

**CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE REPORT**

In accordance with Article 123-*bis* of the CFA  
(traditional administration and control model)

**ELICA S.p.A.**

<https://corporate.elica.com/en>

**FY 2022**

Approved by the Board of Directors on March 16, 2023

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## **1. ISSUER PROFILE**

Elica S.p.A. (also "Elica" or the "Company") is a joint-stock company structured with a traditional governance model. It has been listed on the Euronext STAR Milan Market since November 2006. Its governance model is in line with the principles of the Corporate Governance Code, *version* approved in January 2020 (the "Code").

Elica S.p.A is defined as an SME pursuant to Article 1, paragraph 1, letter *w-quater*.1 of Legislative Decree No. 58/98 ("**Consolidated Finance Act**" or "**CFA**") and Article 2-*ter* of Consob Resolution No. 11971/1999 and subsequent amendments and supplements ("**Issuers' Regulation**"); at December 31, 2022, the capitalisation of the Company was Euro 188,068,716 (63,322,800 shares for a value per share of Euro 2.97).<sup>1</sup> Elica also falls within the definition of a "company with concentrated ownership" as referred to in the Code.

The Company's Board of Directors plays a pivotal role in defining the Company's strategies and processes in order to achieve the key objective of sustainable success, seeking to create long-term value for the benefit of stakeholders. The ways in which the Board interprets this role are set out in this report, and specifically in section 4.1.

In terms of sustainable success, Elica publishes the non-financial statement pursuant to Legislative Decree No. 254/2016, which is a mandatory requirement (see <https://investors.elica.com/en/financial-reports-and-presentations/#report>). In addition, it has launched an ESG project that includes business strategies designed to create long-term value for the benefit of shareholders, while taking into account the interests of other relevant stakeholders.

This report illustrates, in accordance with Article 123-*bis* of the CFA, the Corporate Governance system adopted by Elica S.p.A. in the year 2022 and updated at March 16, 2023, in line with the recommendations of the Code.

In addition, the present report will be published on the website of the Company <https://corporate.elica.com/en/governance/governance-system>.

## **2. INFORMATION ON THE OWNERSHIP STRUCTURE (as per Article 123-*bis*, paragraph 1, CFA) AT MARCH 16, 2023**

### **a) Shareholders (as per Article 123-*bis*, paragraph 1, letter a), CFA)**

Share Capital subscribed and paid-in **Euro 12,664,560**.

Classes of shares that make up the share capital: **63,322,800** ordinary shares, with a nominal value of Euro 0.20 each (see "TABLE 1 – INFORMATION ON THE OWNERSHIP STRUCTURE AT 31/12/2022").

Elica has not issued other share classes at the date of this Report, or convertible financial instruments which confer newly issued share subscription rights.

### **b) Restriction on the transfer of shares (as per Article 123-*bis*, paragraph 1, letter b), CFA)**

The By-Laws do not contain any restrictions on any type of share transfer.

### **c) Significant holdings (as per Article 123-*bis*, paragraph 1, letter c), CFA)**

The significant shareholdings are indicated in "TABLE 1 – INFORMATION ON THE OWNERSHIP STRUCTURE AT 31/12/2022" based on the information available to the Company at March 16, 2023.

### **d) Shares which confer special rights (as per Article 123-*bis*, paragraph 1, letter d), CFA)**

The Company has not issued shares which confer special controlling rights.

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<sup>1</sup> See also the list of SMEs published by Consob on its website <http://www.consob.it/web/area-pubblica/emittenti-quotati-pmi>.

No special powers exist and the By-Laws do not provide for shares with the right to more than one vote.

**e) Employee shareholding: voting mechanism (as per Article 123-bis, paragraph 1, letter e), CFA)**

Not applicable.

**f) Voting restrictions (as per Article 123-bis, paragraph 1, letter f), CFA)**

The By-Laws do not contain any restrictions on voting rights.

**g) Shareholder agreements (as per Article 123-bis, paragraph 1, letter g), CFA)**

In accordance with Article 122 of the CFA and Article 129 of the Issuers' Regulation, on July 22, 2022, FAN S.r.l., with registered office in Rome, via Parigi No. 11 ("FAN") and TAMBURI INVESTMENT PARTNERS S.p.A., with registered office in Milan, via Pontaccio No. 10 ("TIP"), signed an agreement concerning 42,674,146 ordinary Elica S.p.A. shares, with voting rights, representing 67.391% of the share capital, broken down as follows:

- a) FAN: 3,445 shares with voting rights, representing 52.809% of the entire share capital of Elica;
- b) TIP: 9,233,701 shares with voting rights, representing 14.582%<sup>2</sup> of the entire share capital of Elica;

The provisions of the Agreement shall apply to the shares referred to in points (a) and (b).

In line with the previous agreement, which is expiring, the FAN and TIP Agreement seeks to govern certain aspects concerning: (i) Elica's corporate governance, (ii) the transfer of interests in Elica's capital, and (iii) mutual consultation before casting votes at Elica's Shareholders' Meeting, to identify Elica's best interest (without seeking to give rise to any constraints on voting), effective July 22, 2022.

The agreement replaced the shareholders' agreement signed by the same parties on July 24, 2019, which expired on July 26, 2022.

The key information regarding the Shareholder Agreements was published as per Article 130 of the Issuers' Regulation on Elica S.p.A.'s website, <https://corporate.elica.com/en/governance/corporate-documents> and on the website of the authorised storage mechanism "1INFO" at [www.1info.it](http://www.1info.it).

As of today's date, TIP has a minority interest in the Company, which, as of the date of this report, amounts to 21.380% of the share capital.

This did not impact control over Elica which, as per Article 93 of the CFA, is held by Mr. Francesco Casoli, Chairperson of the Board of Directors of the Company.

**h) Change of control clause (as per Article 123-bis, paragraph 1, letter h), CFA) and Shareholder provisions concerning Public Purchase Offers (Article 104, paragraph 1-ter and 104-bis, paragraph 1)**

Agreements are in place of a commercial and financial nature and/or concerning investments of the Company in its subsidiaries, of a confidential nature, which provide, among other matters, for the right to withdrawal or to purchase/sell shares of the subsidiaries to the other contracting party, in the case of change of control of the Company. The resolution of an individual agreement would not significantly impact the Company.

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<sup>2</sup> see "TABLE 1 - INFORMATION ON THE OWNERSHIP STRUCTURE at 31/12/2022".

The Company By-Laws do not provide for exceptions to the passivity rule pursuant to Article 104, paragraphs 1 and 1 of the CFA, nor the application of the neutralisation rules pursuant to Article 104-*bis*, paragraphs 2 and 3 of the CFA.

**i) Power to increase the share capital and authorisation to purchase treasury shares (as per Article 123-*bis*, paragraph 1, letter m), CFA)**

At the date of the Present Report, the Board had not been granted powers to increase the share capital under Article 2443 of the Civil Code.

The Company, in accordance with Article 8.4 of the By-Laws, may issue non-convertible and convertible bond loans or with warrants, in accordance with Articles 2410 subsequent of the Civil Code.

The Board of Directors may also issue non-convertible bonds within the limits set out in Article 2412 of the Civil Code and convertible within the limits set by Article 2420-*ter* of the Civil Code.

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With reference to the purchase of treasury shares, the Shareholders' Meeting of April 28, 2022 of Elica again approved, in accordance with Article 2357 and 2357-*ter* of the Civil Code, the procedures and delegated powers to the Board of Directors of the Company to purchase (for a period of 18 months) and utilise (without time limits) ordinary shares of the Company, establishing the manner of completion and delegating to the Board of Directors the power to take any necessary actions in order to give effect to resolutions in accordance with applicable laws.

Acting pursuant to its powers, the Board of Directors authorised a treasury share buy-back programme divided into several tranches.

At March 16, 2023, the Company held 710,350 treasury shares.

The Shareholders' Meeting called for the approval of the 2022 Annual Accounts will, among other things, be requested to renew the approval for the purchase and utilisation of treasury shares. Acceptance of the proposal would result in therefore, among other issues, the withdrawal of the previous authorisation granted on April 28, 2022.<sup>3</sup>

**l) Direction and co-ordination activities (as per Article 2497 of the Civil Code)**

The Company is not subject to management and co-ordination pursuant to Art. 2497 and subsequent of the Civil Code. This conclusion derives from the fact that the controlling shareholder does not carry out management activities within the company and, although exercising voting rights at the Shareholders' Meeting, does not have any involvement in the financial, production or strategic programmed of the Company, which is governed by a Board of Directors responsible for operating control.

The Company's Board of Directors has also appointed a CEO for ordinary operational management.

The Company however continues to carry out its operations through a totally autonomous and independent decision-making process; it has independent decision-making capacity with customers and suppliers and independently manages its treasury in accordance with the business purpose.

The disclosure required by Article 123-*bis*, paragraph 1, letter i) of the CFA are contained in Section 1 of the Remuneration Report, while the disclosure required by Article 123-*bis*, paragraph 1, letter l) first part of the CFA are illustrated in the subsequent section "4.2 Appointment and Replacement" of the present Report.

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<sup>3</sup> For further information, reference should be made to the Report of the Board of Directors' of Elica S.p.A. relating to the proposal to authorise and utilise Treasury Shares of March 16, 2023, available on the Company website.

The information required by Article 123-bis, paragraph 1, point (l) in part 2 of the CFA is detailed in section 13 below - "MEETINGS".

### **3. COMPLIANCE (as per Article 123-bis, PARAGRAPH 2, letter A), CFA)**

The Company complies with the Corporate Governance Code approved in January 2020.

How each principle of the Code is applied in practice is set out in the relevant sections of this Report or through references to other documents which are also published.

The Corporate Governance Code is available on the website of Borsa Italiana S.p.A.: [www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf](http://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf).

The Company, and its subsidiaries, are not subject to laws in force outside Italy which affect the Corporate Governance structure of Elica.

### **4. BOARD OF DIRECTORS**

#### **4.1 ROLE OF THE BOARD OF DIRECTORS**

Elica's Board of Directors plays a key role in pursuing the Company's sustainable success and that of the Group it heads. In 2022, with the favourable opinion of the Control, Risks and Sustainability Committee, the Board of Directors approved an ESG project. Its aim was to successfully integrate sustainability into the business and effectively manage it, and to improve relations with external stakeholders, in collaboration with management. The project led to the establishment of a sustainability board and the development of a sustainability plan that is fully integrated with business strategies. The Board of Directors systematically monitors project implementation and relevant ESG issues at each meeting.

In addition, the Board promotes dialogue with shareholders and other relevant stakeholders, in the most appropriate forms: the "ELICA S.P.A. SHAREHOLDER COMMUNICATION POLICY", approved in 2021, in accordance with Recommendation No. 3 of the Code. The content of the policy, which may be found on the Company's website, was confirmed at the meeting of October 27, 2022.

In March 2022, the Board of Directors gave a positive assessment of the way in which the corporate system operates to carry out the Company's activities and pursue its strategies. Therefore, it proposed no changes to it.<sup>4</sup>

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In accordance with Article 19 of the By-Laws, the Board of Directors are attributed the widest powers for the management of the Company and the faculty to carry out all acts and operations considered necessary

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<sup>4</sup> See also Section 13 - "Shareholders' Meetings."

for the reaching of the corporate objectives, except in the case of those attributed by law to the Shareholders' Meeting or deriving from specific authorisations required by the By-Laws.

The Board of Directors also have the following duties:

- a) merger and spin-off resolutions in the cases established by articles 2505 and 2505-*bis*, of the Civil Code;
- b) the opening, transfer and closing of secondary offices;
- c) the indication of which Directors may represent the Company;
- d) the issue of non-convertible bonds within the limits set out in Article 2412 of the Civil Code and convertible within the limits set by Article 2420-*ter* of the Civil Code;
- e) the reduction of the share capital in the case of return of shares by shareholders;
- f) updating the company By-Laws and the Shareholders' Meeting regulation in accordance with law;
- g) the transfer of the registered office to another municipality in the national territory;
- h) the reduction of the share capital where losses are greater than one-third of the share capital and the Company has issued shares without nominal value.

Elica's Board of Directors is also responsible for:

- the review and approval of the Company's and the Group's business plan, including an analysis of issues relevant to the creation of long-term value (Recommendation No. 1 letter a));
- periodic monitoring of the implementation of the business plan and assessment of general operating performance, periodically comparing the results achieved with those planned (Recommendation No. 1 letter b)), on a quarterly basis;
- defining the nature and level of risk compatible with the strategic objectives of the Company, including in its assessments every element considered significant with regard to the sustainability success of the Company (Recommendation No. 1, letter c)). The Board of Directors is systematically involved in setting sustainable strategic objectives and assesses their compatibility with the defined level of risk;
- establishing the Company's corporate governance system and the structure of the Group it heads (Recommendation No. 1 letter d), first part). Pursuant to Recommendation No. 2 of the Code, at the meetings of March 16, 2022 the Board assessed the corporate model, shares rights and the percentages set out for the exercise of the prerogatives of minority shareholders as appropriate and functional to the needs of the business. It did not deem it necessary or appropriate to prepare reasoned proposals to submit to the Shareholders' Meeting in order to establish a different corporate governance system. For details, see Section 13 "SHAREHOLDERS' MEETINGS" below;
- evaluation of the adequacy of the organisational, administration and general accounting system of the Issuer and of its subsidiaries having strategic importance, with particular reference to the Internal Control and Risk Management System (Recommendation No. 1, letter d), second part). In March and July 2022, the Board concluded that the general operating performance, which has the goal of safeguarding the Company's continuity and competitiveness, was good. It considered that the general organisational, administrative and accounting structure of the Company and its subsidiaries was adequate in terms of the Group's current structure and ongoing strategic projects. Finally, it considered that the Internal Control and Risk Management System was adequate and effective within the parameters identified<sup>5</sup>;
- taking decisions on transactions by the Company and its subsidiaries that have a significant strategic, business or financial impact or an impact in terms of the Company's capital, establishing the general criteria for identifying significant transactions (Recommendation No. 1 letter e)). At its meeting on June 27, 2022, the Board of Directors resolved to approve the transaction for Elica to purchase the remaining stake in the Air Force company, amounting to 40% of Air Force's share capital;
- the adoption, on the proposal of the Chairperson, together with the Chief Executive Officer, of a procedure for the internal management and external communication of documents and information

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<sup>5</sup> See also Section 9, "INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM - CONTROL, RISKS AND SUSTAINABILITY COMMITTEE," below;



relating to the Company, with particular regard to inside information (Recommendation No. 1, letter f)).<sup>6</sup>

For further powers assigned to the Board concerning: composition, functioning, appointment and self-assessment, remuneration policy and the Internal Control and Risk Management System, please see the following sections: 4.3, 4.4, 7.1, 8 and 9.

