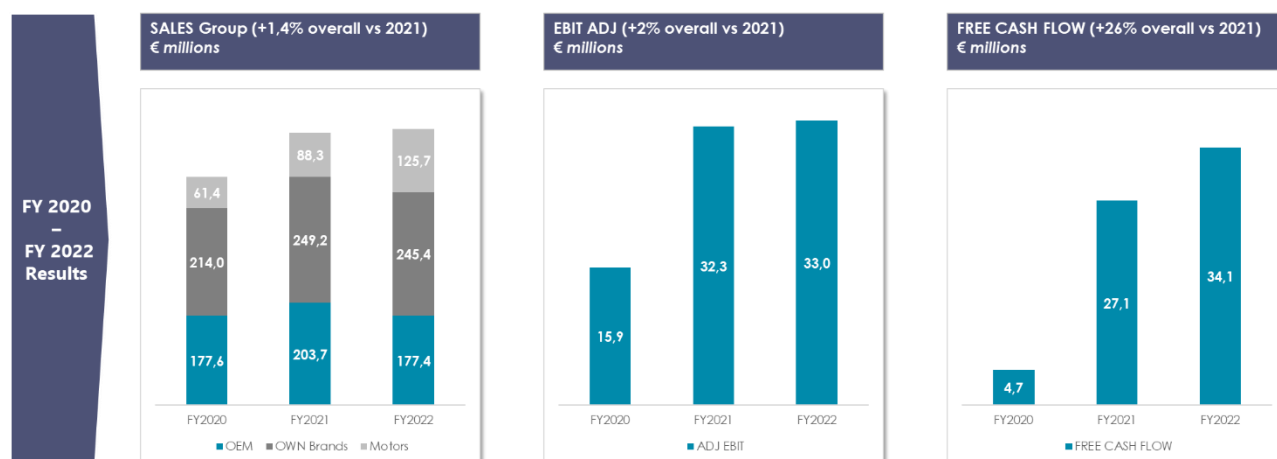
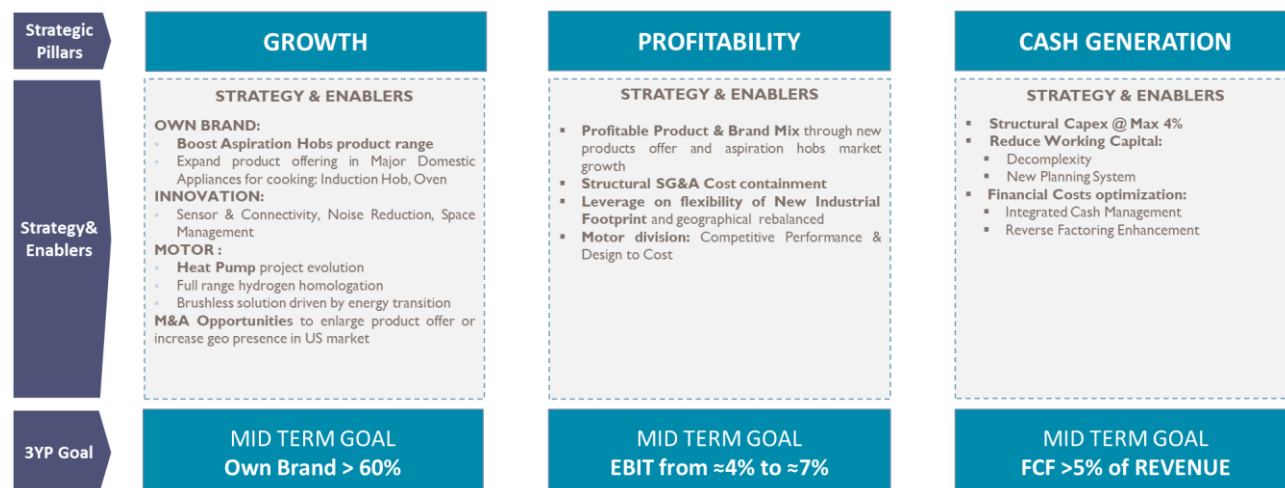
Finally, the second section of the Report includes an introduction that describes the application of the Policy for 2022.

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

Elica's business strategy for the three-year period 2021-2023 is based on three fundamental pillars:



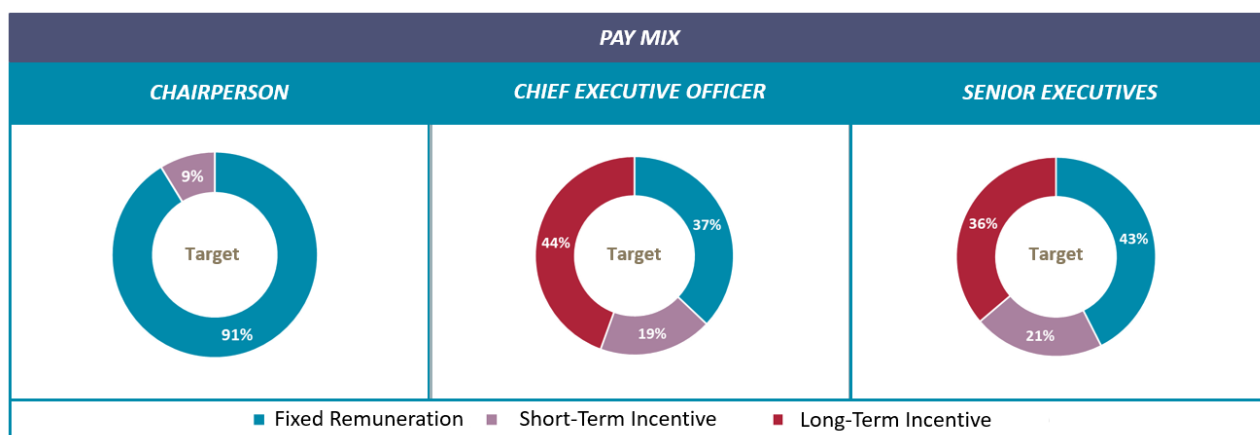
Elica's Remuneration Policy, as a fundamental tool in pursuing medium-/long-term strategic objectives, pays particular attention to both short and medium-long-term incentive plans and is based on a strong alignment of the performance indicators with the pillars of the strategy.

