



Ordinary Shareholders' Meeting of 23/24 April 2024

REPORT ON THE REMUNERATION POLICY
AND THE FEES PAID

We ARE #SDGs
CONTRIBUTORS

ERG
EVOLVING ENERGIES



INDEX

LETTER OF THE CHAIRWOMAN OF THE NOMINATIONS AND REMUNERATION COMMITTEE	3
EXECUTIVE SUMMARY	4
INTRODUCTION	7
1. EVOLUTION OF APPROACH	7
2. SUMMARY OF THE MAIN CHANGES	8
3. CONTRIBUTION TO THE STRATEGY	8
SECTION I: 2024 REMUNERATION POLICY	11
4. PARTIES INVOLVED	11
4.1 NOMINATIONS AND REMUNERATION COMMITTEE	11
5. STRUCTURE OF THE 2024 REMUNERATION POLICY	12
5.1 BOARD OF DIRECTORS	13
5.2 KEY MANAGERS	17
5.3 INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS	19
5.4 BOARD OF STATUTORY AUDITORS	19
6. DEROGATION PROCEDURE	19
SECTION II: AMOUNTS PAID FOR 2023	20
7. PAY FOR PERFORMANCE	20
7.1 GENERATE RESULTS AND SHARE SUCCESS	22
8. IMPLEMENTATION OF THE 2023 REMUNERATION POLICY	24
8.1 BOARD OF DIRECTORS	24
8.2 KEY MANAGERS	26
8.3 INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS	27
8.4 BOARD OF STATUTORY AUDITORS	27
9. ADDITIONAL INFORMATION	29
10. AMOUNTS PAID IN 2023	30
11. MONETARY INCENTIVE PLANS	33
12. SHARE INCENTIVE PLANS	34
13. COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS	34
14. EQUITY INVESTMENTS HELD IN 2023	35
GLOSSARY	36

LETTER OF THE CHAIRWOMAN OF THE NOMINATIONS AND REMUNERATION COMMITTEE



Emanuela Bonadiman

Chairwoman of the Nominations and Remuneration Committee

Dear Shareholders,

As Chairwoman of the Nominations and Remuneration Committee, together with my colleagues Elena Grifoni Winters and Federica Lolli, I am pleased to present the ERG Annual Report on the Remuneration Policy and the fees paid. The 2024 Policy was prepared for the new mandate in compliance with the governance model adopted by the Company and in response to the broad consensus expressed by shareholders and institutional investors on this overall framework. The remuneration systems outlined in the 2024 Policy are oriented towards the pursuit of the Company's strategic priorities over the medium-long term, according to the guidelines of economic and environmental sustainability, and geographic and technological diversification, therefore taking into consideration the risks and uncertainties, linked to the geopolitical context and climate change, present in the macroeconomic context.

The fragility of the international scenario has had serious repercussions on international transport, driving up both the cost of commodities and transport. From a climate perspective, 2023 was a year of record-breaking heat and coincided with the reaching of an all-time high for greenhouse gas emissions. Against this background, ERG, as a "Pure Renewable Player", confirmed its commitment to growing its renewable portfolio in the Wind & Solar sectors, in accordance with the strategic guidelines set out in the 2022-2026 Business Plan, through a policy of geographic (9 EU + US countries) and technological (Wind & Solar) diversification and the gradual securing of revenues.

In preparing the Policy, in continuity with previous years, we took into consideration the indications that emerged from the favourable vote of the Shareholders' Meeting of 26 April 2023, as well as the results of the engagement activities that we conducted with key proxy advisors, investors and stakeholders on corporate governance issues.

The 2024 Remuneration Policy guidelines are defined to guarantee the objective pursued, namely aligning the remuneration system and the reward system with the Group's objectives and strategy, with a view to pursuing sustainable success and creating value in the long-term, and confirm the overall remuneration structure defined by the 2023 Policy.