#### **4.2 APPOINTMENT AND REPLACEMENT (as per Article 123-bis, paragraph 1, letter I), first part, CFA)**

The appointment and replacement of Directors is governed by Article 16 of the By-Laws, which provides for slate voting. This mechanism was latterly adopted on the renewal of the Board of Directors by the Shareholders' Meeting of April 29, 2021.

The provisions for the appointment of the corporate boards are summarised below.

According to the provisions of the current By-Laws, the appointment of the Board of Directors and the Board of Statutory Auditors is carried out through the voting of slates, in accordance respectively with Articles 16 and 24 of the By-Laws.

Only shareholders who individually or collectively hold at least 2.50%<sup>7</sup> of the share capital have the right to present slates or a differing minimum percentage provided for or allowed by regulations.

For the inclusion of the Directors to be elected, consideration is not taken of the slates which have not obtained at least half of the votes required for the presentation of the slates. All those entitled to vote shall vote for only one slate.

Directors must have the requisites of eligibility, professionalism and independence provided by law and the other applicable directives.

Statutory Auditors must also have the requisites of eligibility, professionalism and independence provided by law and the other applicable directives. Specifically, in relation to the professionalism requirement covered by article 1 of Justice Ministerial Decree of March 30, 2000, No. 162, the following fields are deemed to be closely related to the Company's activities: that relating to commercial or tax law, the economy and corporate finance, the manufacturing and design sector, as well as the activities listed in Article 2 of the By-Laws, to which reference should be made.

Except in the situation of ineligibility established by law, no person who covers offices of Statutory Auditor in five or more other companies listed on regulated markets may fulfil the role of Statutory Auditor and if nominated must vacate the office, with exclusion of the subsidiary companies as well as the parent companies and the companies controlled by such, or anyone who covers offices of direction and control in a number higher than that provided by law and the regulations in force.

The presentation of slates for the appointment of the Board of Directors will occur in the manner established by, and in compliance with, Article 16 of the By-Laws, to which reference should be made.

The presentation of slates for the appointment of the Board of Statutory Auditors will occur in the manner established by, and in compliance with Article 24 of the By-Laws, to which reference should be made.

In relation to the appointment of the Board of Statutory Auditors, in the case in which twenty-five days prior to the Shareholders' Meeting only one slate is presented, or only slates related to it are presented, in accordance with Article 144-*sexies*, paragraph 5 of the Issuers' Regulation, slates may be presented up until the third subsequent day to this date or any other date stipulated by the applicable regulation. In this case, the percentage threshold established for the presentation of the slate is reduced by half (1.25% of the share capital).

The slates presented that do not comply in full with the By-Laws shall be considered as not presented. The By-Laws do not provide for the possibility of submitting slates for the outgoing Board. However, the Company has long adopted the best practice that has recently become common in Italy too, where the outgoing Board of Directors provides guidance on the composition of the Board.

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<sup>6</sup> For details, see Section 5 - "MANAGEMENT OF CORPORATE INFORMATION" and Section 12 "RELATIONS WITH SHAREHOLDERS".

<sup>7</sup> The percentage indicated coincides with the percentage holding established by Consob in accordance with Article 144-*quater* of the Issuers' Regulation.

The Company assures that the shareholders are provided adequate information on the profile of the candidates for the offices of Director and Statutory Auditor in the manner set out in the aforementioned Articles, to which reference is made.

With reference to the method of election of the Board of Directors through the “voting of slates”, the By-Laws provide that:

a) from the slate which obtained the highest number of votes (hereafter the “Majority Slate”) all of the members of the Board of Directors are elected except one, as established by the Shareholders’ Meeting, according to the progressive order of the slate;

b) from the slate which obtained the second highest number of votes (hereafter the “Minority Slate”), which is not connected in any way, even indirectly, with the shareholders who have presented or voted on the Majority Slate, the first candidate listed is elected to the Board of Directors.

If, with the candidates elected through the manners stated above, an adequate number of Independent Directors is not elected, however not lower than the amount provided by law, or if the gender balance provisions have not been complied with (including the rounding upwards of the number of members of the Board of Directors in the case of the application of the gender balance quotas not resulting in a full number), the non-independent candidate of the over-represented gender elected last on the progressive numbering of the Majority Slate will be replaced by the first independent candidate of the other gender, according to the respective progressive numbering, not elected on the same Majority Slate.

In the case in which the Majority Slate no longer presents non-elected candidates with the necessary requirements or in the case in which the Majority Slate does not contain a sufficient number of candidates to form the Board in accordance with that established by the Shareholders’ Meeting, the meeting proceeds with their replacement/supplementation by Shareholder majority.

The candidate listed in first position on the Majority Slate is elected as Chairperson of Board of Directors. Should two or more slates receive the same number of votes, a second vote of the Shareholders’ Meeting is taken, with only those tied taking part.

In the case in which only one slate is presented or voted upon, or where only one slate has received at least half of the required votes for presentation, all Directors will be elected from the slate, in compliance with the provisions concerning the composition of the Board of Directors.

Where no slate is presented, the Shareholders’ Meeting votes by Shareholder majority, without following with the above stated procedure, however in such a manner that the applicable regulations concerning the composition of the Board of Directors are complied with.

In relation to the appointment of the Board of Statutory Auditors, considering also compliance with the applicable regulations concerning gender equality (including rounding down where necessary in relation to the under-represented gender), the following is applied:

1) from the slate which obtained the highest number of votes in the Shareholders' Meeting (hereafter the “Majority Slate”), based on the progressive order on the slate, two standing members and one alternate member are elected;

2) from the slate which obtained the second highest number of votes (hereafter the “Minority Slate”) and which, in accordance with current regulations, was presented and voted upon by shareholders who are not connected in any way, even indirectly, with the shareholders who have presented or voted on the Majority Slate, based on the progressive order listed on the slate, one Statutory Auditor and one Alternate Auditor is elected.

The Chairperson of the Board of Statutory Auditors shall be the first candidate on the Minority Slate.

In the case of a tie in the number of votes between two or more slates, the eldest candidates shall be deemed elected.

If voting does not result in compliance with the applicable legal and regulatory provisions in relation to gender balance (including rounding downwards where necessary in relation to the under-represented gender), the elected Statutory Auditor candidate appearing last on the Majority Slate of the over-represented gender is excluded and will be replaced by the next candidate from the same slate belonging to the other gender.

In the case in which the Majority Slate no longer presents non-elected candidates with the necessary requirements, or in the case in which the Majority Slate does not contain a sufficient number of candidates to form the Board of Statutory Auditors, the Shareholders’ Meeting proceeds with their replacement/supplementation by Shareholder majority.

In the case of the replacement of a Statutory Auditor, the Alternate Auditor from the same slate joins the Board, on condition that the applicable legal and regulatory provisions are complied with.

The previous provisions in relation to the election of Shareholder auditors are not applied to Shareholders' Meeting for which only one slate is presented or voted upon or in the shareholders' meetings which provides in accordance with law for the appointment of Shareholder auditors and/or Alternate Auditors necessary to complete the Board of Statutory Auditors following replacement or resignation. In this case, the Shareholders' Meeting votes by majority.

The By-Laws are available on the website <https://corporate.elica.com/en/governance/corporate-documents>, that of Borsa Italiana S.p.A. and at the registered office.

#### **4.3 COMPOSITION (as per Article 123-bis, paragraph 2, letters d) and d) bis), CFA)**

In accordance with the provisions of Principle V. of the Code, the Company's Board of Directors consists of Executive and Non-Executive Directors with the skills and professionalism appropriate to their duties. As per Article 16 of the By-Laws, the Company is administered by a Board of Directors made up of between 5 and 11 members, including non-shareholders.

On April 29, 2021, the Shareholders' Meeting of the Company conferred administration to a Board of Directors comprising seven members, establishing the conclusion of mandate as the approval of the 2023 Annual Accounts.

The Shareholders' Meeting of April 29, 2021 was presented with a single slate by the majority shareholder FAN S.r.l. for the appointment of the Directors who proposed as Directors:

Francesco Casoli, Giulio Cocci, Elio Cosimo Catania, Angelo Catapano, Liliana Fratini Passi, Monica Nicolini and Susanna Zucchelli.

The result of the voting of Shareholders present at the Shareholders' Meeting was as follows:

- votes in favour of Slate 1 – 51,645.667, equal to 99.920212% of votes;
- votes against Slate 1 - 13,321, equal to 0.025772 of votes.

The candidates listed above were therefore elected and Francesco Casoli took the role of Chairperson. The Board of Directors delegated powers to Francesco Casoli and Giulio Cocci, appointing the latter Chief Executive Officer.

The composition of the Board of Directors has remained unchanged up until the date of this Report:

- Francesco Casoli (Chairperson)
- Giulio Cocci (Managing Director and Chief Executive Officer),
- Elio Cosimo Catania (Independent Director),
- Angelo Catapano (Independent Director),
- Liliana Fratini Passi (Independent Director),
- Susanna Zucchelli (Independent Director)
- Monica Nicolini (Independent Director).

In the current composition of the Board, the number and skills of the Non-Executive Directors are such as to ensure that they have a significant weight when Board resolutions are taken and to ensure that management is effectively monitored.

All Non-Executive Directors were independent after their appointment; the assessment of independence was carried out using the procedures set out in Recommendation No. 6 of the Code.

When submitting their applications, all members stated that there were no grounds that would give rise to their ineligibility, revocation of the office or incompatibility, and that they met the requirements imposed by law for holding the office, including the independence requirements, pursuant to both the Code and the CFA.

No Director who qualified as an Independent Director disclosed that he or she had any material business, financial or professional relationships within the meaning of Recommendation No. 7(c) or (d) of the Code. The Directors who qualified as independent confirmed that they do not have any direct or indirect shareholdings in the Company, nor had they had any in the previous year.

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Brief curricula vitae of the Directors in office at March 16, 2023 are presented below.

**Francesco Casoli:** Chairperson of the Board of Directors of the Company since April 12, 2006; previously he was the Chief Executive Officer. He is the son of Ermanno Casoli, founder of Elica S.p.A., in which he has worked since 1978;

in 1990, at just 29 years of age, he was appointed Chief Executive Officer of the Company. He is the Chairperson and Chief Executive Officer of FAN S.r.l., the Sole Director of Fintrack S.p.A. and Vice-Chairperson and Director of the Ermanno Casoli Foundation. He is also Sole Director of Ermanno S.r.l. and Director of Fastnet S.p.A. (until November 21, 2021), Sole Director of SAFE S.r.l. and Chairperson of the Board of Directors of La Ceramica. He is a member of the Board of Directors of Fileni Alimentare S.p.A. From June 2005 to March 2006, he was the Chairperson of Assindustria in the Province of Ancona. At the elections of April 9 and 10, 2006, he was elected to the Senate of the Italian Republic and re-elected in the elections of 2008, leaving the house in March 2013. In June 2017, he was knighted "Cavaliere del Lavoro" by the President of the Italian Republic. Between August 2013 and March 2015, he was a Director of the Finnish company Efore PLC, listed on the Nasdaq Omx Helsinki OY (small cap segment). Since May 2019 he has been Chairperson of AIDAF (Italian Association of Family Businesses).

**Giulio Cocci:** Senior Executive with over 20 years' international experience in complex multinational companies in the roles of Group CFO, Corporate Controller and I.R. An Economics and Business graduate from the "Giorgio Fuà" Faculty of Economics at Marche Polytechnic University, he has a thorough knowledge of operational and commercial processes, restructuring and turnaround, acquired through roles of increasing responsibility in the UK, Italy, Spain, Turkey and Russia. Hands-on, results-oriented, able to develop and build highly motivated teams. He was Group Chief Financial Officer at Elica S.p.A. from 2019 to 2021; Group Controlling & IR Director, Elica S.p.A. (2018 - 2019); CFO Russian Federation & CIS, Whirlpool Corp. (2014 - 2017); Regional Finance Director East EU, Indesit Company (2013 - 2014); CFO Turkey, Indesit Company (2011 - 2013); CFO & Back Office Manager Spain, Indesit Company (2009 - 2011); Regional Controller Italy, Turkey & China, Indesit Company (2007 - 2009); Regional Controller UK Area, Indesit Company (2003 - 2007).

**Angelo Catapano:** Entrepreneur and manager, with more than 30 years' experience in financial and strategic consulting. His main focus is seeking to align the corporate aspects of business growth and development with creating value - including financial value - for partners and stakeholders. He graduated cum laude in Economics from the University Federico II of Naples, and obtained an MBA from the School of Business Administration (SDA) at Bocconi University. Since February 2021, Senior Partner and Co-Founder of Itaca Equity, an investment company - launched with Sergio Iasi and Massimo Lucchini and Tamburi Investment Partners (TIP), and involving 42 Italian Family Offices. The company's purpose is to provide financial support to companies in difficulty that need capital and/or strategic/industrial repositioning. From 1994 to 2020, founder, executive manager and senior advisor in strategic consulting companies (Long Term Partners) and financial consulting companies with a focus on M&A and Private Equity (mainly Medinvest S.p.A.). His assignments also included financial companies and Private Equity funds (Medinvest International ScA and Progressio II Fund). Previously, he held positions in Industrial Groups (Ferruzzi/Montedison Group, then Enimont Group and, at the beginning of his professional career, SIR Group).

**Liliana Fratini Passi:** A graduate in Economics from the University La Sapienza of Rome, she obtained a master's in Economics and Management of Financial and Insurance Intermediaries from the LUISS Business School in Rome and, more recently, a diploma for the Board Academy - University Advanced Course in the area of Governance, Risk and Compliance from the same LUISS Business School. In over twenty years she has gained significant experience in the digitisation of financial and payment services. She is the author of numerous articles and papers, including in the international press, a key note speaker, and a recognised opinion leader in Transaction Banking, Fintech, Electronic Payments, Open Banking, Diversity & Inclusion. She has served as an expert on electronic invoicing for the European Commission and has chaired the Trade Facilitation Table at the Ministry of Economic Development. She is General Manager of CBI S.c.p.a. and Independent Director of Banca Progetto S.p.A. Internationally, she is UN/CEFACT Vice President and Italian representative at ISO Technical Committee 68 Financial Services and ISO 20022 RMG. In 2021, she was included by Forbes Italy among the "100 most influential Italian women of 2021," nominated as one of the "Inspiring Fifty Italy," and named "Woman in FinTech of the year" for the third edition of the Women in Finance - 2020/2021 Italy Awards, sponsored by the British Embassy in Italy, Freshfields Bruckhaus Deringer and Lener & Partners, and in collaboration with Borsa Italiana. She was also named "Managing Director of the Year - Banking" by Le Fonti Awards, for both 2021 and 2022.