<i>Performance Indicators</i>	<i>GROWTH</i>	<i>PROFITABILITY</i>	<i>CASH GENERATION</i>	<i>SUSTAINABILITY</i>
Net Financial Position (LTI Plan)			CEO and Senior Executives target	
EBIT (MBO System and LTI Plan)		Chairperson, CEO and Senior Executives target		
Free Cash Flow (MBO System)			Chairperson, CEO and Senior Executives target	
EV (LTI Plan)			CEO and Senior Executives target	
Strategic Projects (MBO System)	Senior Executives target	Senior Executives target	Senior Executives target	
Sustainability Target (MBO System)				Chairperson, CEO and Senior Executives target

Elica's Remuneration Policy

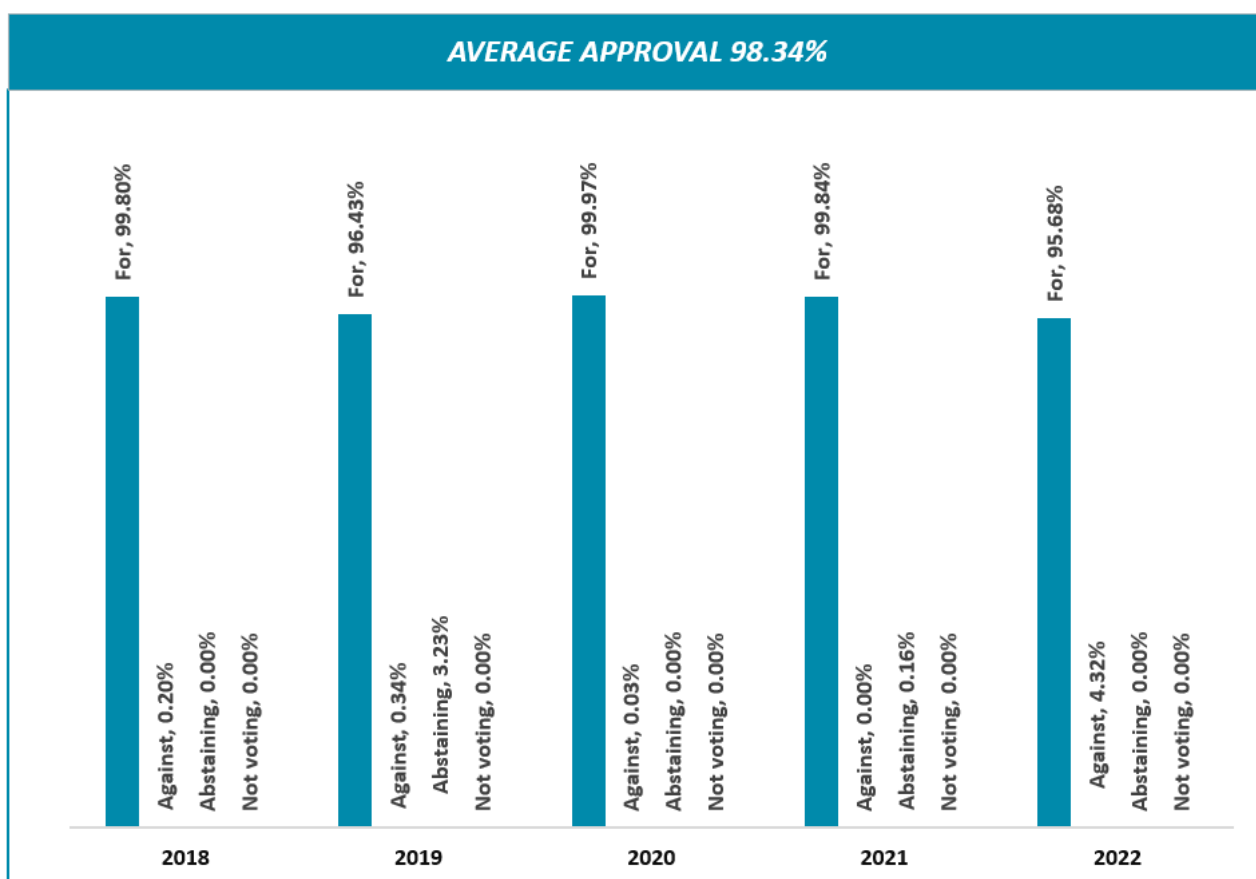
Elica's Remuneration Policy is defined in accordance with the corporate governance model adopted by the Company and in line with the recommendations of the Corporate Governance Code. There have been no changes to the architecture of the previous years' plans.

<i>PURPOSE OF THE POLICY</i>	<i>PRINCIPLES OF THE POLICY</i>	<i>ELEMENTS OF REMUNERATION</i>
Value creation	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</i> and <i>shareholders</i>	<ul style="list-style-type: none"> • Short-Term incentive • Long-Term incentive
Financial robustness	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"> • Long-Term incentive
Attractiveness and Motivation	<i>Remuneration levels</i> and <i>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"> • Fixed remuneration • Non-monetary benefits
Performance recognition	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"> • Short-Term incentive • Long-Term incentive
Sustainability (ESG)	Incentive targets related to <i>sustainability issues in Environmental, Social & Governance</i> , designed to generate value <i>aligning the interests of the Company and all its stakeholders</i> .	<ul style="list-style-type: none"> • Short-Term incentive



The pay mix is reported relative to target values only because the structure of the long-term incentive plan does not set maximum payout values, since the plan seeks to maximise the creation of economic value.