Over the last few months, the Committee has been working on the design of the 2024-2026 Performance Share system, retaining the value elements of the previous instrument, which guaranteed management retention (100%), thus confirming its suitability for pursuing the goals of aligning the interests of management and shareholders with a view to sustainable success. The essential elements of the 2024-2026 Performance Share system envisage: confirmation of the gate clause, as a minimum performance parameter related to a performance and economic sustainability indicator, and the introduction of an incentive card with separate KPIs linked to the share price, operational parameters, ESG issues and economic-financial indicators. Lastly, it was proposed that the share ownership restrictions envisaged by the plan be strengthened, by extending the lock-up clause to 30% of the shares allocated and extending the ownership restriction to 1 year in line with the recommendations of the Corporate Governance Code. This measure, together with the other essential elements of the planned 2024-2026 Performance Share system, is aimed at ensuring further alignment with the interests of shareholders over the long term.

More generally, the challenges faced have reinforced the guiding principles of our remuneration policy: pay equity and consistency, alignment with company strategies, competitiveness with the market, and enhancement of merit and performance, within our structured governance system, which is the best framework for nurturing talent and generating sustainable value. We entrust the new mandate with an ecosystem in which a sustainable working environment is pursued through meritocracy, the development of new skills, the focus on and promotion of Diversity & Inclusion, D&I and Gender Equality Policies, and a remuneration policy aligned with company values, business objectives, fair treatment and equal pay.

I sincerely thank the Directors Elena Grifoni Winters and Federica Lolli, who have generously lent the Committee their availability and their wealth of experience and professionalism, and I therefore submit to you this proposed Report for the new term of office in the hope that it will provide a comprehensive overview of ERG's remuneration system and its contribution to the creation of value and sustainable success for shareholders and all other stakeholders in the medium to long-term.

Sincerely,
Emanuela Bonadiman



EXECUTIVE SUMMARY

2024 REMUNERATION POLICY GUIDELINES¹

Fixed Remuneration	Enhances the responsibilities, the skills and the contribution demanded by the position. Ensures attraction and retention through continuous market benchmarking. Remunerates the activity carried out in the event that the variable component is not paid out.	
	Non-Executive Directors	Executive directors or directors holding particular offices
Annual fee , as members of the Board of Directors		Annual fee , as members of the Board of Directors, and an annual remuneration for the position of Executive Director holding special offices. The annual remuneration amount is determined by benchmarking the posts held by them against a peer group consisting of FTSE MIB and MID CAP companies in the industrial sector comparable to ERG in terms of capitalisation, shareholder structure, distribution of powers and complexity.
Key Managers		
Annual earnings , from employment.	The annual earnings amount is determined through specific market analyses in relation to roles with the same level of responsibility and managerial complexity with respect to the national markets in the industry sector.	

Short-Term Variable Remuneration	Aimed at the achievement of economic, financial and sustainability targets, predetermined, measurable and in line with the budget.		
	Chief Executive Officer		Key Managers
MBO System:	100% cash	MBO System:	100% cash
Clawback clause:	exercisable within 3 years	Clawback clause:	exercisable within 3 years
Corporate Target	Pay-out range 50%-150% target	Corporate Target	Pay-out range 50%-150% of the target
50% EBT	Score < 50% disbursed 0% of the target bonus Score > 150% disbursed 150% of the target bonus	30% EBT	Score < 50% disbursed 0% of the target bonus Score > 150% disbursed 150% of the target bonus
Sustainability Target²:	Pay-out range 80%-120% of the target	Sustainability Target²:	Pay-out range 80%-120% of the target
20%	Score < 80% disbursed 0% of the target bonus Score > 120% disbursed 120% of the target bonus	10%³	Score < 80% disbursed 0% of the target bonus Score > 120% disbursed 120% of the target bonus
Economic/financial growth targets	Pay-out range 80%-120% of the target	Individual Targets:	Pay-out range 80%-120% of the target
30%	Score < 80% disbursed 0% of the target bonus Score > 120% disbursed 120% of the target bonus	60% Various targets (sustainability, economics, business development and/or specific projects)	Score < 80% disbursed 0% of the target bonus Score > 120% disbursed 120% of the target bonus

¹ It should be noted that the mandate granted to the current Board of Directors will expire on the date of the Shareholders' Meeting called to approve the Financial Statements at 31 December 2023; consequently, the 2024 Remuneration Policy – which is substantially in line with the 2023 Policy – has been prepared in such a way as to (i) allow for different possible governance structures, in terms of proxies, which the New Board of Directors will be called upon to define after the Shareholders' Meeting convened for 23 April 2024 and (ii) take into account that, during the first half of 2024, the New Board of Directors will be called upon to approve the 2024-2028 Business Plan, the 2024-2028 ESG Plan and the Regulation implementing the new 2024-2026 LTI System.