**Elio Cosimo Catania:** A graduate in Engineering from the University La Sapienza of Rome, he obtained a Masters in Management Science from the 'Sloan Fellow School' of the Massachusetts Institute of Technology (MIT) in Boston. He spent part of his career at IBM, rising to senior positions such as President and CEO of IBM Latin America, Southern Europe and Italy and member of the global Management Council. He has been Chairperson and CEO of Ferrovie dello Stato, Chairperson and CEO of Azienda Trasporti Milanesi (ATM) and Deputy Vice-Chairperson of Alitalia. Former member of the Board of Directors of Luiss, Bnl, Intesa San Paolo, Telecom Italia. He has served as Chairperson of Confindustria Digitale, Vice-Chairperson of Cnel and Advisor to the Minister for Economic Development for the drafting of the NRRP. He is President of Innovatech, a listed company in the energy field, and President of Mexedia. He is a member of the Board of Assonime, of the Council for Relations between Italy and the United States (Crisu), and of the Board of Directors of Fondazione Asphi Onlus. He received the Cavaliere del Lavoro knighthood in 2001.

**Monica Nicolini:** born in Pesaro (PU), on 16/04/1963, is a court of cassation lawyer with experience in the field of M&A, Private Equity and Capital Markets for national and international groups, and in the field of credit with consulting assignments for leading banking groups. Lecturer on courses and seminars and speaker at conferences on corporate issues. Board member of the Ermanno Casoli Foundation, the Pesaro Nuovo Cinema Foundation and the

Rossini Opera Festival Foundation. Chairperson of the ABIO Supervisory Board (hospital children's association) and member of the management board. Member of the Bellisario Foundation and WCD Women Foundation Corporate Directors.

**Susanna Zucchelli:** With Hera since 2006, she has held senior positions in several Group companies. She is currently Water Director, with responsibility for managing networks and facilities for the integrated water service throughout Hera S.p.A.'s area; she is also Diversity Manager of the Hera Group, with the goal of developing and consolidating policies on workplace equality, equal opportunities and valuing diversity. Previously, she gained extensive experience in numerous companies: from 2002 to 2006, she was Chief Executive Officer of Geasar S.p.A., the company that manages Costa Smeralda Airport, inaugurating the new air terminal and driving forward the tourism, commercial and cultural development of the area; from 1996 to 2002, she was Sales and Marketing Director of Save S.p.A., Marco Polo Venice Airport, and from 1992 to 1996, Head of Marketing and Communication at Marconi Bologna Airport S.p.A. She is currently a member of the Board of Directors of Valsoia S.p.A. and Elica S.p.A and Valsoia S.p.A.. She covered similar roles in the BoDs of Interporto Bologna S.p.A., BolognaFiere S.p.A. and SEA S.p. A - airports of Milan. She was President of Promobologna. She is a Director of Valore D, a member of the President's Council of ANCE Emilia and coordinator of the Bellisario Foundation in Emilia-Romagna. Since 2021, she has been Director of the Emilia-Romagna Committee of the AIRC Foundation for Cancer Research.

She has also held numerous positions with various Italian and European associations.

In 2005, together with Cinzia Sasso, she published 'Un ora sola io vorrei, manuale per riprendersi il tempo che c'è', ed. Sperling and Kupfer. After graduating from the University of Bologna with a degree in Modern Languages, she specialised in marketing, sales and business leadership and management, and earned a master's in business administration.

### **Diversity criteria and policies for the Board and organisation**

Pursuant to Principle VII. of the Code, Elica applies diversity criteria, including gender criteria, for the composition of the Board of Directors, in compliance with the prime objective of ensuring sufficient skill levels and professionalism among its members. The Company has adopted a "Diversity Policy" setting out the diversity criteria generally adopted by Elica with regards to the composition of the corporate boards, including: age, gender, training and professional development. The criteria set out in the policy take account of the provisions of the Code and are utilised by the Board of Directors for the replacement of its members and the renewal of the Corporate Boards.

In implementing this policy, approved by the Board on November 13, 2017, on the proposal of the Appointments and Remuneration Committee and most recently confirmed on February 14, 2023, the Company seeks to ensure, on the appointment and replacement of Directors, the emergence of as diverse a range of candidates as possible in view of company requirements, establishing the conditions for "Group think", supporting therefore debate and potentially improving the quality of Board decision-making. In determining the criteria, the Company takes into account as many elements of diversity as possible with the aim of ensuring that the corporate board includes a sufficient diversity of viewpoints and skills. These are required for a good grasp of the business, risks, the long-term opportunities inherent in the company's activities and the impact of its activities on the interests of the various stakeholders.

The Appointments and Remuneration Committee, in drawing up its opinions for the Board of Directors with regards to the size and composition of the Board and in expressing recommendations with regards to the professional roles whose presence on the Board are considered beneficial (in compliance with and in implementation of the "Executive Director succession plan", where applicable), takes into consideration the "Diversity Policy" and at least adopts the criteria indicated therein. The Board, having assessed the proposals of the Appointments and Remuneration Committee, taking account of the "Executive Director succession plan", where applicable, the "Diversity Policy" and the results of the Board Evaluation, proposes candidate profiles considered most suitable for the Board.

In order to promote gender balance, one step Elica has taken is to amend its By-Laws, requiring two-fifths of the candidates of the under-represented gender in the composition of the Board; the Company's current Board of Directors consists of three members from the under-represented gender out of the seven.

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Equal treatment and opportunities are valued and pursued across the whole company organisation. With the aim of promoting equal treatment, the Group adopts policies that to provide safeguards in the areas

of selection, training, remuneration rewarding and management career prospects. Elica Group companies have also set up reporting channels and penalties in the event that these policies are infringed.

#### **Maximum number of offices held in other companies**

Although Elica does not fall within the definition of a large company as defined by the Code, Elica's Board of Directors, in the Explanatory Report of the Board of Directors to the Elica Shareholders' Meeting called for April 29, 2021 for the appointment of the new Board, expressed its view on the maximum number of Director or Statutory Auditor appointments that may be considered compatible with the proper fulfilment of the role of Company Director, fixing at five the maximum number of offices of administration and control in other listed companies (including abroad). This maximum number was confirmed at the Board meeting held on March 16, 2022.

The candidates for appointment, current members of Elica's Board of Directors, meet this requirement.

#### **4.4 FUNCTIONING OF THE BOARD OF DIRECTORS (as per Article 123-bis, paragraph 2, letter d) of the CFA)**

The Company is managed, under a traditional governance system, by a Board of Directors, which sets out the rules and procedures for its operation, partly in order to ensure effective management of Board information in compliance with Principle IX of the Code.

For the rules on the operation of the Board of Directors, please refer to Articles 16 et seq. of the By-Laws, available at <https://corporate.elica.com/en/governance/corporate-documents>. In addition, in compliance with Recommendation No. 11. of the Code, Elica has adopted a Board of Directors' Regulation, most recently amended on February 12, 2021, containing the operating rules of the Board itself (and of its committees, where applicable and where not governed by the committees' specific regulations). This Regulation sets out the roles and functions of the Directors and the Secretary, the methods for setting the meetings calendar and agenda, the procedures and deadlines for pre-meeting information, the conduct of meetings and minute-taking.

The Board's documents are made available to the Directors and Statutory Auditors, in compliance with the Code and the Regulation, using procedures that guarantee the required confidentiality. It should be noted that, under the Regulation, the confidentiality of information is not a justification for delay in making Council documents available; the Board considers that the deadline of five days before the date of the meeting for sending documents is reasonable, and it is generally complied with. In 2022, the deadlines for submitting documents were usually met, and the Directors found the quantity and quality of the information provided to be adequate. In any case, during the meeting, the Chairperson ensures that it is possible to obtain further information regarding all the issues to permit full and proper evaluation of the facts presented for the Board's consideration.

In order to ensure that there is an accurate and agreed record of what was said at the meeting and the key content, the Secretary sends the minutes to the Directors and Statutory Auditors as soon as possible after the meeting. The version of the minutes that is produced in print is normally presented at the next Board meeting; in the meantime, any resolutions passed remain in force.

The Board of Directors periodically evaluates the adequacy of the Regulation and pre-meeting information provided, and has given it a positive evaluation, most recently at its meeting of February 14, 2023.

In accepting their appointment, the Directors have concluded that they can devote the necessary time to diligently carrying out the office they hold, taking into account the commitments of their own working or professional activities and the number of positions they hold in other companies. In addition to the formal Board meetings, the Directors ensure that they have sufficient time to study in depth issues of strategic importance for the Company and to contribute, each within their area of competence, to setting the objectives in line with the Code's principles.

TABLE 2 - STRUCTURE OF THE BOARD OF DIRECTORS and TABLE 3 - STRUCTURE OF THE COMMITTEES, indicate, respectively, attendances by Directors at the meetings of the Board of Directors and the

Committees (Control, Risks and Sustainability Committee and the Appointments and Remuneration Committee) in the period from January 1, 2022 to December 31, 2022.

In the year 2022:

- the Board of Directors met nine times (the average meeting was approx. 2 hours), respectively on February 10, March 16, April 28, June 27, July 11, July 28, September 28, October 27 and December 19;
- the Control, Risks and Sustainability Committee met four times (the average meeting was approx. 1 hour 45 minutes), and specifically on February 3, March 10, July 21 and October 25;
- the Appointments and Remuneration Committee met four times (average meeting duration of approx. 1 hour), respectively on February 3, March 10, April 28 and October 25.

Minutes are kept of the Board and Committee meetings and the Chairpersons of each Committee reported upon such at the next appropriate meeting.

In relation to 2023, at the date of this Report, five meetings of the Board of Directors are scheduled, on the approval of periodic financial statements and on the Shareholders' Meeting. For further details, the corporate events calendar of the Company may be consulted on the website <https://investors.elica.com/en/financial-calendar/>.

Also with reference to the year 2023, the Appointments and Remuneration Committee and the Control, Risks and Sustainability Committee have met twice on February 9 and March 9. At least five meetings are scheduled for each Committee in the year 2023, with pre-set calendar dates taking account of the sequence of board meetings with respect to those of the Board of Directors.

#### **4.5 ROLE OF THE CHAIRPERSON OF THE BOARD OF DIRECTORS**

The Chairperson of the Board of Directors liaises, with the Secretary's support, between the Executive and Non-Executive Directors and ensures the effective functioning of the Board's activities in accordance with Principle X. of the Code. More specifically, the Chairperson:

- calls the Board meetings and ensures, in particular, the ensures that suitable pre-meeting information is provided, as well as additional information provided during the meetings, enabling the Directors to act on an informed basis, in accordance with Recommendation No. 12 letter a) of the Code;
- in accordance with Recommendation No. 12. letter b) of the Code, checks that the Committees' activities are coordinated with those of the Board through an ongoing dialogue with the Committee Chairpersons;

Moreover, the Chairperson has systematically focused on initiatives to provide the management and control bodies, after their appointment and during their term of office, with adequate knowledge of the business sectors in which the Company operates, of corporate dynamics and changes to them. This has been partially in terms of pursuing sustainable success, as well as the principles of proper risk management and the applicable regulatory and self-regulatory framework (Recommendation No. 12. letter d) of the Code). Directors and Statutory Auditors keep a channel of communication with the Company constantly open to allow them both to share important decision-making issues in advance and to discuss matters of interest in depth outside Board meetings.

Directors have the opportunity at Board sessions and at specifically scheduled information sessions to learn more about the Company and its managers.

At the Board meeting of October 27, 2022, the results of the 2022 self-assessment, which was carried out through a questionnaire, at the proposal of the Appointments and Remuneration Committee, were presented to the Board. The assessment produced a positive picture and some points for improvement,

which were implemented. See Section 7, "SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS - APPOINTMENTS COMMITTEE," for details.

At Board meetings, Giulio Cocci - who, in addition to his role as Chief Executive Officer, oversees the Investor Relations function - reports on the progress and key content of the dialogue with Stakeholders, in compliance with Recommendation No. 3 of the Code.

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Following that resolved by the Board meeting of April 29, 2021, the following powers were attributed to the Chairperson of the Board of Directors:

representation of the Company against third parties and in legal matters, general supervision of the strategic policies of the Company as well as all powers which the By-Laws attribute to the Board of Directors with the exception of those non-legally delegable and the following powers which remain the exclusive remit of the Board of Directors:

- approval of the annual budget;
- purchase and/or sale of investments, businesses and business units, rental of businesses and/or business units, for a unitary amount above Euro 3,500,000.00;
- provision of secured and non-secured guarantees, including atypical, for third party obligations of a unitary amount above Euro 3,500,000.00;
- obtainment of loans of a unitary amount above Euro 5,000,000.00;
- conclusion of leasing or rental contracts for a unitary amount above Euro 3,500,000.00;
- purchase and/or sale of assets for a unitary amount above Euro 3,500,000.00;
- purchase and/or sale of brands, trademarks and industrial property rights in general, as well as the conclusion of related licences;
- appointment of the General Manager of the Company;
- every deliberation regarding the exercise of the voting right of subsidiary and/or associated companies for matters related to the present list of powers.

A further exception to the powers attributed to the Chairperson Francesco Casoli relates to the powers concerning that of "employer" as per Legislative Decree No. 81/2008, of person in charge of the protection of the environment pursuant to Legislative Decree No. 152/2006, of "data controller" of the processing for Elica S.p.A. of personal data pursuant to Legislative Decree No. 196/03, of person in charge of the substitute storage pursuant to the DPCM of 3/12/2013, and subsequent amendments and supplements; powers which have been attributed to the Chief Executive Officer of the company.

The unitary limits stated above also include several operations of the same nature classifiable by manner, terms or scope as a single transaction.

In relation to all of the powers conferred, the Executive Chairperson will have the faculty to appoint powers of attorney for single acts or categories of acts.

The Board of Directors conferred the powers above to the Chairperson, in consideration of the role which the Chairperson has had and has in the growth of the Company and based on his experience and professionalism in the sector.