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



Summary

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">Remuneration as per Article 2389, paragraph 3, Civil Code: Euro 541,000Gross Annual Remuneration: Euro 503,370
Chief Executive Officer			<ul style="list-style-type: none">Remuneration as per Article 2389, paragraph 3, Civil Code: Euro 390,000Gross Annual Remuneration: Euro 110,000
Directors, Chairpersons of Committees			<ul style="list-style-type: none">Remuneration as per Article 2389, paragraph 1, Civil Code: Euro 50,000
Directors, members of Committees			<ul style="list-style-type: none">Remuneration as per Article 2389, paragraph 1, Civil Code: Euro 43,000
Directors and Lead Independent Director			<ul style="list-style-type: none">Remuneration as per Article 2389, paragraph 1, Civil Code: Euro 44,000
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">EBIT MBO (weighting 80%)Free cash flow (weighting 20%). (Targets also act as gates) <ul style="list-style-type: none">Multiplier based on a sustainability goal: +/-10%	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-compete components)
Senior Executives		Targets: <ul style="list-style-type: none">Group targets (also act as a gate)<ul style="list-style-type: none">MBO EBITFree Cash FlowDivision targetsIndividual targetsMultiplier based on a sustainability goal: +/-10% 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 16, 2021, the Board of Directors approved the following Plan for the Chief Executive Officer, which was approved on February 12, 2021 for the Senior Executives Plan type: Monetary plan Vesting period: 3 years Targets:	<ul style="list-style-type: none">Not applicable
Chief Executive Officer			<ul style="list-style-type: none">Target: 150% of fixed remuneration
Senior Executives			<ul style="list-style-type: none">Target: up to a maximum of 150% of fixed remuneration

- NFP
- EBIT

Plans subject to **malus and clawback**

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 practices	Supplementary pension, supplementary medical insurance, residential property, mixed-use car.
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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>
Chairperson	<ul style="list-style-type: none"> Shareholders' Meeting Board of Directors 	<ul style="list-style-type: none"> Appointments and Remuneration Committee 	<ul style="list-style-type: none"> Human Resources department 	
Chief Executive Officer	<ul style="list-style-type: none"> Shareholders' Meeting Board of Directors 	<ul style="list-style-type: none"> Appointments and Remuneration Committee 	<ul style="list-style-type: none"> Human Resources department 	
Directors	<ul style="list-style-type: none"> Shareholders' Meeting 	<ul style="list-style-type: none"> Board of Directors 		
Senior Executives	<ul style="list-style-type: none"> Chairperson & Chief Executive Officer 	<ul style="list-style-type: none"> Appointments and Remuneration Committee 	<ul style="list-style-type: none"> Human Resources department 	<ul style="list-style-type: none"> Mercer

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 2022:

NAME	COMMITTEE ROLE	OFFICE	COMMITTEE ACTIVITIES
Elio Cosimo Catania	Chairperson	Non-Executive and Independent Director	4 meetings held in 2022 Average meeting duration of 1 hour
Angelo Catapano	Member	Non-Executive and Independent Director	
Monica Nicolini	Member	Non-Executive and Independent Director	
Liliana Fratini Passi	Member	Non-Executive and Independent Director	
Susanna Zucchelli	Member	Non-Executive and Independent 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.

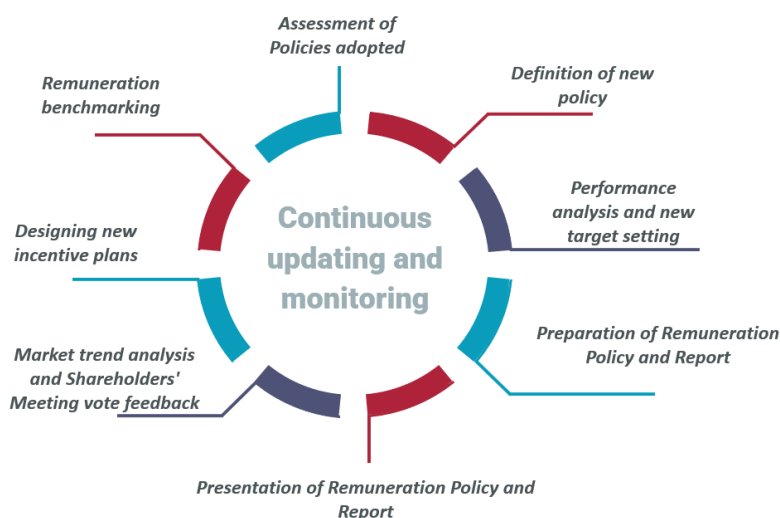
In 2022, among other matters, the Appointments and Remuneration Committee:

- proposed a revision of the definition of Senior Executive, broadening the scope of reference;
- 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; monitored the implementation of the decisions adopted by the Board, and specifically, verified the actual achievement of performance targets;
- assessed the adjustment of a number of LTI allocations that took place before the roles were conferred;
- 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;
- 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 evaluation conducted through an informal exchange of comments on a common path;
- 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;
- monitored the updating of management replacement plans to support the relevant business functions in adding value to managerial resources;
- assessed the introduction of a new Performance Development system for 2023;
- 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 2022, see Section “7.2. Appointments and Remuneration Committee” and “Table 3” of the 2022 Corporate Governance and Ownership Structure Report, published at the same time as this Report.

In 2023 and until the date of approval of this Report, two meetings of the Committee were held on February 9 and March 9. These covered, among other matters, the periodic assessment of the remuneration policies enacted in 2022, the creation of proposals for Remuneration Policies for both Executive Directors and Senior Executives, 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 2022 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 28, 2022 approved the remuneration policy pursuant to Article 123-*ter*, paragraph 3-*bis* of Legislative Decree No. 58/1998, with votes in favour totalling 95.676%. 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 99.917%.

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 16, 2023.

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;
- change of control clauses.