² Targets common to all beneficiaries of the MBO system.

³ Key Managers are assessed on sustainability issues both through the common sustainability target and with the individual targets linked to specific sustainability issues.

Long-Term Variable Remuneration			Aimed at aligning the interests of the beneficiaries with the pursuit of the priority objective of the creation of sustainable value for the shareholders over the medium/ long term. Contributes to the strategy of ensuring the Company's sustainability over time, incentivising beneficiaries to achieve strategic results, with a view to sustainable success, consistent with the specific objectives of the Business Plan and the ESG Plan, which are expected to be fully defined and approved by the new Board of Directors and presented to the market during the first half of 2024.
Chief Executive Officer	Key Executive Directors	Key Managers	
Essential Elements of the 2024–2026 Performance Share system⁴			
Single awarding at plan inception, with three-year vesting .			
Access gate: predetermined % of the 2024-2026 three-year cumulative EBITDA			
Pay-out range: the Shares that can be allocated may vary up to a predefined maximum percentage (cap) of the Shares Assigned, based on the performance of the following KPIs:			
<ul style="list-style-type: none"> • 60% ERG share price • 40% Sustainability, economic/financial and/or growth indicators 			
Vesting Date: 2027			
Lock Up: 30% of the Shares Allocated for a period of 12 months			
Clawback clause: exercisable within 3 years			

Pay Mix	Defined to ensure a remuneration mix that is consistent with the managerial position held based on the strategic importance of the role in terms of achieving the objectives of the ESG Plan..																
Pay mix at target⁴																	
<table border="1"> <thead> <tr> <th>Role</th> <th>Fixed</th> <th>MBO</th> <th>LTI</th> </tr> </thead> <tbody> <tr> <td>KED</td> <td>70% - 80%</td> <td>0%</td> <td>20% - 30%</td> </tr> <tr> <td>CEO</td> <td>30% - 40%</td> <td>15% - 25%</td> <td>40% - 50%</td> </tr> <tr> <td>KM</td> <td>40% - 50%</td> <td>20% - 30%</td> <td>25% - 35%</td> </tr> </tbody> </table>		Role	Fixed	MBO	LTI	KED	70% - 80%	0%	20% - 30%	CEO	30% - 40%	15% - 25%	40% - 50%	KM	40% - 50%	20% - 30%	25% - 35%
Role	Fixed	MBO	LTI														
KED	70% - 80%	0%	20% - 30%														
CEO	30% - 40%	15% - 25%	40% - 50%														
KM	40% - 50%	20% - 30%	25% - 35%														
The target value of the long-term component was determined by multiplying the target price by the number of Assigned Shares assuming a target achievement of the performance KPIs.																	