#### **Secretary to the Board of Directors**

On the proposal of the Chairperson, the Board of Directors appointed Francesca Pisani, the Company's General Counsel, as Secretary of the Board. The appointment was formalised at the meeting of February 12, 2021 following an evaluation of the requirements concerning professionalism, independence and experience. Pursuant to the By-Laws, the Chairperson of the Board of Directors is responsible for appointing the Secretary; however, the Board's rules provide that, as a general rule, the Chairperson shall submit the appointment of the Secretary to the Board for consideration.



The Board's Regulation lays down the requirements and duties of the Secretary in accordance with the Code.

In 2022, the Board of Directors was supported by the Secretary in the organisation of its work. Specifically, the Secretary provided assistance to the Chairperson on activities associated with the proper functioning of the Board of Directors, including the activities referred to in Recommendation No. 12. of the Code and impartially provided the Directors with legal assistance and advice on Corporate Governance matters.

The Secretary also took the minutes of the meetings in accordance with the provisions of the By-Laws and the Board's Regulation.

In carrying out his/her activities, the Secretary is assisted by in-house staff in the company secretariat and, if necessary, by external consultants.

#### **4.6 EXECUTIVE DIRECTORS**

##### **Chief Executive Officers**

Giulio Cocci was appointed Chief Executive Officer of the Company on March 16, 2021 and confirmed as a Director by the Shareholders' Meeting of April 29, 2021.

By resolution of April 29, 2021, the Board of Directors confirmed Giulio Cocci in his role as Chief Executive Officer, with the following powers:

representation of the Company against third parties and in legal matters, as well as all powers which the By-Laws attribute to the Board of Directors with the exception of those of extraordinary administration, those non-legally delegable and the following powers which remain within the exclusive remit of the Board of Directors:

- approval of the annual budget;
- purchase and/or sale of investments, businesses and business units, rental of businesses and/or business units, for a unitary amount above Euro 3,500,000.00;
- provision of secured and non-secured guarantees, including atypical, for third party obligations of a unitary amount above Euro 3,500,000.00;
- obtainment of loans of a unitary amount above Euro 5,000,000.00;
- conclusion of leasing or rental contracts for a unitary amount above Euro 3,500,000.00;
- purchase and/or sale of assets for a unitary amount above Euro 3,500,000.00;
- purchase and/or sale of brands, trademarks and industrial property rights in general, as well as the conclusion of related licences;
- appointment of the General Manager of the Company;
- every deliberation regarding the exercise of the voting right of subsidiary and/or associated companies for matters related to the present list of powers.

The unitary limits stated above also include several operations of the same nature classifiable by manner, terms or scope as a single transaction.

In relation to all of the powers conferred, the Chief Executive Officer has the faculty to appoint powers of attorney for single acts or categories of acts.

The Chief Executive Officer is the primary party responsible for the management of the issuer.

The Chief Executive Officer was assigned the role of appointed officer for the protection of the environment, in accordance with Legislative Decree No. 152/2006 and associated decrees, with the power to delegate, as well as all the powers, none being excluded, concerning the programming, organisation, management and control of the company in relation to occupational health and safety and, in particular, the powers of organisation and selection and of prevention and protection measures in order to ensure the full discharge of legal and corporate obligations in implementing safety measures and associated control, guaranteeing full and prompt compliance and thorough observance by the company and all employees of rules concerning workplace safety and hygiene, suitably informing and instructing personnel in charge and all specialists, and assiduously controlling the facilities, offices and external building sites with full and total decision-making autonomy and independence, as well as with full and unlimited powers of

expenditure in relation to all that is necessary to equip the company, facilities, offices and external building sites with all the suitable resources for the protection of the safety and health of workers and third parties required by laws on the security and protection of workers' health, enacted and to be enacted in future and, in particular, by Legislative Decree No. 81/2008 and subsequent amendments and supplements, and associated laws.

The Chief Executive Officer assumed the role and functions of "employer", pursuant to and in accordance with Article 2, paragraph 1, letter b) of Legislative Decree No. 81/2008 concerning the prevention of accidents and the protection of workers' health at the workplace, with reference to all the company's workers and work premises, wherever they are located, and in any case where the company has legal responsibility or legal title of the sites and organisation, with powers to delegate all the obligations to be complied with and the requirements to be implemented, in compliance with the provisions of Legislative Decree No. 81/2008 and the organisation, management and control model of Elica S.p.A. as per Legislative Decree No. 231/2001, with the exception of those that cannot be expressly delegated pursuant to Article 17, letters a) and b) of Legislative Decree No. 81/2008. Such powers of delegation, where exercised, should comply with the parameters indicated in Article 16 of the mentioned Decree.

In addition, the Chief Executive Officer was attributed all the powers, within the provisions of law, of the "data controller" for the processing by Elica S.p.A. of personal details in accordance with Legislative Decree No. 196/03 and subsequent amendments and supplements, including the representation of the Company with third parties and the Data Protection Authority.

The Chief Executive Officer was also appointed electronic storage manager pursuant to DPCM of December 3, 2013, granting him/her full decision-making powers and without expenditure limits, with the power to delegate some of his duties to persons with appropriate professional and technical characteristics.

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

Please refer to Section 4.5 above, "ROLE OF THE CHAIRPERSON OF THE BOARD OF DIRECTORS".<sup>8</sup>  
Disclosure to the Board by Directors and delegated bodies

In order to guarantee transparency and proper disclosure within the Company relating to the activities carried out by the Directors with operational powers, and in conformity with the By-Laws and Board Regulations, the Executive Directors report in a timely manner, and at least quarterly, to the Board of Directors and the Board of Statutory Auditors in relation to the activities carried out in execution of the powers delegated, on the general performance and on the outlook, as well as on significant operations for size or characteristics carried out by the Company and its subsidiaries. The company boards also report upon any atypical and unusual transactions with related parties and/or which may cause potential conflicts of interest, on their own behalf or of third parties, as well as concerning the strategic plan, industrial and financial projects of the Company and of the Group.<sup>9</sup>

In 2022, the Executive Directors reported systematically to the Board in relation to the powers delegated to them.

#### **Other Executive Directors**

No other Directors apart from those indicated in the present Section 4.6 are considered as Executive Directors within the Company.

Specifically, there are no other Directors on the Board who have been granted management powers by the Board or who hold the office of Chairperson, Chief Executive Officer or management positions within the Company, a subsidiary or the parent company.

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<sup>8</sup> The Chairperson of the Board of Directors, Francesco Casoli acts as the Sole Director of Fintrack S.p.A. and is the Executive Director of FAN S.r.l.

<sup>9</sup> For further information on the procedures concerning transactions with related parties and/or those which may give rise to potential conflicts of interest, reference should be made to the subsequent section 10. "HOLDINGS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES", in addition to the "Related Party Transactions Policy", available on the Company website <https://corporate.elica.com/en/governance/internal-control-system>.

#### 4.7 INDEPENDENT DIRECTORS AND LEAD INDEPENDENT DIRECTOR

When submitting their applications, all members of the Board of Directors stated that there were no grounds that would give rise to their ineligibility, revocation of the office or incompatibility, and that they met the requirements imposed by law for holding the office, including, where applicable, the independence requirements pursuant to the Code and the Consolidated Finance Act ("CFA").

Directors who qualify as Independent Directors have undertaken to maintain their independence during their term of office and, if appropriate, to resign.

On the appointment of the current Board of Directors on April 29, 2021, the Board - based on the statements made by each Director and the information available - verified the requirements relating to each of them and, specifically, the independence requirements in relation to Directors Angelo Catapano, Elio Catania, Liliana Fratini Passi, Monica Nicolini and Susanna Zucchelli. The assessment found them to be independent pursuant to the CFA and the Code. Francesco Casoli, Chairperson of the Board of Directors, and Giulio Cocci, Chief Executive Officer, do not qualify as independent.

At the beginning of its term of office, the Board also established quantitative and qualitative criteria for defining the significance of commercial, financial and professional relationships and additional remuneration for the purposes of the independence assessment, in accordance with Recommendation No. 7. of the Code. The adequacy of these criteria is reviewed annually.

More specifically, the Board assessed the significant relations and additional remuneration of Directors and Statutory Auditors where (i) this exceed the total amount of fixed annual remuneration for the office and for any participation in committees and (ii) the total annual remuneration exceeds Euro 25,000.

For the purposes of applying the circumstances set out in Recommendation No. 7. of the Code, the Board has defined the following as "close family members" of the person whose independence is being assessed: parents, children, spouses who are not legally separated and persons living with them and any other person who may fall within the definition of a "related party" pursuant to the Related Party Transactions Policy.

No Director who qualified as an Independent Director disclosed that he or she had any significant commercial, financial or professional relationships within the meaning of Recommendation No. 7. letter c) and (d) of the Code. None of the Directors appointed has declared that they have, or have had in the last three financial years, relations that compromise or appear to compromise their independence, pursuant to the Recommendation.

The criteria adopted are also applied for the purposes of assessing the independence of Statutory Auditors.

According to their statements and the information available to the Company, the close relatives of the Directors who have declared themselves to be independent and of the Statutory Auditors do not have any relationship with Group companies.

In assessing independence, the Board has considered all available information and has applied all the criteria set out in the Code. The Board of Statutory Auditors confirmed the correct application of the assessment criteria and procedures adopted by the Board to evaluate the independence of its members; this assessment was communicated to the market.

The number and skills of the Independent Directors are adequate for the needs of the Company and for the functioning of the Board, as well as for the establishment of the corresponding Committees, as provided for by Recommendation No. 5. of the Code.

The contribution of the Independent Directors permits the Board to evaluate with sufficient independence in cases of potential conflicts of interest of the Company with the controlling shareholders. The assessment of the independence of members of corporate boards was repeated at the meeting of March 16, 2022 and, most recently, the meeting of March 16, 2023. Following the assessment, Independent Directors Angelo Catapano, Elio Cosimo Catania, Liliana Fratini Passi, Monica Nicolini and Susanna Zucchelli were found to be independent, pursuant to the CFA and the Code. The members of the Board of Statutory Auditors were also found to be independent.

In 2022, the Independent Directors, in accordance with Recommendation 5. of the Code, met on October 21, also to discuss the functioning of the Board and of the Committees, the role of the Directors and to agree proposals for ensuring the provision of better support to management and value to the Company: The meeting was coordinated by Monica Nicolini, the Lead Independent Director; for further details see the section "Lead Independent Director" below.

With regard to the verification of the independence of the members of the Board of Statutory Auditors, the latter successfully verified the independence of its members and notified the Board accordingly. The outcome of the independence assessment was publicised to the market via a press release.

#### ***Lead Independent Director***

On April 29, 2021, following the appointment of the new Board of Directors, the Company assigned the role provided for in Recommendation No. 13. of the Code (Lead Independent Director), to Monica Nicolini. The Lead Independent Director has the right on their own initiative or upon the request of the other Directors, to summon meetings of the Independent Directors in order to discuss issues that are considered relevant regarding the functioning of the Board of Directors or management in general.

From the appointment date and for the year 2022, the Lead Independent Director operated as a reference point for the other Independent Directors, collaborating, among others, with the Chairperson of the Board of Directors, in order to guarantee complete and timely information for the Independent Directors.

The Board considered it necessary to appoint a Lead Independent Director in consideration, among other issues, of the extent of the duties conferred to the Chairperson of the Board of Directors (although he does not act as CEO.) and the offices held in the Company's holding company. The Chairperson of the Board of Directors Francesco Casoli is the majority shareholder of the holding company which indirectly controls the Company and holds the position of Director at Elica's parent companies; therefore, he indirectly controls the Company in accordance with Article 93 of the CFA.

## **5. MANAGEMENT OF CORPORATE INFORMATION**

Pursuant to Recommendation No. 1. letter f) of the Code, the Company has adopted a Regulation concerning the internal management and outside communication of documents and information regarding the Company, particularly in terms of inside information, as defined by the provisions of Article 7, Regulation 596/2014/EC and Article 114, paragraph 1 of the CFA. The Regulation was last updated in March 2020.

The regulation adopted by the Company is divided into two parts. The first part sets out the handling of company information and outlines in general, also with regards to the subsidiaries, the means for the identification and handling of inside information, including: the relative disclosure, the delay of communication to the public, penalties in the case of non-compliance with the regulation, in addition to the situations in which the Company may decide to carry out market soundings.

The second part governs the setting up, management and updating of the list of persons, who based on their work or professional activities or the duties conferred to them, have access to the information indicated at Reg. (EC) 596/2014/EU and Article 114, paragraph 1 of the CFA.

The Company has published the provisions of this regulation internally within the Company and its subsidiary companies and has systematically managed and communicated the inside information published from time to time in accordance with the regulation and applicable legislation.

Most recently in March 2020, the Board of Directors of the Company in addition updated the "Insider Information Policy" and the "Management of the Insider Register" policy.

Giulio Cocci has been given the role of Investor Relations Manager and the task of maintaining the Company's Insider Register. He is also the Company's Chief Executive Officer. The Investor Relations Manager is operationally supported by Lerxi Consulting, an outsourcing company that provides management consulting services in the fields of Investor Relations, Corporate, Financial Communication and Equity Capital Markets for listed and unlisted companies. Another consulting company provides support on the maintenance of the Insider Register and compliance activities.

The Investor Relations Manager is assigned the duties of (i) fostering the Company relationships with the financial community; (ii) enabling continuous dialogue between the company and the stakeholders and in particular the investors and shareholders; (iii) communicating to investors and the market the performance of the business and (iv) carrying out the operations and the duties relating to the Insider Register of the Company, in conformity with the "Regulation for the processing of corporate information and the constitution of the Insider Register". The Investor Relations Manager also acts as the Information Officer, responsible for relations with Borsa Italiana and Consob.

The role of deputy Information Officer continues to be held by Francesca Pisani, General Counsel of the Company, in office since November 11, 2010.

## **6. INTERNAL COMMITTEES OF THE BOARD (as per Article 123-bis, paragraph 2, letter d), CFA**

The Board of Directors of the Company, pursuant to Principle XI. and Recommendation No. 16. Code, approved and subsequently confirmed the setting-up of an “Appointments and Remuneration Committee” and a “Control, Risks and Sustainability Committee”, formed by Independent Directors.

The Appointments and Remuneration Committee was established pursuant to Recommendation No. 16. of the Code. The decision to create and maintain a single Appointments and Remuneration Committee, confirmed latterly by the Board at the assessment of April 29, 2021, is based on the size of the Board and of the Company, in addition to the need of the company to maintain, and in compliance with the conditions of the Code, a responsive and effective organisation. The functions and activities of the Committee with regard to remuneration and the replacement of Directors are, in any case, clearly distinct. The Control, Risks and Sustainability Committee was established pursuant to Recommendation No. 16. of the Code and Recommendation No. 32. letter c) of the Code.