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:

Value creation	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 closely linked to the <i>value of the Elica share</i> , ensuring <i>alignment of interests</i> between <i>management and shareholders</i>
Financial robustness	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
Attractiveness and motivation	<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>
Performance recognition	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
Sustainability (ESG)	Incentive targets related to <i>sustainability issues in Environmental, Social & 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:

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

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

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.

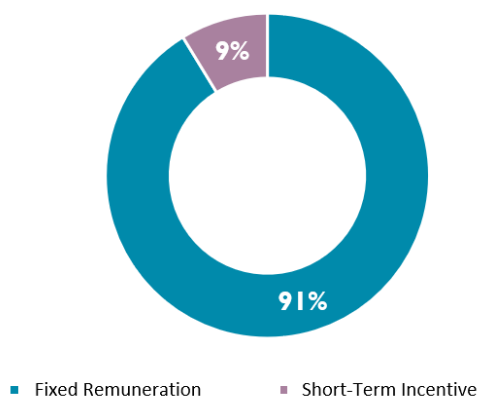
A D&O (Directors & Officers) Liability insurance policy is also provided for third-party liability of corporate bodies in the performance of their duties; among other things, this policy covers any legal expenses. The corresponding renewal for the full term of the Board was last approved at the Shareholders' Meeting on April 29, 2021, and was approved for the new three-year term of the Board at the Shareholders' Meeting called to approve the financial statements at December 31, 2020.

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 Executive Chairperson's target 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. The Committee therefore considered it appropriate to provide for a slight increase in the maximum bonus from 2022 in the event of excellent Group performance, consistent with that described below for the Chief Executive Officer and Senior Executives.
- 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 in which each goal contributes to the determination of the bonus according to the specific weighting and 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 14, 2023:

TARGET	TARGET TYPE	WEIGHTING	SUSTAINABILITY TARGET Multiplier +/- 10%
MBO EBIT	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 practices (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.

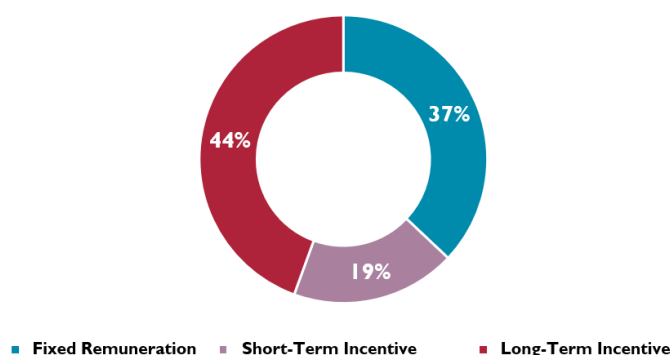
2.5 Chief Executive Officer

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 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 in 2023 will be **Euro 500,000¹**. We note that the Chief Executive Officer waived the remuneration pursuant to Article 2389, paragraph 1 of the Civil Code.

In the event of a Change of Control, the Chief Executive Officer Mr. Cocci will receive a monetary award equal to 1.6% of the change in value of the company between July 8, 2019 (Euro 127.3 million) and the value derived from the takeover bid.

This clause, as approved by the Board of Directors' motion of February 10, 2022, is to be considered valid subject to (i) the beneficiary agreeing, where requested by the party proposing the takeover bid, to sign stability pacts for a period of up to 12 months and/or co-investment agreements on terms and conditions in line with market practices for this type of transaction, and (ii) the provision that it will not be valid in the event of a takeover bid after the date of the Shareholders' Meeting called to approve the financial statements at December 31, 2023.

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:** an additive 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 14, 2023 the Board of Directors set the following performance targets for the position of Chief Executive Officer:

¹ 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

TARGET	TARGET TYPE	WEIGHTING	SUSTAINABILITY TARGET Multiplier +/- 10%
MBO EBIT	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 incentive curve:

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

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. For 2023, this value corresponds to Euro 250,000.

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

Long-term variable incentive: Monetary plan

The “Transformation” launched by Elica in 2021 necessitates 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 current long-term incentive plan - the beneficiaries of which are the Chief Executive Officer and the Senior Executives - approved by the Board of Directors on February 12, 2021 is an exclusively monetary plan, based on simplicity and immediacy.

With this in mind, it is believed that focusing corporate performance towards the creation of Economic Value (for Shareholders) is the best way to align Management interests with those of the Company.

The current plan seeks to:

- foster the creation of a strongly cohesive Team of Managers focused on achieving a specific goal: increasing the Economic Value of the Elica Group;
- encourage the retention of company personnel who are key to the achievement of the Three-Year Plan;

The Bonus Pool to be made available for the long-term plan corresponds to a share of the Elica Group's Economic Value (Δ EV) created by Management in the three-year period 2021-2023.

The Chief Executive Officer is awarded a share (%) of the Bonus Pool for the three-year period that is 4.5 times the sum of fixed remuneration, thus corresponding to a target annual LTI award of 150% 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 practices 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).

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 "Senior Executives" for the purposes of this report. As a result of the Company's new governance model, the Senior Executives at the date of this report are:

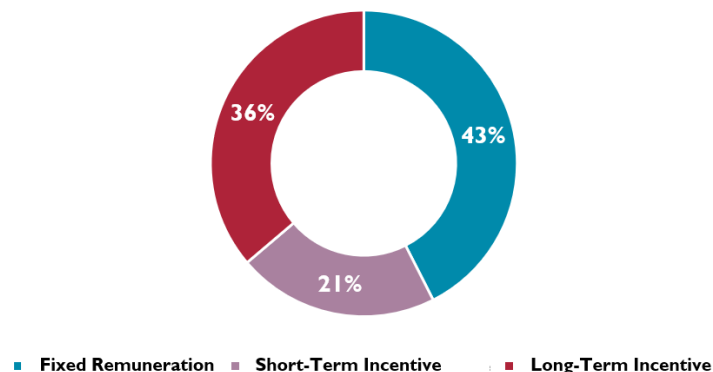
NAME	ROLE
Francesca Pisani	General Counsel
Luca Barboni	Managing Director – BU Cooking
Stefania Santarelli	Chief Financial Officer
Deborah Carè	Chief HR Officer
Fabrizio Ghisla	General Manager - EMC FIME

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 assuming that target performance is achieved. Maximum performance is not quantifiable because the LTI component has no cap.