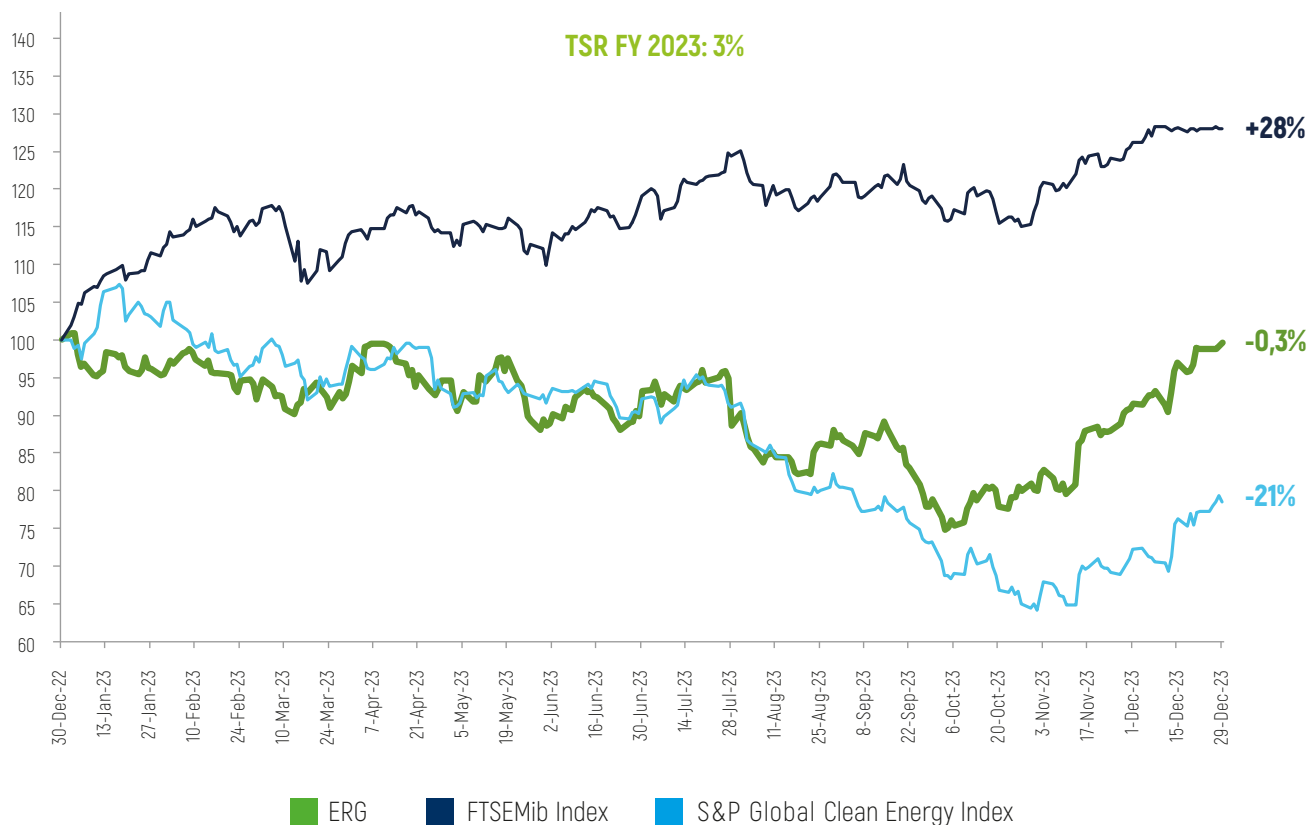
Non-monetary benefits			In a Total Reward approach, the compensation package is integrated with benefits, mainly in the form of pension and social security.
Chief Executive Officer	Key Executive Directors	Key Managers	
Medical assistance and insurance coverage against the risk of death and disability (which are subtracted from the annual compensation) Company car for mixed use		Medical assistance, supplementary pension and insurance coverage against the risk of death and disability Company car for mixed use	

⁴ The regulation implementing the 2024-2026 LTI System, an integral and substantial part of the 2024 Policy, will be approved during the first half of 2024 by the New Board of Directors, at the same time as defining the 2024-2028 Business Plan and the 2024-2028 ESG Plan in order to ensure that the timeframes are fully consistent with the new mandate and the objectives of the aforementioned Business Plans.



PAY FOR PERFORMANCE

Over the past year, ERG has rewarded its shareholders with dividends totalling approximately EUR 154 million and the share price performance was substantially unchanged (-0.3%), with an outperformance against the S&P Global Clean Energy Index of 21 percentage points (-28 percentage points against the FTSEMib Index). This performance should be viewed in an extremely penalising context for the renewables sector, exacerbated by regulatory uncertainty, high interest rates and rising costs for investments in renewables.



The Board of Directors of ERG, which met on 12 October 2023, resolved to initiate the Share Buy-back Programme, in implementation of the resolution passed by the Shareholders' Meeting on 26 April 2023 (the "Programme"). The Programme involved the purchase of Shares as a form of investment aimed at maximising the creation of value for the Company and the shareholders, for a maximum period of 6 months from 12 October 2023, the day the Programme was launched.

At 31 December 2023, 2,404,280 shares had been repurchased since the start of the Programme at a weighted average price of EUR 25.4826 per share. Considering the Shares already in its portfolio prior to the start of the Programme, ERG, at 31 December 2023, held 3,186,360 Treasury Shares equal to 2.1197% of the relevant share capital.