The work of the Committees is co-ordinated by the respective Chairpersons.

Article 3.1 of the Board of Directors’ Regulation states that the Board shall ensure an adequate internal division of its functions and, where necessary, establish Board committees with investigative, proposing and advisory functions. The Committees have adopted their own regulations which, for matters not governed by the Board of Directors’ Regulation, set out the functions, operating procedures and taking of the minutes of each Committee. The provision of information to members of the Committee is governed and carried out in accordance with the Board of Directors’ Regulation. At the meeting of February 10, 2022, the Regulations of both committees, updated as of February 2021, were assessed as adequate.

More information is provided in sections 7.2 and 9.2 below, including with regard to the criteria for establishing the committees in accordance with Recommendation No. 17. of the Code.

## **7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS - APPOINTMENTS COMMITTEE**

### **7.1 SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS**

The Board of Directors ensures that the process of appointment and succession of Directors is transparent and designed to achieve the optimum Board composition in accordance with Principle XIII of the Code.

The Board, on the termination of its mandate, undertook a self-assessment which focused on the size, composition and functioning of the Board of Directors and its Committees, also taking into account its role in defining strategies and monitoring the operating performance and the adequacy of the control and risk management system.

At the Board meeting held on October 27, 2021, at the proposal of the Appointments and Remuneration Committee, the Board decided not to carry out a self-assessment for 2021 through an external consultant, reserving the right to carry out internal evaluations of the effectiveness of its own activities and the activities of the Committees during 2022 and postponing the evaluation of the advisability of involving an independent consultant in the self-assessment process until the end of 2022, and in any case given the fact that the Board was to be renewed. On October 27, 2022, the Board took note of the outcome of the self-assessment process, carried out through an internal self-assessment questionnaire, and deemed it was not necessary to commission an external party to carry out the self-assessment for the period.

The Committee intends to re-evaluate whether and how the Board should be evaluated in the final year of its term in order to facilitate the establishment of slates of candidates for appointment by the relevant shareholders.

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On February 12, 2016, Elica's Board of Directors approved an Executive Director succession plan. Following the latest revision of the Code, Elica does not fall within the category of companies for which a succession plan is recommended. Considering that a plan exists, however, the Committee continues to report annually to the Board on work done regarding the succession of Executive Directors and expresses a view on how far the associated risk is covered and the advisability of retaining the Plan. Most recently, on February 14, 2023, the Board of Directors decided to keep the Plan unchanged, partly because it helps to ensure adequate monitoring and risk management concerning the succession of Executive Directors and Senior Executives.

Specifically, the Board of Directors, with the cooperation of the Appointments and Remuneration Committee and, where necessary, the corporate structure, through the procedure defined in the Plan, ensures the consistent management of risk, business continuity and the long-term sustainability of the Company, through governing the renewal and replacement of Executive Directors in the event of their unforeseeable discontinuation of service, with the most appropriate replacements.

With the support of the Appointments and Remuneration Committee, the Board of Directors also monitors the systems adopted by the Company to ensure the replacement of top management and the corresponding succession tables.

## **7.2 APPOINTMENTS AND REMUNERATION COMMITTEE**

In accordance with Recommendation No. 16. of the Code, the Company's Board of Directors has established an Appointments and Remuneration Committee.

The Company, following the latest assessment of April 29, 2021, decided not to set up a specific Appointments Committee. Consequently, the Appointments and Remuneration Committee was assigned also the functions of the Appointments Committee.

Committee members since April 29, 2021 and for all 2022 are the Independent Directors Elio Cosimo Catania (Chairperson), Angelo Catapano, Liliana Fratini Passi, Monica Nicolini and Susanna Zucchelli.<sup>10</sup>

The Appointments and Remuneration Committee has been given all the functions required by Recommendations Nos. 19. and 25. of the Code. In addition, on February 12, 2016, the Appointments and Remuneration Committee, following the adoption by the Company of a succession plan for Executive Directors, were assigned the additional functions necessary for the effective implementation of the plan.<sup>11</sup> The Board of Statutory Auditors is required to attend the meetings of the Committee, through the Chairperson and the Standing Members of the Board.

The members of the Committee have knowledge and experience in accounting and finance and/or in remuneration policies. When determining the composition of the Committee, the Board gave priority to the expertise and experience of its members, in accordance with Recommendation No. 17. of the Code, as well as to the need to ensure adequate involvement of all Independent Directors in the issues to be assessed by the Committee and subsequently approved by the Board.

This committee guarantees the greatest information and transparency on the remuneration of Directors vested with specific offices, as well as the manner for determining the remuneration.

The Committee has solely proposing and consultative functions, while the power of determining the remuneration of the Directors vested with specific offices remains with the Board of Directors, having consulted with the Board of Statutory Auditors.

In particular, the Committee, using the methods set out in its Regulation, provides the following support functions to the Board in the following activities:

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<sup>10</sup> There were no changes to the Committee's composition in 2022.

<sup>11</sup> For further information, reference should be made to Note 7.1. Section: Self-assessment and succession of Directors.

- (a) self-assessment of the Board and its committees, pursuant to Recommendations Nos. 21. and 22. of the Code, as applicable;
- (b) deciding on the optimum composition of the Board and its committees, where deemed appropriate, in view of the fact that Recommendation No. 23. of the Code applies to companies other than those with concentrated ownership;
- (c) identify candidates for the position of Director in the event of co-option;
- (d) presentation of a slate by the outgoing Board of Directors to be carried out according to methods that ensure its transparent formation and presentation;
- (e) preparing, updating and implementing the succession plan, if any, for the Chief Executive Officer and the other Executive Directors.
- (f) producing the remuneration policy;
- (g) presenting proposals or expressing opinions on the remuneration of the Executive Directors and Other Directors in addition to establishing the performance objectives related to the variable component of this remuneration;
- (h) monitoring the concrete application of the remuneration policy, verifying, in particular, the effective achievement of the performance objectives;
- (i) periodically assessing the adequacy and overall consistency of the remuneration policy for Directors and top management.

In relation to the activities undertaken by the Committee in 2022, the persons participating at the relative meetings and the instruments and resources available at the meetings, reference should be made to the first Section of the Remuneration Report.

For further information regarding the number of meetings held and the participation at the meetings for each of the members reference is made to TABLE 3 “STRUCTURE OF THE COMMITTEES”.

## **8. REMUNERATION OF DIRECTORS**

For information on the present Section, reference should be made to the Remuneration Report, Section I.

## **9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM - CONTROL, RISKS AND SUSTAINABILITY COMMITTEE**

The Board, with responsibility for the overall Internal Control and Risk Management System, defines, also with the support of the Control, Risks and Sustainability Committee, the guidelines to ensure that the principal risks of the Company and of the Group are identified, measured, managed and monitored, in line with best practice domestic and international models.

In establishing the guidelines for the risk management and internal control system, the Board also assessed the compatibility of this system with the strategic objectives identified and the level of risk considered acceptable in terms of medium/long-term sustainability.

The Internal Control and Risk Management System, based on the “COSO Report” model and on the Code principles, comprises a set of rules, procedures and organisational structures with the objective to prevent or limit the consequences of unexpected results or permit the achievement of strategic and operational objectives, comply with law and applicable regulations (compliance) and correct and transparent disclosure (reporting). This system concerns all of the Company and involves different parties attributed specific duties and responsibilities.

The Board of Directors defined the guidelines of the Internal Control System, taking into account the nature and level of compatible risk with the corporate strategic objectives. These risks are identified based on the following criteria:

- a) nature of the risk, particularly in relation to risks of a financial nature, those concerning compliance with accounting rules and those with a potentially significant impact on the reputation of the Company;
- b) significant probability of the occurrence of the risk;
- c) limited capacity of the Company to reduce the impact of the risk on operations;
- d) significant size of the risk.

The Board of Directors, taking account of the Supervisory Board's reports, the Internal Audit's reports and the conclusions of the Internal Audit Manager in the annual report on the internal control system, of the information received from the appointed boards and of the opinion of the Director in charge of the Internal Control System, issued an opinion of substantial adequacy ("Defined" level of maturity), efficiency and effective functioning of the Internal Control and Risk Management System, without prejudice to certain areas of improvement.

In addition, the Board of Directors, having consulted the Board of Statutory Auditors and Director in charge of the Internal Control and Risk Management System, approved the Audit Plan, prepared by the Internal Audit function.

### **9.1 CHIEF EXECUTIVE OFFICER**

The Company has appointed the Chief Executive Officer to act as the Director responsible for establishing and maintaining an effective Internal Control and Risk Management System, in accordance with Recommendation No. 32. letter b) of the Code.

Specifically, during 2022 in accordance with Recommendation No. 34. of the Code, the Director responsible for the System, in the performance of his duties:

- identified the main business risks, taking into account the characteristics of the activities undertaken by the Issuer and by its subsidiaries, and periodically presents them for examination to the Board of Directors on the approval of the quarterly reports;
- executed the guidelines defined by the Board implementing the design, execution and management of the Internal Control and Risk Management System, verifying the adequacy and implemented any adjustments necessary based on the operating conditions and the legislative and regulatory environment;
- assigned to the Internal Audit Function the task to undertake verifications on specific operational areas and on the compliance of internal procedures and rules in the execution of business operations, simultaneously communicating such to the Chairperson of the Board of Directors, the Chairperson of the Control, Risks and Sustainability Committee and the Chairperson of the Board of Statutory Auditors;
- reported promptly to the Control, Risks and Sustainability Committee, and therefore to the Chairperson of the Committee, with regards to problems and critical issues emerging during the execution of their activities or of which they have become aware, so as to ensure that the Committee may take appropriate action.

### **9.2 CONTROL, RISKS AND SUSTAINABILITY COMMITTEE**

In accordance with Recommendation No. 32. letter c) of the Code, the Company's Board of Directors has established a Control, Risks and Sustainability Committee.

The members of the Committee, as from April 29, 2021, are the Independent Directors Susanna Zucchelli (Chairperson), Elio Cosimo Catania, Angelo Catapano, Liliana Fratini Passi and Monica Nicolini.<sup>12</sup>

The Control, Risks and Sustainability Committee is composed of members with adequate financial, accounting and risk management experience. At least one member has adequate knowledge and experience in accounting and finance and/or risk management, in accordance with Recommendation No. 35. of the Code.

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<sup>12</sup> There were no changes to the Committee's composition in 2022.



The Board of Statutory Auditors is required to attend the meetings of the Committee, through the Chairperson and the Standing Members of the Board. In relation to the specific matters on the Agenda, and also on invitation, the following also attend: the Corporate Financial Reporting Officer, the Internal Audit Manager and other company managers such as the CISO and the Chief Financial Officer.

The Control, Risks and Sustainability Committee, within the scope of its powers, in observance of the recommendations of the Code, supports, with appropriate preparatory activities, the assessments and decisions of the Board of Directors on the Internal Control and Risk Management System, in addition to those concerning the approval of the periodic financial reports. In accordance with Recommendation No. 35. of the Code, the Committee performs investigative, proposing and advisory functions. Specifically, the Committee, in assisting the Board of Directors:

- a) evaluates, having consulted with the Corporate Financial Reporting Officer, the independent audit firm and the Board of Statutory Auditors, the correct application of the accounting policies and, in the case of groups, their uniformity in the preparation of the consolidated financial statements;
- b) assesses the suitability of periodic financial and non-financial information to correctly represent the Company's business model, strategies, impact of its activities and performance;
- c) examines the periodic non-financial information relevant to the Internal Control and Risk Management System;
- d) expresses opinions on specific aspects concerning the identification of the main corporate risks and supporting the assessments and decisions of the Board of Directors relating to the management of risks arising from prejudicial events of which the Board has become aware;
- e) examines the periodic reports and those of particular relevance prepared by the Internal Audit function;
- f) monitors the independence, adequacy, efficacy and efficiency of the Internal Audit department;
- g) entrusts the Internal Audit department with verifications on specific operational areas, simultaneously communicating such to the Chairperson of the Board of Statutory Auditors;
- h) reports, at least upon the approval of the annual and half-yearly accounts, to the Board of Directors on the work carried out and on the adequacy of the Internal Control and Risk Management System.

With regard to Related Party Transactions, the Committee performs the functions of the Related Party Transactions Committee.

In relation to sustainability, the Committee undertakes proposal and consultative functions with regards to the Board of Directors as per Legislative Decree No. 254/2016, in application of the European sustainability regulation, i.e. the processes, initiatives and activities required to communicate the Company's commitment to sustainable development throughout the supply chain. For example purposes, the Committee:

- examines and evaluates: (i) sustainability policies aimed at ensuring the creation of value over time for the collectivity of shareholders and for all other stakeholders over a medium-long term period in accordance with the principles of sustainable development; (ii) the guidelines, objectives and consequent processes of sustainability and sustainability reporting submitted annually to the Board of Directors;
- examines any sustainability initiatives submitted to the Board of Directors;
- expresses an opinion on other sustainability issues at the Board's request.

In 2022, the Committee:

- on the subject of Related Parties, monitored the transactions carried out with related parties and resolved not to propose any updates to the Intercompany and Related Party Transactions Procedure;
- assessed the progress of the 2021 Audit Plan and approved the proposed 2022 Audit Plan;
- welcomed the progress of the environmental, social and corporate governance (ESG) project adopted and participated actively in the detailed development of proposals for the Board, which were taken up by management;
- assessed the analysis of materiality, the Non-Financial Report proposal and the procedure for its drafting;
- issued an opinion in favour of the Supervisory Board's proposal to update the 231 Model following the entry into force of regulatory changes;
- issued an opinion in favour of the proposed update of the Risk Management Model submitted by the Internal Audit Manager;

- evaluated credit, financial, and FX risks.

The Committee had access to the information and departments for the undertaking of their duties as well as the assistance of external consultants, within the terms established by the Board. Therefore, as the Committee availed of the resources, the means and the structure of the Company, the provision of specific financial resources is not provided for.

### **9.3 INTERNAL AUDIT MANAGER**

The Board appointed Daniele Bruni as the Internal Audit Manager, appointed to verify if the Internal Control and Risk Management System is functional, adequate, and consistent with the guidelines set out by the Board of Directors. The Internal Audit Manager, who is not responsible for any operational activity, reports to the Board of Directors and adequately fulfils the requirements of professionalism and independence. The Internal Audit Manager makes use of specialised and independent external consultancy firms to carry out his/her activities and has direct access to all the information useful for carrying out his/her duties.