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.

For some Senior Executives, the October 2020 Board of Directors (as further detailed in the February 10, 2022 Board of Directors' resolution), approved the provision of an overall bonus in the event of a change of control:

- for a total amount of 0.45% of the change in value of the Company, recorded between July 8, 2019 (value of Euro 127.3 million) and the value resulting from the takeover bid, for 1 Senior Executive.
- for an additional 1% of the change in value of the Company between that at July 8, 2019 (amounting to Euro 127.3 million) and the value derived from the takeover bid, for up to 3 Executives (other than the Chief Executive Officer and the Executive mentioned above) who shall be identified by the Chief Executive Officer.

This bonus is to be considered valid subject to (i) the beneficiary agreeing, where requested by the party proposing the takeover bid, to sign stability pacts for a period of up to 12 months and/or co-investment agreements on terms and conditions in line with market practices for this type of transaction, and (ii) the provision that it will not be valid in the event of a takeover bid after the date of the Shareholders' Meeting called to approve the financial statements at December 31, 2023.

Short-term variable incentive: MBO

The three-year period 2021-2023 is of crucial importance for Elica. This period will see the pursuit of high-level economic performance and, simultaneously, the introduction of several significant "transformative" projects.

These projects will affect every area of the Company and will be fundamental to achieving, at the end of the period, of an organisational and management structure that can be the basis for a new phase of development and growth.

The Senior Executives are therefore beneficiaries of a short-term incentive system, subject to incremental reviews to ensure maximum alignment with 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 - MBO EBIT and Free Cash Flow - are achieved), Division targets (Division MBO EBIT) and individual targets (based on the main economic KPIs managed by the role and identical for all beneficiaries in the same function). 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 February 12, 2021, described in detail in relation to the Chief Executive Officer.

Senior Executives are awarded a share (%) of the Bonus Pool dedicated to them calculated using a GAR multiplier (within a min-max range), depending on the role held, up to a maximum of 4.5 times **Fixed Remuneration**, thus corresponding to a target annual LTI award equal to a maximum of 150% of GAR. The plan, as with the one described for the Chief Executive Officer, does not provide for a cap.

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 practices (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), 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
Chairperson	<ul style="list-style-type: none"> Giovanni Frezzotti 	€ 40,000
Statutory Auditors	<ul style="list-style-type: none"> Massimiliano Belli Simona Romagnoli 	€ 20,000
Alternate Auditors	<ul style="list-style-type: none"> Serenella Spaccapaniccia Leandro Tiranti 	-

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 Control Board was last approved at the Shareholders' Meeting on April 29, 2021, called to approve the financial statements at December 31, 2020.

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 2022 Remuneration Policy, following the verifications conducted out by the Appointments and Remuneration Committee, which reported alignment with the 2022 Remuneration Policy approved by the Board of Directors on March 16, 2022;
- 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.

PART ONE

Fixed remuneration

Directors not holding special offices

Directors not holding special offices were paid the fixed pro-rata fees respectively 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 of the Civil Code);
- Gross Annual Remuneration as an Executive of the Company.

The total fixed remuneration of the Chairperson of the Board of Directors for 2022 was therefore Euro 1,044,410.

Chief Executive Officer

The Chief Executive Officer received the following remuneration:

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

The Chief Executive Officer's total fixed remuneration in 2022 was Euro 500,000.

Senior Executives

Senior Executives were paid Gross Annual Remuneration as Executives of the Company, *pro rata* where applicable, which totalled Euro 778,251.

Short-term variable incentive 2022

Chairperson of the Board of Directors and Chief Executive Officer

For 2022, the Chairperson of the Board of Directors and the Chief Executive Officer currently in office accrued the short-term variable incentive on the basis of performance achieved in reaching the targets set out in the gate/multiplier of the MBO System of which they are beneficiaries, on the basis of the Draft Financial Statements for the year 2022, 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, upon achieving the performance gate and obtaining a performance score of 99.5% of the target, corresponding to a payout of 98.4%, an incentive of Euro 98,400 is provided for the Chairperson of the Board of Directors and an incentive of Euro 246,000 for the Chief Executive Officer.

Annual Monetary Incentive Targets²

2022 TARGETS			2022 RESULTS	
MBO EBIT Group	33M €	80%	33.0M €	
FCF Group	34.9M €	20%	34.1M €	
GROUP GATE	33.4M €	100%	33.2M €	99.5%

Senior Executives

For 2022, the Senior Executives accrued the short-term variable incentive corresponding to an average level of 138% of the original target bonus opportunity. Specifically, an incentive payment - pro rata where applicable - is provided for, which at the cumulative level is Euro 436,910.

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 2022, the bonus related to the 2019-2021 Cycle of the Phantom Stock Plan was settled, as resolved by the Board of Directors on April 28, 2022. Consistent with that described in the 2022 Remuneration Report, the Chairperson of the Board of Directors was allocated 342,983 Phantom Stock. The Share Value on the Allocation date of April 28, 2022, based on the average share value for the month before the Allocation date, was Euro 3.229. 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 1,107,492 would then be paid out with the June 2022 accruals, subject to any applicable withholding and tax deductions.

² MBO EBIT: Refers to 2022 EBIT net of normalisation components as detailed in the 2022 Annual Financial Report. Free Cash Flow refers to Free Cash Flow for 2022.