The Programme ended on 12 February 2024 when the maximum amount of Shares that could be purchased was reached; therefore, at that date, 3,758,000 Shares had been repurchased since the start of the Programme at a weighted average price of EUR 26.0 per share. Considering the Shares already in the portfolio before the launch of the Programme, at 12 February 2024, ERG held 4,540,080 Treasury Shares, equal to 3.02028% of the relative share capital and 3.02027% of the relative voting rights.

INTRODUCTION

Pursuant to the provisions of Article 123-ter of the Consolidated Finance Act, the Report is divided into two sections.

I. FIRST SECTION: REMUNERATION POLICY

The first section describes the 2024 Remuneration Policy and the procedures used for its adoption and implementation.

II. SECOND SECTION: FEES PAID

The second section provides, for the individual members of the Board of Directors and the Board of Statutory Auditors, as well as for the Executives with strategic responsibilities, in aggregate form:

- a) a suitable description of each of the items that make up the remuneration, including the indemnities due in the event of termination of office or discontinuation of the employment relationship, showing their consistency with the 2023 Remuneration Policy and the ways in which the remuneration contributes to the Company's long-term results;
- b) a statement of the fees paid in financial year 2023, for whatsoever reason and in any form, by ERG and its subsidiaries or associated companies, indicating any components of the said fees that are attributable to the activities carried out in previous years and highlighting also the fees to be paid in one or more subsequent periods for activities performed in the reference year, possibly indicating an estimated value for the components not objectively quantifiable in the reference year.

The 2024 Remuneration Policy was approved by the Board of Directors on 12 March 2024, at the proposal of the NRC, having obtained the favourable opinion of the Board of Statutory Auditors. On the same date, the Board of Directors approved the Report, after prior assessment by the CRSC.

The Shareholders' Meeting called to approve the Financial Statements at 31 December 2023 is called upon to express its views on this Report with:

- ✓ a binding vote on the 2024 Policy, as described in the First section;
- ✓ an advisory vote on the Second section.

This Report is made available to the public, within the terms provided for by the laws and regulations in force, (i) at the registered office of the Company in Genoa, Via De Marini 1, (ii) on the Company's website (www.erg.eu) in the "Corporate Governance/2024 Shareholders' Meeting" section and (iii) at Borsa Italiana S.p.A. and on the authorised storage platform eMarket Storage (www.emarketstorage.com).

1. 1. EVOLUTION OF APPROACH

In line with the best practices at that time, by means of the Board of Directors' resolution of 20 December 2011 ERG adopted for the first time its own Remuneration Policy, effective from 2012. Initially, the Company developed its Policy independently, without referencing other companies' remuneration policies.

Over the years, the Policy has undergone several revisions aimed at incorporating, in particular, (i) organisational changes, (ii) new laws and regulations, (iii) the recommendations of the Corporate Governance Code, and (iv) national and international best practices.

The most recent revisions of the Policy took place:

- on 11 March 2021, in order to take into account (i) the recommendations of the Corporate Governance Code and the Italian Committee for Corporate Governance in terms of sustainability, (ii) the amendments introduced by CONSOB, with resolution no. 21623 of 10 December 2020, to the Issuers' Regulations and to Scheme 7-bis of Annex 3A to the Issuers' Regulations, in implementation of the mandate assigned to it by the aforementioned Article 123-ter of the Consolidated Finance Act; and (iii) the essential elements of the 2021-2023 Performance Share System, (later approved by the Shareholders' Meeting of 26 April 2021);
- on 14 March 2022, in order to take into account (i) the changes that took place following the appointment of the new Board of Directors, the appointment of the new Chief Executive Officer and the removal of the figure of General Manager, (ii) the resolution of the Board of Directors of 13 May 2021, with which the conditions necessary to implement the 2021-2023 LTI System were defined, in line with the current Remuneration Policy and in view of the Business Plan and the ESG Plan, (iii) the approval of the Business Plan and ESG Plan following the sale of the hydroelectric business and the decision to sell the thermoelectric business (finalised in 2023);
- on 14 March 2023, in order to (i) further clarify the relationship between the remuneration of the Chief Executive Officer and that of the ERG group employees, (ii) provide additional information both on gender equality in matters of equal pay, in line with the Diversity & Inclusion policies promoted by the Nominations and Remuneration Committee, and on the issue of minimum pay, and (iii) explain the engagement plan with shareholders and the financial community.