The remuneration of the Internal Audit Manager has been set by the Board of Directors in line with company policies.

In 2022, the Internal Audit function conducted its activities in line with the work plan prepared by the Head of the Department and approved by the Board, having consulted the Board of Statutory Auditors and the Chief Executive Officer. In particular:

- prepared, on an ongoing basis and in relation to specific needs and in compliance with international standards, the operation and suitability of the Internal Control and Risk Management System, through an audit plan, approved by the Board of Directors, based on a structured analysis process and prioritisation of principal risks (Recommendation No. 36, letter a));
- prepared periodic reports containing appropriate information on its activities, the methods with which risk management is conducted and compliance with the plans established for reducing risk, as well as an assessment of the suitability of the Internal Control and Risk Management System (Recommendation No. 36. letter b)) and sent them to the Chairpersons of the Board of Statutory Auditors, the Control and Risks Committee and the Board of Directors, and to the Chief Executive Officer (Recommendation No. 36. letter d));
- prepared the required reports and audits on a timely basis, informing the Board of Statutory Auditors, the Control and Risks Committee, the Chairperson of the Board of Directors and the Chief Executive Officer (Recommendation No. 36 letter d));
- verified, within the activity of the audit plan, the reliability of the IT systems, including accounting systems (Recommendation No. 36. letter e)).

More specifically, the appointments concerned the various areas of coverage, in terms of financial audits, focused on processes of a financial nature, including those relating to risk management and the associated safeguards of an administrative and accounting nature adopted by Group companies for financial disclosure purposes; compliance audits, to ensure the effective implementation of the control system for compliance with internal or external rules or regulations and operational audits, for an assessment of the efficiency and efficacy of instruments to offset operating process risks.

The assessments cited by the Internal Audit Manager in his reports did not identify situations detrimental, on the whole, to the suitability and functionality of the Internal Control and Risk Management System. The exceptions identified have been brought to the attention of the management personnel involved to take the necessary corrective measures, the completion of which is monitored over time.

### **9.4 Organisation Model as per Legislative Decree No. 231/2001**

The Company, with regards to the entry into force of Legislative Decree No. 231 of June 8, 2001 and subsequent amendments and supplements, which introduced a specific system of responsibility upon the company for certain types of offences, adopted appropriate measures to avoid, as per the regulation, the

arising of such responsibility upon the company, with the setting up of specific protocols and oversight systems to prevent certain offences.

Therefore, with the Board of Directors' motion of March 27, 2008, the Company adopted the Organisation, Management and Control Model as per Legislative Decree No. 231/01, which was thereafter frequently updated, following regulatory and organisational amendments. As of February 2021, the Special Sections in the Model have been substantially reorganised, and are now structured by "business process". They consist of a General Section and eleven Special Sections.

The Model was last updated in December 2022 to include safeguards to prevent the commission of the offences most recently added to the list of major offences, where applicable.

The General Part essentially concerns the governance system of the company, adoption of the Organisation Model, the setting up of the Supervisory Board (hereafter "O.d.V.") and the communication of information to this latter, in addition to the reporting of the O.d.V., from the corporate boards; the training of personnel and the system governing non-compliance with the models provisions.

The special sections relating to the specific business macro-processes include the various types of offence laid down by the decree and applicable, in theory, to the Company: (i) Research and Development, (ii) Procurement (iii) Logistics, (iv) Sales, (v) Health and Safety in the workplace, (vi) Environment, (vii) Human Resources, (viii) Information Systems, (ix) Administration, Finance and Control, (x) Legal Offences, (xi) External Relations.

The special parts of the Model list the areas of risk for the relative offences, stating the specific decision-making protocols and the relative conduct rules for those operating in the above areas and defining the monitoring procedures.

The attachments and supplements of the ELICA Organisational Model are:

- Group Ethics Code and disciplinary system;
- List of offences as per 231/01;
- Information flows with the Supervisory Board;
- Connectivity matrix;
- A disciplinary system;
- Duties of the Supervisory Board;

For further details, reference should be made to <https://corporate.elica.com/en/governance/internal-control-system>.

Throughout 2022 the following have been members of the Supervisory Board: Paolo Massinissa Magini as Chairperson and Marco Cruciani and Daniele Bruni as members.

The Supervisory Board communicates to the Board of Directors, on a half-yearly basis, a written report on the implementation and effective functioning of the Organisation, Management and Control Model.

The Board of Directors also granted the Supervisory Board sufficient financial resources to carry out all required duties. This allocation however may be recalculated according to any necessary increases on the proposal of the Supervisory Board.

The Board of Directors, following an assessment, decided not to assign the duties of the Supervisory Board to the Board of Statutory Auditors, considering it appropriate to maintain two distinct bodies. The Internal Audit Manager attends the Control, Risks and Sustainability Committee (in which the Control Body participates) and there is a direct relationship between the Control Body and the Supervisory Board and the Internal Audit Manager, to ensure coordination between the various parties involved in the Internal Control and Risk Management System.

## 9.5 INDEPENDENT AUDIT FIRM

The Company on April 29, 2015 appointed the independent audit firm KPMG S.p.A. for the 2015-2023 nine-year period.

At the Shareholders' Meeting to approve the financial statements at December 31, 2022, the Company plans to submit to the shareholders a proposal to appoint a new independent audit firm for the nine-year period 2024-2032.

## 9.6 CORPORATE FINANCIAL REPORTING OFFICER AND OTHER COMPANY ROLES AND FUNCTIONS

In accordance with the provisions of Article 154-*bis* of the Consolidated Finance Act as amended by Law No. 262 of 28 December 2005 (the "Savings Law") and in accordance with Article 26 of the By-Laws, on March 16, 2021 the Board of Directors appointed Emilio Silvi as Corporate Financial Reporting Officer; on the same date, Stefania Santarelli was made Chief Financial Officer. Previously, the role of Chief Financial Officer and Corporate Financial Reporting Officer was held by Giulio Cocci, who is currently Chief Executive Officer.

These roles were confirmed by the newly-appointed Board of Directors at its meeting of April 29, 2021.

The appointment of the Financial Reporting Officer was made by the Board of Directors, as per Article 26 of the By-Laws and the applicable regulation, following a positive assessment of professionalism (featuring specific knowledge in terms of administration, finance and control) and also on the basis of his good standing.

The Company in addition provides the Financial Reporting Officer with appropriate resources and means for execution of the relative duties.

In particular, in order to fully carry out his duties, the Financial Reporting Officer, among others, may avail of the powers and resources established in the Guidelines drawn up by Confindustria in relation to the role (edition of December 13, 2007).

The Financial Reporting Officer, in the exercise of his institutional role, in application of the above-stated Article 154-*bis* of the CFA:

- has specific duties of control in relation to the legal notices and communications of the Company established by law or announced to the market, containing information and data on the income statement, balance sheet and financial situation of the Company, accompanied by a written declaration of the Chief Executive Officer and the Corporate Financial Reporting Officer, who attest to their truthfulness;
- prepare administrative and accounting procedures for the completion of the parent company and consolidated financial statements, as well as for every other communication of a financial nature;
- declares, together with the executive boards, through a report, attached to the parent company and consolidated financial statements, the adequacy and the effective application of the administrative and accounting procedures adopted in the year on which the accounts are based, as well as the correspondence of the financial statements with the underlying accounting documents and records.

The Internal Accounting Control System seeks to provide reasonable certainty that the accounting disclosure provides users with a true and fair representation of the operational facts, corresponding to the documented results, books and underlying accounting entries as well as the adequacy and effective application of the administrative and accounting procedures during the period to which the accounting documents refer. To this end, the Financial Reporting Officer may avail himself/herself of the collaboration and verification activities carried out by the Internal Audit department in this area.

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The various company functions collaborate, pursuant to Recommendation No. 32. letter e) of the Code, each with regards to their respective scope, for the identification and management of risks; in particular, the Administration, Finance and Control Department, the Legal and Corporate Affairs Department and the Risk & Compliance Department support the bodies tasked with the identification and management of compliance activities.

In accordance with Recommendation No. 33. letter d) of the Code, on October 27, 2022 the Board of Directors resolved not to adopt further measures to ensure the effectiveness and impartiality of judgement of the corporate functions involved in controls, as it considered they possessed sufficient professionalism and resources.

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For details of the principal characteristics of the Internal Control and Risk Management System in relation to the Financial Disclosure process, reference should be made to ATTACHMENT 1 of the present report.

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## **9.7 COORDINATION OF THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

The Board of Directors has assigned specific functions, within the scope of their respective competences, to each person involved in the control system and has established reporting obligations to coordinate activities and regulate information flows to maximise the system's efficiency, reduce duplication of activities and guarantee that the duties of the Board of Statutory Auditors are performed effectively. The Internal Audit Manager and the member of the Supervisory Board performs an important coordination function, interfacing with all those involved in the control system.

The members of the Board of Statutory Auditors attend the meetings of the Control, Risks and Sustainability Committee, to which the Internal Audit Manager is always invited; this practice makes it possible to streamline the flow of information to the parties involved in the control system. In any event, the Control Body is given the opportunity to examine subjects of interest in depth during periodic inspections at the Company's premises.

## **10. HOLDINGS OF DIRECTORS AND RELATED PARTY TRANSACTIONS**

Following Resolution No. 21624 of December 10, 2020, with which Consob amended the Regulation adopted with Resolution No. 17221 of March 12, 2010 containing provisions on related party transactions ("RPT Regulation") and the Regulation adopted with Resolution No. 20249 of December 28, 2017 on markets ("Market Regulation"), the Board meeting of February 12, 2021 took note of the need to update the policy before the entry into force of the Regulation, expected for July 1, 2021. Subsequently, on May 5, 2021, the Board of Directors approved the "Related Party Transactions Policy" ("RPT Policy"), available on the website <https://corporate.elica.com/en/governance/internal-control-system>, in the Corporate Governance section.

In relation to transactions in which a Director has, on his own behalf or on behalf of third parties, an interest, the interested Director is called, except for specific circumstances, to abstain from the vote or to leave the meeting at the moment of discussion and resolution. When the transaction is not subject to the prior approval of the Board of Directors but within the powers delegated to the interested Director, also through the exercise of a specific proxy, this latter abstains from the carrying out of the transaction and provides in a timely and exhaustive manner information in relation to such to the Board.

In order to identify transactions in which a Director may have an interest, also on behalf of third parties, the Company utilises, among others, an electronic database containing information on related parties of Directors of the Company.

The Control, Risks and Sustainability Committee also acts as the Related Party Transactions Committee. For details of the Committee's composition, function and main activities carried out during the year, please see Section 9.2, "CONTROL, RISKS AND SUSTAINABILITY COMMITTEE".

## **11 BOARD OF STATUTORY AUDITORS**

### **11.1 APPOINTMENT OF STATUTORY AUDITORS**

With regard to the appointment of the Statutory Auditors, please see Section 4.2, "APPOINTMENT AND REPLACEMENT (pursuant to Article 123-bis, paragraph 1, point (l), first part of the CFA)".

This mechanism was latterly adopted on the renewal of the Board of Statutory Auditors by the Shareholders' Meeting of April 29, 2021.

## 11.2 COMPOSITION AND FUNCTIONING (as per Article 123-bis, paragraph 2, letters d) and d-bis) CFA)

The Company's By-Laws provide that the Board of Statutory Auditors consist of three Statutory Auditors and two Alternate Auditors.

The Board of Statutory Auditors currently in office was appointed, in accordance with the requisites of autonomy and independence, by the Shareholders' Meeting of April 29, 2021, and will remain in office until the Shareholders' Meeting called to approve the financial statements at December 31, 2023.

In particular, on appointment, a slate was presented by the majority shareholder FAN S.r.l., which proposed the following list of candidates:

### STATUTORY AUDITORS

1. FREZZOTTI GIOVANNI
2. BELLI MASSIMILIANO
3. ROMAGNOLI SIMONA

### ALTERNATE AUDITORS

1. TIRANTI LEANDRO
2. SPACCAPANICCIA SERENELLA

For further details on the slate, reference is made to the documentation relating to the above-stated Shareholders' Meeting available on the Company's website.

The result of the voting of Shareholders present at the Shareholders' Meeting was as follows:

- VOTES IN FAVOUR: 51,686,907, EQUAL TO 100% OF VOTES.

At TABLE 4 – STRUCTURE OF THE BOARD OF STATUTORY AUDITORS attached to the present report, the composition is shown of the Board of Statutory Auditors at December 31, 2022, which has not changed at the preparation date of the present Report.

At the Shareholders' Meeting for the appointment of the new Board of Statutory Auditors, the meeting established the remuneration of the Shareholder auditors, taking account of the commitment required, the importance of the role, in addition to the size and sector of the company.

At the time of their appointment, the Statutory Auditors confirmed that they did not have any direct or indirect shareholdings in the Company, nor had they had any in the previous year.

Reported below is a brief *curricula vitae* of the members of the Board of Statutory Auditors:

**Giovanni Frezzotti:** Chairperson of the Board of Statutory Auditors of Elica S.p.A. He has been a member of the Accountants Association of Ancona since 12/03/1965 at No. 16/A as well as being on the Technical Consultants of the Civil and Criminal Court of Ancona roll. He is a member of the Auditors' Register at No. 25202 with Ministerial Decree 12/04/1995 published in the official gazette No.31-bis of 21/04/1995 – IV Special Series.

He holds the position of Director of Compagnia Sviluppo Industriali ed Immobiliari S.p.A., Fileni Alimentare S.p.A., Fincrea S.r.l., Fondazione Renco and Renco Group S.p.A.

He is Chairperson of the Board of Statutory Auditors of Antares Private Equity S.p.A., Ceta S.p.A., Co.ge.fin. S.p.A., Fimag S.p.A., Frapi S.p.A., Garinvest S.p.A., Garofoli S.p.A., Golden Lady Company S.p.A., Goldenpoint S.p.A., Montenegro S.r.l., Poliscom S.r.l. and SLL Group S.p.A..

He is a Statutory Auditor on the Board of Statutory Auditors of Bonomelli S.r.l., Enovetro S.p.A. and Lole S.p.A..

He is the Sole Statutory Auditor of Fineldo S.r.l., Gi.gar. S.r.l., Autolinee F.lli Bucci Urbino Pesaro S.r.l. and Società Trasporti F.lli Bucci S.r.l. He is legal auditor of Renogroup S.r.l.