2022 also saw the deferred allocation of 323,088 Phantom Stock relating to the 2017-2019 Cycle of the Phantom Stock Plan. On the basis of the Share Value on the Deferred Allocation Date of May 7, 2022, calculated as the average share value in the month before the Allocation Date (Euro 3.269), the value of this stock was Euro 1,056,175.

The 2020-2022 cycle of the Phantom Stock Plan matured in 2022. Based on the review and proposal of the Appointments and Remuneration Committee, on March 16, 2023, the Board of Directors approved the following level of achievement³:

KPIs	Weighting	TARGETS			RESULTS		
		MIN 90%	2020-2022 CUMULATIVE	MAX 120%	2020-2022 CUMULATIVE	% VS TARGET	% BONUS
LTI EBIT (€M)	50%	95.7	106.3	127.6	85.5	80%	0%
Free Cash Flow (€M)	50%	54.0	60.0	72.0	78.9	132%	120%
% of PS to be allocated based on % performance		65%	100%	120%			60%

As a result of this resolution, the overall level of maturity of the 2020-2022 cycle of the Phantom Stock Plan was 60%. For the Chairperson of the Board of Directors, this resulted in the accrual of 146,094 Phantom Stock, which - based on the value at the end of the vesting period - corresponds to a value of Euro 433,899.

The effective value of the cash conversion of the Phantom Stock Allocated will be determined after the date of the Shareholders' Meeting of April 27, 2023 called to approve the 2022 Financial Statements, with the Board of Directors' resolution to settle the Bonuses.

Please note that the 2019 - 2025 Phantom Stock and Co-investment Plan, for each allocation cycle, also provides for the possibility for the beneficiary to join the Co-investment Plan, through the deferment of 50% of the Phantom Stock Allocated for a further period of two years. Any expression of willingness to subscribe to the Co-investment Plan is provided for, on the basis of the Plan's Implementing Regulations, by June of the allocation year of the 2019-2021 Phantom Stock Plan and, at the date of publication of this Report, is not yet known.

Any subscription to the Co-investment Plan will be disclosed in the Remuneration Policy and Report for the following year.

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. 2022 was the second vesting year of the Plan, of a total of three.

The Chief Executive Officer is also a beneficiary of the Phantom Stock Plan awarded in 2019 and 2020 as an Executive of the Company. In accordance with the resolution described for the Chairperson of the Board of Directors regarding the bonus paid in 2022 and relating to the 2019-2021 Cycle, the Chief Executive Officer was allocated 22,950 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 74,118 would then be paid out with June 2022 accruals, subject to any applicable withholding and tax deductions.

³ LTI EBIT: Indicates EBIT for the year net of normalisation components as detailed in the Annual Financial Reports and net of the other normalising components as follows:

LTI FREE CASH FLOW: Indicates Free Cash Flow for the year net of normalising components.

The Chief Executive Officer is also a beneficiary of the 2020-2022 Phantom Stock Plan awarded in 2020 as an Executive of the Company. Based on the resolution described for the Chairperson of the Board of Directors, the overall level of maturity of the 2020-2022 cycle of the Phantom Stock Plan was 60%. For the Chief Executive Officer, this resulted in the accrual of 16,777 Phantom Stock, which - based on the value at the end of the vesting period - corresponds to a value of Euro 49,828.

Senior Executives

The Senior Executives are beneficiaries of the Long-Term Monetary Plan approved by the BoD on March 16, 2021. 2022 was the second vesting year of the Plan, of a total of three.

In 2022, the bonus related to the 2019-2021 Cycle of the Phantom Stock Plan was settled, as resolved by the Board of Directors on April 28, 2022. Consistent with that described in the 2022 Remuneration Report, the Senior Executives were allocated 36,680 Phantom Stock. The Share Value on the Allocation date of April 28, 2022, based on the average share value for the month before the Allocation date, was Euro 3.229. No Senior Executive expressed their desire to join the Co-Investment Plan provided for in the regulations. As such, 100% of the 36,680 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 118,440 would then be paid out with June 2022 accruals, subject to any applicable withholding and tax deductions.

2022 also saw the deferred allocation of 24,402 Phantom Stock relating to the 2017-2019 Cycle of the Phantom Stock Plan. On the basis of the Share Value on the Deferred Allocation Date of May 7, 2022, calculated as the average share value in the month before the Allocation Date (Euro 3.269), the value of this stock was Euro 79,770.

As regards the 2020-2022 cycle of the Phantom Stock Plan, based on the resolution described for the Chairperson of the Board of Directors, the overall level of maturity was 60%. For the Senior Executives, this resulted in the accrual of 26,812 Phantom Stock, which - based on the value at the end of the vesting period - corresponds to a value of Euro 79,632.

Non-monetary benefits

In line with the national collective bargaining agreements and company practices, non-monetary benefits were recognised for the Chairperson, the Chief Executive Officer and the Senior Executives in 2022, the value of which is shown in Table 1.

Termination of office or employment

Senior Executives

2022 saw the dismissal of one Senior Executive for reorganisational reasons.

A total of Euro 360,000 was paid for this termination, along with the temporary retention of certain benefits.

Remuneration awarded as severance pay does not include links to performance criteria. The termination also resulted in the loss of all rights under previously awarded annual and multi-year incentive plans.

No other remuneration was paid.

The remuneration and benefits recognised were in accordance with the guidance set out in the 2022 Remuneration Policy.

Exceptions to the Remuneration Policy

No exceptions were applied to the Remuneration Policy as approved by the Shareholders' Meeting of April 28, 2022.

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

¹Calculated based on 1,141 FTE in 2019, 1,118 FTE in 2020, 1,078 FTE in 2021, and 735 FTE in 2022. The reduced scope 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 Business Plan.

²Includes annual variable remuneration on a cash basis. Not considering LTI. Not considering LTI accrual paid in 2022.

³Details 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 2022

The 2022 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.