For the purposes of these latest updates, the Company – in continuity with previous practices – also took as reference some of the remuneration policies of the non-financial companies of the FTSE MIB index, with support from the consulting firm The European House – Ambrosetti.



2. SUMMARY OF THE MAIN CHANGES

The term of office of the current Board of Directors will expire on the date of the Shareholders' Meeting convened to approve the Financial Statements at 31 December 2023. Consequently, the 2024 Remuneration Policy – which is substantially in line with the 2023 Policy – has been prepared in such a way as to (i) allow for different possible governance structures, in terms of proxies, which the new Board of Directors will be called upon to define after the Shareholders' Meeting convened for 23 April 2024 and (ii) take into account that during the first half of 2024 the new Board of Directors will be called upon to approve the 2024-2028 Business Plan, the 2024-2028 ESG Plan and the Regulation implementing the new 2024-2026 LTI System.

Notwithstanding the above, the main changes made are aimed at (a) increasing transparency on the ex post objectives of the incentive systems (b) introducing further details on the relationship between the fixed remuneration of the Chief Executive Officer and that of ERG Group employees, (c) providing further elements of transparency both on gender pay equity and on the lines of action put in place to ensure it, and (d) incorporating certain indications that emerged during the engagement activities carried out. In this regard, the Board of Directors, deeming such ongoing dialogue fruitful, updated its Policy for the management of dialogue with shareholders and investors in general on 23 February 2024, in order to extend its application to all of the Company's stakeholders (the "Policy for the management of dialogue with Stakeholders").

For the purposes of preparing the remuneration policy for 2024, the Nominations and Remuneration Committee took into account: (i) the recommendations of the Italian Corporate Governance Code and the Italian Committee for Corporate Governance, relevant to remuneration, most recently formulated in the communication of 25 January 2023, (ii) national and international best practices, (iii) the assessments expressed by the shareholders and the indications emerging from the vote of the Shareholders' Meeting of 26 April 2023 on the policy for 2023 and on the final balance for 2022, paying particular attention the voting guidelines for minority shareholders and the evolution, over time, of their positions, (iv) the results of the engagement activities carried out by the Company with proxy advisors and institutional investors and, lastly, (v) the outcomes of the benchmark analysis relating to the remuneration of the executive and non-executive Directors of ERG for the year 2023, carried out with the support of The European House Ambrosetti.

3. CONTRIBUTION TO THE STRATEGY

Our remuneration policy pursues the principle of promoting sustainable value, with the aim of generating results and sharing success.

The 2024 Policy has been defined with the aim of attracting, retaining and motivating highly skilled managers and aligning them to achieving the objectives identified in the Business Plan and the ESG Plan by adequately balancing the elements of remuneration with the primary objective of creating sustainable value for shareholders and other stakeholders in a medium to long-term perspective.

Sustainable success

Sustainable success for ERG, shareholders and other stakeholders is pursued by integrating business with sustainability, or rather the objectives set forth in the Business Plans with those defined in the ESG Plans approved by the Board of Directors from time to time.

The ESG strategy, supported by a structured financial framework, has enabled us to identify the essential elements of our "Sustainability Pillars" for each of which the targets the Company is committed to achieving and the concrete actions to be taken to this end have been identified. Our management is therefore focused and the related actions are assessed:

- in the short term (MBO System), through a mix of targets aimed at guaranteeing profitability, financial soundness, operational efficiency, sustainable development, environmental protection, personal safety and diversity;
- in the medium to long term (LTI System), with reference to the value generated in relation to economic and financial results and characterised by a focus on the issues of decarbonisation, energy transition and diversity & inclusion.