**Massimiliano Belli:** Statutory Auditor of Elica S.p.A. Enrolled in the Bar Association of Ancona since 24/10/2000, he has been a Supreme Court Attorney since 28/11/2012. Law Graduate from the LUISS "Guido Carli" University of Rome. Doctorate in Criminal Law and Procedure – University of Macerata. Visiting Professor at the Specialisation School for Legal Professions - University of Bologna. Vice-President of the Criminal Chamber of Ancona.

Member of the Legislative Decree No. 231/2001 Observatory of the Italian Union of Criminal Chambers. Member of the Scientific Committee of the Forensic School of the Bar Association Council of Ancona. Member of the Board of the National Association of Italian Tax Advisors - Marche-Abruzzo Section.

Speaker and lecturer in Masters programmes, conferences and seminars; author of publications primarily on corporate criminal law.

**Simona Romagnoli:** Statutory Auditor of Elica S.p.A. She has been a member of the Accountants Association of Ancona since 13/10/2020 at No. 486/A as well as being on the Technical Consultants of the Civil and Criminal Court of Ancona

roll. Enrolled in the Auditors' Register with Ministerial Decree of 27/07/2001, published in the Official Gazette No. 67 - IV special series of 24/08/2001.

Appointed by the Court of Ancona as Legal Commissioner and Insolvency Practitioner, she specialises in the management of administration procedures and business crisis management.

She was the liquidator of a major industrial company based in the province of Ascoli Piceno, dealing with the issues of industrial management and sales of companies as going concerns.

She is a member of various Boards of Statutory Auditors and was a member of the Board of Directors of a local Cooperative Credit Bank.

She is also a member of the Steering Committee of the Centre for the Study of Insolvency Law, in the role of Treasurer.

**Leandro Tiranti:** born in Sassoferrato (AN) on 04/05/1966, Alternate Auditor of Elica S.p.A., he is enrolled at the Accountants Association of Ancona at No. 321. Since 1994; enrolled at the Technical Consultants register of the Court of Ancona; enrolled in the Auditors' Register at No. 72,312 as per Decree of the Director General of civil affairs and professions of May 26, 1999, published in the Official Gazette 4a, special series No. 45 of June 8, 1999.

He holds the position of Chairperson of the Board of Statutory Auditors at TR V.I.C. S.p.A. - OV S.p.A. - Tre Pini S.p.a. - F.I.D.E.A. S.p.A.; the position of Statutory Auditor at Fintrack S.p.A. - Air Force S.p.A. - Industriaumbra S.p.a. - TOOA s.p.a.

**Serenella Spaccapaniccia:** Alternate Auditor of Elica S.p.A. Member of the Accountants Association of Ancona since 12/04/1994 at No. 308, as well as being on the Technical Consultants of the Civil and Criminal Court of Ancona roll since 1/01/1997. Enrolled in the Register of Auditors by Ministerial Decree of May 26, 1999, published in the Official Gazette No. 45 - IV special series of June 8, 1999 under No. 72269. She is a Statutory Auditor with Todini S.p.A., Web Forniture soc.coop pa, an Alternate Auditor with Moncaro S.p.A., Chairperson of the control bodies of eight third-sector entities, Sole Auditor at two professional associations, Uniform S.r.l. and Up S.r.l., Chairperson of the Board of Auditors at ODCEC (Accountants Association) of Ancona; member of the third-sector research committee at CNDCEC; member of the consultative committee of the Real Estate Market Research Institute at the Provincial Tax Agency of Ancona; Director on the Board of Directors of Conerobus S.p.A.; Director at ATMA S.C. P A, and member of the assessment unit of the Municipality of Ancona.

In terms of its activities, the Board of Statutory Auditors met 22 times in 2022, on February 3, February 10, March 1, February 15, March 11, March 16, March 17, March 18, March 24, April 26, May 17, June 23, July 18, July 22, July 28, August 2 (twice), October 20, October 27, November 8, November 24 and December 14, 2022.

The average duration of meetings was two hours.

In 2023, the Board of Statutory Auditors met six times: on January 12, January 24, February 14, February 28, March 6 and March 13, 2023.

The activities of the Board of Statutory Auditors concerns, among others, the verification of the criteria and procedures adopted by the Board to evaluate the independence of its members. In the course of the above-stated verifications, the Board of Statutory Auditors did not record anomalies, as per the minutes drawn up of March 11, 2022 and March 13, 2023.

The Board of Statutory Auditors positively established the independence of its members in the meetings of March 11, 2022 and March 13, 2023.

On March 16, 2022 and March 16, 2023, the Board of Directors noted the annual self-assessment by the Board of Statutory Auditors of the independence of its members, also as per the Code. The self-assessment was conducted taking into account all information made available by each member and the circumstances known.

The quantitative and qualitative criteria set for defining the significance of Statutory Auditors' relationships and the definition of "close relatives" laid down by the Board at the beginning of its mandate also applies to the Board of Statutory Auditors.<sup>13</sup>

The self-assessment made by the Board also established the appropriateness of Board of Statutory Auditors to carry out its duties and its adequate composition in terms of professional profiles, expertise, standing and gender parity.

The members of the Board of Statutory Auditors have adequate experience and knowledge of the sector in which the Company operates; however, in order to improve such knowledge, and of the corporate activities and performance, in addition to the regulatory framework, the Board of Statutory Auditors

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<sup>13</sup> For further information, please refer to Section 4.7, "Independent Directors and Lead Independent Director"

attends the meetings of the Board and of the Committees, in addition to, during its mandate, specially organised meetings.

The members of the Board of Statutory Auditors can assign the time necessary to properly execute their office and have adequate resources for such. The number of positions held was lower than the maximum permitted by the applicable regulation.

The Company announced the outcome of this self-assessment to the market.

The Board of Statutory Auditors finally established through the assessment made that the previously planned activities had been successfully executed until the date of this report.

The Board has constantly monitored the independence of the Independent Audit Firm in carrying out its duties, verifying compliance with law and monitoring the other activities carried out apart from accounting control.

The Board of Statutory Auditors, in carrying out its duties, coordinated its activities with the Internal Audit department and the Control, Risks and Sustainability Committee through the exchange of information relating to their respective activities and through participation in the Control, Risks and Sustainability Committee meetings during the year. Therefore, the Board of Statutory Auditors attends also the meetings of the Appointments and Remuneration Committee.

### **Diversity criteria and policies**

In 2017, Elica adopted a "Policy on the Diversity of Management and Control Bodies", in which the diversity criteria generally adopted to define the composition of the corporate boards are set out in detail. The criteria set out in the policy take into account the provisions of the Code and also apply when the control body is renewed. The policy was updated in February 2021 and confirmed in February 2022.

In order to ensure that shareholders interested in submitting slates, on the renewal of corporate boards, are provided with the information concerning the criteria and diversity objectives pursued, in the Board of Directors report to the Shareholders' Meeting, of March 16, 2021, for the renewal of the Board of Statutory Auditors, to which reference is made, the Board of Directors stated its wish to see diversity on the Board of Statutory Auditors in terms of age, gender and training and professional background.

During the Supervisory Board's renewal, the slate composition submitted by the majority shareholder FAN S.r.l., took account of the diversity criteria issued by the Board in so far as it included candidates of different gender on a one to three ratio for Statutory Auditors and a one to two ratio for Alternate Auditors; it also included different profiles by professional experience and age.

For more information, please refer to Section 4.3, "Diversity Criteria and Policies in Board Composition and Corporate Organisation", above.

### **Independence**

See previous section 11.2 COMPOSITION AND FUNCTIONING (as per Article 123-*bis*, paragraph 2, letters d) and d-*bis*) of the CFA.

### **Remuneration**

The remuneration for the members of the Board of Statutory Auditors was determined by the Shareholders' Meeting at the time of their appointment. During the presentation of the slates, the Board invited the shareholders to make proposals concerning the remuneration to be paid to each member of the Board, since it did not deem it appropriate to make proposals without knowing the identity of the candidates, making it impossible to determine adequate remuneration.

In accordance with the Board's request, the shareholder FAN proposed the remuneration during the presentation of the slates, and it was subsequently approved by the Shareholders' Meeting. In producing the proposal, the shareholder stated that it had taken into account the professionalism, expertise and commitment required of the candidates; the responsibilities involved in acquiring the role; and the



compensation practices at comparable companies. For details on the remuneration of the Board of Statutory Auditors, please refer to the Remuneration Report, published at the same time as this report on the Company's corporate website.

### **Management of interests**

The Board of Statutory Auditors notes that the Company, having complied with the Code, provides that where a Statutory Auditor, on his/her own behalf or that of third parties, has an interest in a determined transaction of the Company, he/she must inform the other Statutory Auditors and the Chairperson of the Board, in a timely and comprehensive manner, regarding the nature, terms, origin and extent of his/her interest. In accordance with the Consob Regulation concerning transactions with "related parties" the members of the Board of Statutory Auditors drew up a document for the identification of related parties in accordance with Article 4, paragraph 8 of Consob Regulation, adopted with resolution No. 17221 of March 12, 2010 and No. 17389 of June 23, 2010.

## **12. SHAREHOLDER RELATIONS**

Elica has a dedicated section of its website on investor relations and governance. All of the documents relating to the Corporate Governance and the other information relating to the Company, which have significance for shareholders, may be consulted on the website <https://corporate.elica.com/en/governance/corporate-documents>.

When it was first listed, the Company identified an Investor Relations Manager.<sup>14</sup>

### **Dialogue with Shareholders**

Elica has adopted a special policy for dialogue with shareholders governing stakeholder involvement and communication procedures. This policy was approved by the Board of Directors, upon the recommendation of the Chairperson and in consultation with the Chief Executive Officer, on October 27, 2021. The primary objective of the Policy is to ensure effective communication between the Company and its shareholders and allow for improved investment stability and the sustainable success of the Company. The implementation of the principles set out therein enables the exchange of ideas and the generation of value over the long term, through more targeted shareholders participation in investment choices and in the exercise of their rights.

On October 27, 2022, the Board assessed the Policy as adequate and proposed no changes.<sup>15</sup>

The policy can be found on the Company's website at <https://corporate.elica.com/en/governance/corporate-documents>.

## **13. SHAREHOLDERS' MEETINGS**

The By-Laws of the Company do not provide for a method of functioning other than those as prescribed by law and regulations.<sup>16</sup>

Normally, all of the Directors attend the Shareholders' Meetings. Five out of seven Directors attended the Shareholders' Meeting on April 28, 2022.

All of the matters on the Agenda of the Shareholders' Meeting were reported upon in the Directors' Report to the Shareholders' Meeting or in the documents filed, available to the Shareholders and published on the company website.

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All those who have sent the company the communication provided by the intermediary appointed by the end of the third market day preceding the date fixed for the Shareholders' Meeting in first call or in single

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<sup>14</sup> For further details see Section 5, "Management of Corporate Information".

<sup>15</sup> For more information, see Section 16. "Considerations on the letter of January 25, 2023 of the Chairperson of the Corporate Governance Committee".

<sup>16</sup> The Shareholders' Meeting assigned the Board the duties as per Article 19.2 of the By-Laws, in accordance with the Article 2365 of the Civil Code.

call, have the right to attend the shareholders' meeting, or within a different time period established by existing regulations, as long as the communications are sent to the Company within the above-stated time periods, provided by the beginning of the business of the shareholders' meeting.

Every shareholder may be represented by a third party conferring upon him proxy in accordance with law, the By-Laws and the Shareholders' Meeting regulation.

The notification through electronic means of proxy to the Company by those with the right to vote may take place through sending an e-mail to the address indicated in the call notice.

The Shareholders' Meeting of the Company on April 12, 2006 approved the Shareholders' Meeting Regulation, proposed by the Board of Directors, subsequently amended by the Shareholders' Meeting of April 28, 2011 in order to guarantee the proper carrying out of the Shareholders' Meetings as well as the rights of each shareholder to contribute to discussions on the matters on the Agenda. The Regulation is published on the Company website <https://corporate.elica.com/en/governance/shareholders-meeting>. With particular reference to the procedures for guaranteeing the right of each shareholder to speak on the items on the agenda, please refer to the provisions of the said Shareholders' Meetings Regulation.

The Board reported on the activities carried out and programmed in the Shareholders' Meetings and endeavoured to ensure shareholders have adequate information regarding the necessary elements so that they could take, in a knowledgeable manner, the decisions within the authority of a Shareholders' Meeting.

The shareholder FAN, at the Board's invitation, when presenting the slates for the appointment of corporate boards, communicated the proposals that it would have submitted for approval by the Shareholders' Meeting. The Board did not express any opinions in this regard, and specifically did not express a view on the proposals for the remuneration of the corporate boards to be appointed.

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The Board assessed the corporate governance system adopted and found that it met the Company's needs. Therefore, it did not draw up any proposal to be submitted to the Shareholders' Meeting on choosing a different corporate model, nor did it establish any additional or different percentages for the exercise of voting rights compared to those in previous years. Given the size and current needs of the Company, the Board confirmed the number of seven Directors as members and a term of office of three years, upon renewal of the Board.

#### **14. FURTHER CORPORATE GOVERNANCE PRACTICES (as per Article 123-bis, paragraph 2, letter a), CFA)**

With reference to the other corporate governance practices applied, the Company, as parent company of European and non-European companies, adopts management and organisational models that are suitable for supervising business and governance. These models are systematically updated in the event of changes to the corporate structure or organisation, taking into account: (i) the need to streamline decision-making processes to ensure management is able to effectively deal with the numerous changes caused by the market and unforeseen situations (e.g. pandemic, increase in raw materials, etc.), (ii) the need to ensure compliance and sustainability in the long term.

Reference should be made in addition to previous sections of this report. In particular, sections 9.4 "ORGANISATION MODEL AS PER LEGISLATIVE DECREE No. 231/2001" and 9.7 "COORDINATION OF THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM".

#### **15. CHANGES SUBSEQUENT TO THE YEAR-END.**

The text of the present report was supplemented, in the individual paragraphs, with the information concerning the changes between December 31, 2022 and March 16, 2023, date of its approval.

## 16. CONSIDERATIONS ON THE LETTER OF JANUARY 25, 2023 OF THE CHAIRPERSON OF THE CORPORATE GOVERNANCE COMMITTEE

The Board of Directors of the Company on February 14, 2023, assessed the letter of the Chairperson of the Corporate Governance Committee dated January 25, 2023. Among the 2023 recommendations applicable to Elica, which under the Code's definitions is a company with concentrated ownership, and is not a large company,<sup>17</sup> the Board made the following assessments with respect to each point in the letter.