PART TWO

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	01/01/2022 - 31/12/2022	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ - (1)						€ -		
				€ 541,044 (2)						€ 541,044		
				€ 503,370 (3)		€ 98,400 (13)		€ 17,752 (4)		€ 619,522	€ 647,906 (5)	
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 1,044,414	€ -	€ 98,400	€ -	€ 17,752	€ -	€ 1,160,566	€ 647,906	€ -
Giulio Cocci	CHIEF EXECUTIVE OFFICER	01/01/2022 - 31/12/2022	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ - (1)						€ -		
				€ 390,000 (2)		€ 600,000 (12)				€ 990,000		
				€ 110,000 (3)		€ 246,000 (13)		€ 13,604 (4)		€ 369,604	€ 14,663 (6)	
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 500,000	€ -	€ 846,000	€ -	€ 13,604	€ -	€ 1,359,604	€ 14,663	€ -
Angelo Catapano	INDEPENDENT DIRECTOR	01/01/2022 - 31/12/2022	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ 43,000 (7)						€ 43,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 43,000	€ -	€ -	€ -	€ -	€ -	€ 43,000	€ -	€ -
Elio Cosimo Catania	INDEPENDENT DIRECTOR	01/01/2022 - 31/12/2022	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ 50,000 (7)						€ 50,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 50,000	€ -	€ -	€ -	€ -	€ -	€ 50,000	€ -	€ -
Liliana Fratini Passi	INDEPENDENT DIRECTOR	01/01/2022 - 31/12/2022	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ 43,000 (7)						€ 43,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 43,000	€ -	€ -	€ -	€ -	€ -	€ 43,000	€ -	€ -
Monica Nicolini	INDEPENDENT DIRECTOR AND LEAD INDEPENDENT DIRECTOR	01/01/2022 - 31/12/2022	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ 44,000 (7)						€ 44,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 44,000	€ -	€ -	€ -	€ -	€ -	€ 44,000	€ -	€ -
Susanna Zucchelli	INDEPENDENT DIRECTOR	01/01/2022 - 31/12/2022	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ 50,000 (7)						€ 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	01/01/2022 - 31/12/2022	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ 40,000 (8)						€ 40,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 40,000	€ -	€ -	€ -	€ -	€ -	€ 40,000	€ -	€ -
Massimiliano Belli	STATUTORY AUDITOR	01/01/2022 - 31/12/2022	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ 20,000 (8)						€ 20,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 20,000	€ -	€ -	€ -	€ -	€ -	€ 20,000	€ -	€ -
Simona Romagnoli	STATUTORY AUDITOR	01/01/2022 - 31/12/2022	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ 20,000 (8)						€ 20,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 20,000	€ -	€ -	€ -	€ -	€ -	€ 20,000	€ -	€ -
Serenella Spaccapanniccia	ALTERNATE AUDITOR	01/01/2022 - 31/12/2022	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ -						€ -		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Leandro Tiranti	ALTERNATE AUDITOR	01/01/2022 - 31/12/2022	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ -						€ -		
(II) Remuneration from subsidiaries and associates				€ 5,000 (9)						€ 5,000		
(III) Total				€ 5,000	€ -	€ -	€ -	€ -	€ -	€ 5,000	€ -	€ -
Senior Executives (10)	CUMULATIVE	01/01/2022 - 31/12/2022	Approval 2023 Accs.									
(I) Remuneration from company preparing the accounts				€ 562,308 (3)		€ 650,000 (12)		€ 41,769 (4)		€ 650,000	€ 34,810 (14)	€ -
(II) Remuneration from subsidiaries and associates				€ 215,943 (11)		€ 498,450 (13)				€ 1,102,527		
(III) Total				€ 778,251	€ -	€ 1,239,410	€ -	€ 47,854	€ -	€ 2,065,514	€ 34,810	€ 360,000 (15)

- (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
(4) Non-monetary benefits as a Company Executive
(5) PHANTOM STOCK & VOLUNTARY CO-INVESTMENT PLAN: Allocation 2020-2022; Deferment & Matching 2020; Deferment and Matching 2021.
(6) PHANTOM STOCK & VOLUNTARY CO-INVESTMENT PLAN: Allocation 2020-2022.
(7) Remuneration established by the Shareholders' Meeting on April 29, 2021, calculated pro rata
(8) Remuneration established by the Shareholders' Meeting on April 29, 2021, calculated pro rata
(9) Remuneration as Statutory Auditor of the Board of Statutory Auditors of Airforce S.p.A.
(10) The total number of Senior Executives was 6.
(11) Remuneration as Executive of EMC FIME, Board Member of Elica Group Polska and Board of Directors of Airforce S.p.A.
(12) Theoretical value, not yet accrued, relating to the 2021-2023 Long-term monetary incentive Plan.
(13) MBO and other bonuses 2022
(14) PHANTOM STOCK & VOLUNTARY CO-INVESTMENT PLAN: Allocation 2020-2022; Deferment & Matching 2020.
(15) Severance pay due legally, contractually, and on the basis of individual agreements

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 allocation date	Vesting period	Allocation date	Market price upon allocation	Number and Type financial instruments	Number and Type financial instruments	Value at vesting date ¹	Fair value
Francesco Casoli	EXECUTIVE CHAIRPERSON BoD												
(I) Remuneration from company preparing the accounts		2019-2025 PHANTOM STOCK & VOLUNTARY CO-INVESTMENT PLAN: - Allocation 07/05/2020									146,094 Phantom Stock ²	€ 433,899	€ 127,686
		2016-2022 PHANTOM STOCK & VOLUNTARY CO-INVESTMENT PLAN: 2017/2019 CYCLE: Deferment & Matching 2020 7/5/2020									323,088 Phantom Stock Deferred+Matching ³	€ 988,649	€ 153,467
		2016-2022 PHANTOM STOCK & VOLUNTARY CO-INVESTMENT PLAN: 2018/2020 CYCLE: Deferment & Matching 2021 5/5/2021	204,890 Phantom Stock Deferred+Matching	2 years from 05/05/2021									€ 366,753
(II) Remuneration from subsidiaries and associates													
(III) Total						€ -						€ 1,422,548	€ 647,906
Giulio Cocci*	CHIEF EXECUTIVE OFFICER												
		2019-2025 PHANTOM STOCK & VOLUNTARY CO-INVESTMENT PLAN: - Allocation 07/05/2020									16,777 Phantom Stock ²	€ 49,828	€ 14,663
(II) Remuneration from subsidiaries and associates													
(III) Total						€ -						€ 49,828	€ 14,663
Senior Executives**	CUMULATIVE												
(I) Remuneration from company preparing the accounts		2019-2025 PHANTOM STOCK & VOLUNTARY CO-INVESTMENT PLAN: - Allocation 07/05/2020									19,818 Phantom Stock ²	€ 58,859	€ 17,321
		2019-2025 PHANTOM STOCK & VOLUNTARY CO-INVESTMENT PLAN: - Allocation 30/07/2020									6,994 Phantom Stock ²	€ 20,772	€ 5,898
		2016-2022 PHANTOM STOCK & VOLUNTARY CO-INVESTMENT PLAN: 2017/2019 CYCLE: Deferment & Matching 2020 7/5/2020									24,402 Phantom Stock Deferred+Matching ³	€ 74,670	€ 11,591
(II) Remuneration from subsidiaries and associates													
(III) Total						€ -						€ 154,302	€ 34,810

¹ Denotes the number of allocated Phantom Stock for the share price at the vesting period end date of Euro 2.97 as of 12/31/2022 for the 2020-2022 cycle and Euro 3.06 as of 07/05/2022 for the 2020-2022 Deferral and Matching period

² For the 2020-2022 Allocation Cycle at 07/05/2020, the targets set for the three-year vesting period ending 12/31/2022 are considered achieved, with 60% vesting of the bonus.

³ For the 2020-2022 Deferral and Matching, the vesting period is considered to end on May 7, 2022, meaning the instrument accrues 4 months in FY 2022.

*The plans described for the CEO refer to allocations made when Mr. Cocci held the position of Executive of the companies and prior to his appointment as CEO.

** Senior Executives include those who held the position until 12/31/2022.

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

A	B	1	2			3			4
Name	Office	Plan	Bonus for the year			Prior year bonuses			Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Issuable/ Issued ³	Deferred	Period of deferment	No longer issuable	Issuable/ Issued	Still deferred	
Francesco Casoli	EXECUTIVE CHAIRPERSON BoD								
(I) Remuneration from company preparing the accounts		MBO 2022 ¹	€ 98,400						
(II) Remuneration from subsidiaries and associates									
(III) Total			€ 98,400	€ -		€ -	€ -	€ -	€ -
Giulio Cocci	CHIEF EXECUTIVE OFFICER								
(I) Remuneration from company preparing the accounts		MBO 2022 ¹	€ 246,000						
		2021-2023 LTI incentive plan ⁴		€ 600,000	2021-2023				
(II) Remuneration from subsidiaries and associates									
(III) Total			€ 246,000	€ 600,000		€ -	€ -	€ -	€ -
Senior Executives	CUMULATIVE								
(I) Remuneration from company preparing the accounts		MBO 2022 ²	€ 398,450						€ 100,000
		2021-2023 LTI incentive plan ⁴		€ 650,000	2021-2023				
(II) Remuneration from subsidiaries and associates		MBO 2022 ²	€ 38,460						
		2021-2023 LTI incentive plan ⁴		€ 52,500.00	2021-2023				
(III) Total			€ 436,910	€ 702,500		€ -	€ -	€ -	€ 100,000

¹ MBO 2022 for Chairperson and CEO

² MBO 2022 for Senior Executives Column 4 also includes a one-off fee for outstanding performance of significant strategic importance.

³ We note that the values expressed in column 2A are:

- for the Chairperson and the CEO, equal to 98.4% of the original target bonus opportunity, as per BoD resolution of 03/16/2023.

- for the Senior Executives, equal to 138% of the original average target bonus opportunity, as per BoD resolution of 03/16/2023.

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 1/3 (1 year out of 3) of the total value of the award to the target; it is a theoretical value that has not yet accrued. Accrual will be verified at the end of the vesting period.

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

Shareholdings of the Board of Directors, Board of Statutory Auditors and General Managers						
Name	Office	Company	Number of shares held at the end of 2021	Number of shares acquired in 2022	Number of shares sold in 2022	Number of shares held at the end of 2022
FRANCESCO CASOLI	CHAIRPERSON BOD	ELICA SPA	160,000	0	0	160,000

Schedule 7-ter Table 2 - Shareholdings of Senior Executives

Shareholdings of other Senior Executives						
Number of Senior Executives	Company	Number of shares held at 31.12.2021	Number of shares acquired in 2022	Number of shares sold in 2022	Number of shares held at 31.12.2022	Title and manner of holding
6	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,⁴ and performs the additional functions assigned to it in the area of sustainability.⁵

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 “Executives with Strategic Responsibilities” for the purposes of this report. Elica S.p.A. has identified 5 such individuals, listed in this document.

⁴ Available on the website <https://corporate.elica.com/it#governance>.

⁵ 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.

MBO EBIT: Indicates EBIT for the year net of the following normalising components:

- corporate finance transactions (e.g. acquisitions, disposals, mergers, incorporations); and
- restructuring costs and/or extraordinary events to be identified following Board of Directors approval.

LTI EBIT: Indicates EBIT net of the following normalising components:

- corporate finance transactions (e.g. acquisitions, disposals, mergers, incorporations); and
- restructuring costs and/or extraordinary events to be identified following Board of Directors approval.

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: Cash Flow from Operating Activities and from Investing Activities, less Acquisition/Sale of investments, as per the Consolidated Statement of Cash Flows of the Company for each financial year.

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).