### Dialogue with shareholders and major stakeholders.

In October 2021, Elica adopted a Shareholder Communication Policy; the Board assesses its adequacy at least once a year. This assessment was last carried out in October 2022. For the purpose of the assessment, at the meeting the Investor Relations function made available to Directors and Statutory Auditors a report on the activities carried out in the first nine months of 2022 to apply the policy, and at the meeting of February 14, 2023 it made available a document summarising the activities carried out in 2022 and the 2023 communication plan. The report sets out the information provided by the Executive Directors to the Board in periodic reports on performance and dialogue with shareholders.

The current policy explicitly provides for the possibility of investor-initiated dialogue. Taking into account the size of the Company and its corporate structure, shareholders are given the opportunity to request meetings in writing, specifying in the request the topics to be discussed and their position, if any, on the proposed topic. This approach allows the Company to adequately prepare for the meeting by involving relevant personnel and to ensure that everyone has equal access to relevant information. Calls and in-depth meetings were held during the year in response to requests received by the Investor Relations function.

The main topics discussed during the calls and meetings with shareholders included:

- global demand trends in the different target markets and Elica's positioning in the different markets, both for its own and third-party branded products;
- the contribution of motors and the performance of the relevant market;
- managing the increase in the cost of raw materials, transport and energy, with particular regard to Elica's responsiveness in taking corrective action, such as increasing prices and reducing costs, to safeguard Group margins;
- the reorganisation of the industrial footprint, including the expansion of the production plant in Poland, and the impacts on the Group's accounts;
- the strategy for future growth, both organically and through potential acquisitions, with a particular focus on target markets for growth;
- the long-term sustainability strategy, integrated into the Group's growth strategy, which the Company intends to set out in detail by producing a Sustainability Plan.

Some examples linked to sustainable business growth include the announcement of the partnership with Iberdrola, an example of focusing on energy transition by strengthening the motor segment, and initiatives in collaboration with the Ermanno Casoli Foundation, which considers contemporary art to be an excellent educational and methodological tool for stimulating innovation and creativity in the business environment.

The Board of Directors, through the Chairperson and the CEO, plays a key role in communicating with stakeholders to highlight the Company and publicise its activities and initiatives in the areas of products and ESG.

### The assignment of management powers to the Chairperson

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<sup>17</sup> See Table 1

For the reasons that justify the retention of powers by the Chairperson, even if the Chairperson is not the Chief Executive Officer, please see Section 4.5, "ROLE OF THE CHAIRPERSON OF THE BOARD OF DIRECTORS".

Pre-Board information;

In line with the recommendations of the Code, Elica has adopted internal regulations that do not provide for the possibility of delaying reporting to the Board merely for reasons of confidentiality.<sup>18</sup>

Attendance of managers at Board meetings

The Company issued regulations that provide for access by Directors to the information and corporate departments necessary for them to carry out their duties, and to assistance from external consultants, within the terms laid down by the Board of Directors. Given the Company's size and organisational structure, the methods for access to information and corporate functions do not require any special formalities; the CEO is informed of access requests made by Directors. Meetings of the Board of Directors and the committees are normally attended by the Company's Chief Financial Officer and, on specific topics, the relevant managers. For example, in 2022, Board or committee meetings were attended by the Head of the Cooking Area and the Chief Executive Officer of the engine manufacturing subsidiary EMC FIME S.r.l., the Head of Human Resources, the Corporate Financial Reporting Officer, the Internal Audit Manager and other managers, for specific topics on the Agenda.

Guidelines on optimal composition

Elica is a concentrated ownership company and is therefore not subject to this recommendation. However, as the current Board's term is due to expire upon approval of the budget as of December 31, 2023, the Board reserves the right to make assessments on the optimal composition of the Board.

On the criteria for assessing the significance of a relationship that may affect the independence of a Director, see Section 4.7, "INDEPENDENT DIRECTORS AND LEAD INDEPENDENT DIRECTORS."

On the transparency of remuneration policies regarding the weighting of variable components, long-term horizons in remuneration policies and ESG parameters for Director remuneration, Elica adheres to the recommendations of the Code. For further information, reference should be made to the Remuneration Report.

Elica S.p.A.

The Chairperson of the Board of Directors

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<sup>18</sup> For more information, see Section 4.4 "FUNCTIONING OF THE BOARD OF DIRECTORS (as per Article 123-bis, paragraph 2, letter d) of the CFA)".

**TABLE 1**  
**INFORMATION ON THE OWNERSHIP STRUCTURE AT 31/12/2021**  
**Share capital structure**

	NO. OF SHARES	NO. OF VOTING RIGHTS	LISTED/NON-LISTED	RIGHTS & OBLIGATIONS
Ordinary Shares	63,322,800	100%	Listed Euronext STAR Milan	Voting rights at the Ordinary and Extraordinary Shareholders' Meeting, right to a dividend and repayment of capital in the case of liquidation

**SIGNIFICANT SHAREHOLDINGS**

Shareholder	Direct shareholder	% of ordinary share capital	% of voting share capital	NOTES
CASOLI FRANCESCO	FAN S.r.l.	52.809%	52.809%	*
CASOLI FRANCESCO	CASOLI FRANCESCO	0.252%	0.252%	*
TIP-Tamburi Investment Partners S.p.A.	TIP - TAMBURI INVESTMENT PARTNERS S.P.A.	21.380%	21.380%	*

\*Data updated on the basis of declarations presented to Consob and Internal Dealing declarations.

**TABLE 2 - STRUCTURE OF THE BOARD OF DIRECTORS AT YEAR-END**

Name	Year of birth	Office	In office from	In office until	No. other Offices (i)	Exec.	Ind. Cod. / Ind. CFA	Participation (ii)
Francesco Casoli	05/06/1961	Chairperson of the Board of Directors	29/04/2021	Approval 2023 Accs.	-	yes	no	9/9
Giulio Cocci	13/04/1970	Chief Executive Officer	16/03/2021(iv)	Approval 2023 Accs.	-	yes	no	9/9
Elio Cosimo Catania	05/06/1946	Director	29/04/2021	Approval 2023 Accs.	2	no	yes/yes	9/9
Angelo Catapano	9/12/1958	Director	29/04/2021	Approval 2023 Accs.	3	no	yes/yes	9/9
Liliana Fratini Passi	19/06/1970	Director	29/04/2021	Approval 2023 Accs.	1	no	yes/yes	9/9
Monica Nicolini (iii)	16/04/1963	Director	29/04/2021	Approval 2023 Accs.	-	no	yes/yes	9/9
Susanna Zucchelli	19/12/1956	Director	29/04/2021	Approval 2023 Accs.	1	no	yes/yes	9/9

(i) No. of offices held in other listed companies, including abroad, in financial, banking and insurance companies or of significant size. Those positions held in financial companies not registered on the list, as per Article 106 of Legislative Decree No. 385/93 – Banking Act, are excluded. For further information, reference should be made to the list at the section “Maximum number of offices held in other companies” and curricula of the Directors.

(ii) this column indicates the attendance of the Director at the Board meetings;

(iii) Lead Independent Director;

(iv) The date indicated refers to the date on which the previous Chief Executive Officer was co-opted; subsequently, Giulio Cocci was appointed by the Shareholders' Meeting on April 29, 2021.

**TABLE 3 - STRUCTURE OF THE INTERNAL COMMITTEES AT YEAR-END**

Name	Office/Category	In office from	In office until	Appointments and Remuneration Committee- (v)	Control, Risks and Sustainability Committee- Participation (v)
Angelo Catapano	Non-Executive Dir. - Indep. Code/CFA	April 29, 2021	Approval 2023 Accs.	4/4	4/4
Liliana Fratini Passi	Non-Executive Dir. - Indep. Code/CFA	April 29, 2021	Approval 2023 Accs.	4/4	4/4
Monica Nicolini (iv)	Non-Executive Dir. - Indep. Code/CFA	April 29, 2021	Approval 2023 Accs.	4/4	4/4
Susanna Zucchelli	Non-Executive Dir. - Indep. Code/CFA	April 29, 2021	Approval 2023 Accs.	4/4	
Susanna Zucchelli	Chairperson - Indep. Code/CFA	April 29, 2021	Approval 2023 Accs.		4/4
Elio Cosimo Catania	Chairperson - Indep. Code/CFA	April 29, 2021	Approval 2023 Accs.	4/4	
Elio Cosimo Catania	Non-Executive Dir. - Indep. Code/CFA	April 29, 2021	Approval 2023 Accs.		2/4

*(V) this column indicates member attendance at Committee meetings.*

**TABLE 4 – STRUCTURE OF THE BOARD OF STATUTORY AUDITORS**

*Board of Statutory Auditors*

<i>Office</i>	<i>Member</i>	<i>Year of birth</i>	<i>Date of first appointment</i>	<i>In office from</i>	<i>In office until</i>	<i>Slate</i>	<i>Ind. Code</i>	<i>Attendance at Board meetings</i>	<i>No. further appointments</i>
<b>Chairperson</b>	FREZZOTTI GIOVANNI	1944	27/04/2018	29/04/2021	Approval 2023 Accs.	M	YES	22/22	7
<b>Statutory Auditor</b>	BELLI MASSIMILIANO	1972	27/04/2018	29/04/2021	Approval 2023 Accs.	M	YES	22/22	0
<b>Statutory Auditor</b>	ROMAGNOLI SIMONA	1971	29/04/2021	29/04/2021	Approval 2023 Accs.	M	YES	22/22	0
<b>Alternate Auditor</b>	TIRANTI LEANDRO	1966	27/04/2018	29/04/2021	Approval 2023 Accs.	M	YES	0/22	0
<b>Alternate Auditor</b>	SPACCAPANICCIA SERENELLA	1965	27/04/2018	29/04/2021	Approval 2023 Accs.	M	YES	0/22	0

*Number of meetings held in the year: 22*



## ANNEX 1

### ***Description of the principal characteristics of the Internal Control and Risk Management System in relation to financial disclosure***

#### **Introduction**

Within the general process for the recording and analysis of Group risk areas, undertaken to structure an internal control system which allows for the best possible governance of company risks, a particular focus is placed on the internal control system on the financial disclosure process, which is not considered a separate component, but rather an integral part of Elica's overall internal control system. The above accounting-administrative control model comprises a set of procedures and internal instruments adopted to enable the reaching of the assurance, accuracy, reliability and timeliness of financial disclosure objectives.

Employing a single and integrated approach the Company therefore considered it correct to base the guidelines for the design, implementation and maintenance of the Internal Control System on the best international practices, which currently stem from the study conducted by the Committee of Sponsoring Organizations of the Threadway Commission (CoSO Report). In addition to this, the development and implementation of the control procedures were conducted taking account the Corporate Governance Code of Borsa Italiana S.p.A., of the Confindustria "Guidelines", of the "Ethics Code" and further regulations and rules in force, as well as national and international standards and guidelines concerning Internal Control Systems in general, and specifically concerning Financial Disclosure Control Systems.

With specific regard to the administrative-accounting processes, the Internal Control System, as described above, supports the basis of the declaration which the Corporate Financial Reporting Officer must issue in accordance with Article 154-*bis* of Legislative Decree No. 58/98.

The structuring and organisation of administrative-accounting processes, in continuous development, is focused on achieving maximum synergy between achieving the compliance objectives and the optimisation objectives, through actions focused on formalising the processes and their efficiency, the identification and the evaluation of risks and the design of mitigating controls according to a structured methodology, with an overall view to achieving maturation of the entire System, extendible to the Group in the medium term.

#### **Phases of risk management and internal control in place in relation to Financial Disclosure**

The Financial Disclosure Control System of Elica is based on the phases described below:

*i) Identification of financial disclosure risks*

This activity involves continuous monitoring of the risks to which each Group company is exposed, by carrying out both quantitative assessments of the main account items and qualitative assessments.

*ii) Assessment of risks and identification of controls*

The administrative-accounting processes identified by the assessments described above are documented in order to allow for their analysis and maintenance, as well as to provide a full description of the associated risks and existing controls.

The approach adopted takes into consideration the possible risk of failing to correctly represent operating events in the financial disclosure, designing and monitoring controls to guarantee the coverage of these risks, in addition to coordinating with the control mechanisms implemented for other components of the overall internal control system. In particular, the administrative-accounting processes include risks related to the non-achievement of the control objectives to ensure true and correct financial disclosure and to minimise the probability and impact of any occurrence. These objectives concern the financial statement affirmations (typically: existence and occurrence, completeness, rights and obligations, valuation and recording, presentation and disclosure) and other elements concerning the internal control environment of the organisation (such as, for example, compliance with authorisation limits, segregation of duties, controls on the physical security and the existence of assets, documentation and traceability of operations). The risk analysis related to financial disclosure, developed according to the guidelines and the scope defined by the Financial Reporting Officer, provides for periodic updating in order to identify the principal amendments made to the administrative-accounting processes with the natural development of the business and the organisation.

*iii) Evaluation of the control of identified risks*

On the basis of the results of the recording and assessment of financial disclosure process risks at an inherent level (i.e. independently of the existence of controls upon occurrence), the Company defines the structure and the means for execution of administrative-accounting controls considered adequate to guarantee the containment and mitigation of residual risks to an acceptable level.

The system of controls defined to guarantee their containment is subject to periodic monitoring and to periodic verification of the effectiveness of the administrative-accounting controls, i.e. the performance of specific tests in order to ascertain the correct execution by the corporate functions involved, as well as the implementation of the defined corrective measures.

### **Roles and Functions involved**

The Risk and Control Management System, in relation to the Financial Disclosure of Elica is overseen by the Financial Reporting Officer who draws up adequate administrative and accounting procedures for the preparation of the parent company and consolidated financial statements, in addition to all communications of a financial nature.

The Financial Reporting Officer declares upon the adequacy and the effective application of these procedures with regard to the half-year and annual financial statements, both for the parent company and for the group.

In carrying out the duties assigned by the Board of Directors, the Financial Reporting Officer:

- is supported by the corporate boards of the subsidiary legal entities which, on the occasion of the half-year and annual financial statements, declare the completeness and accuracy of the financial information provided by them;
- establishes a relationship of complete sharing and transparency with the Control, Risks and Sustainability Committee and the Board of Statutory Auditors sharing, at least half-yearly the evaluations on the activities carried out and the actions to be undertaken, also by Internal Audit.