OBJECTIVES OF THE ESG PLAN

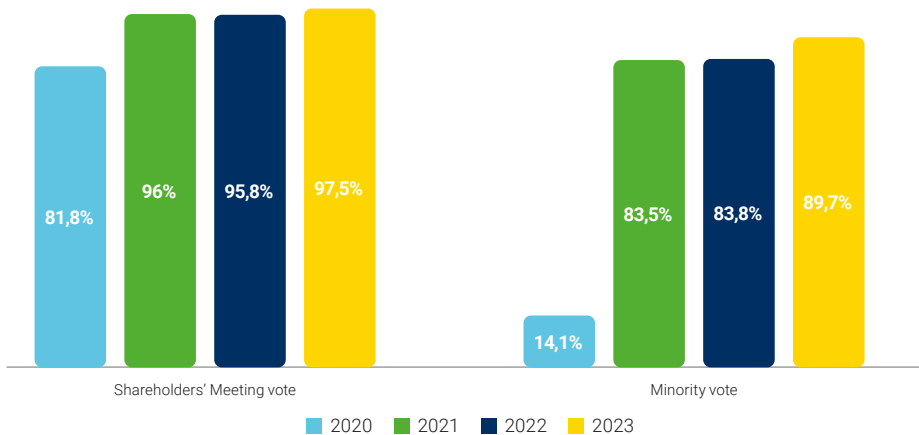
	<p>Tackling climate change and do our part for the planet</p>	<p>Planet</p>	<p>Net zero Circular Economy Energy Efficiency Biodiversity</p>	
	<p>Sharing benefits with local communities</p>	<p>Engagement</p>	<p>ERG Academy for Next Generation 1% for the Community Trust & Reputation</p>	
	<p>A future-proof human capital approach</p>	<p>People</p>	<p>ERG Academy for ERG People Diversity & Inclusion Health & Safety always Employees' well-being</p>	
	<p>Sustainable governance for long term succes</p>	<p>Governance</p>	<p>Enhancing Governance Model Tax Control Framework ESG Finance Sustainable Procurement</p>	

Dialogue with stakeholders

The Policy for managing dialogue with Stakeholders is a pillar of sustainable success for ERG. Our engagement model has always been based on transparency, promoting, developing and maintaining an ongoing, mutually trusting dialogue that pursues alignment between management action and stakeholders, including institutions, local communities, authorities, suppliers, shareholders, employees and the next generation.

ERG values dialogue with all stakeholders, in particular with its shareholders and institutional investors on remuneration issues, as we are aware of the importance of involving them in the formulation and implementation of the Policy, as also recognised by the legislator, when transposing the guidelines deriving from the SRD II Directive. This context makes it particularly important to analyse proxy advisors' recommendations and voting policies, paying particular attention to how minority shareholders vote and how their positions evolve over time, so that we can constantly improve the adoption of best market practices, incorporating ideas for development.

Vote in favour on 2023 policy Shareholders present (section 1)





Of particular note is the particularly positive vote cast by shareholders at the Shareholders' Meeting of 26 April 2023 on (i) Section 1: Remuneration Policy 2023 approved with 97.5% of the overall vote and strong support also from minorities (89.7%); and (ii) Section 2: Fees paid in 2022 approved with 97.4% of the overall vote and 89.3% from minorities.

In line with the purposes and methods set out in the "Policy for managing dialogue with Stakeholders", ERG provides its shareholders and investors, the financial community and all stakeholders with a number of communication tools and channels: publication on the website, webcasts, periodic roadshows, social media initiatives, industry meetings, as well as the publication on its website of detailed and complete information. To give full transparency and visibility to the activities carried out during 2024, the Company will provide timely information in relation to the meetings and dialogue established with the stakeholders, as well as the results and impacts of these activities also within the Consolidated Non-Financial Statement.

Remuneration engagement plan:

Stakeholders	Stakeholder expectations	Engagement methods and activities
Shareholders and Financial community	<ul style="list-style-type: none"> Creation of value. Representation of minorities. Transparency and timeliness with regard to economic and financial information. Corporate Governance and Risk Management. 	<ul style="list-style-type: none"> Shareholders' Meeting. Presentation of the Remuneration Policy. Comparative examination of the result of the Shareholders' Meeting vote with a focus on the position of minorities and the financial community. Roadshows and events related to the presentation of the business plan. Meeting with the main institutional investors and proxy advisors. Webcast Presentation of quarterly results. Press releases. Ongoing information about the Group's activities (press releases and news).

SECTION I: 2024 REMUNERATION POLICY

4. PARTIES INVOLVED

In keeping with relevant legislative and regulatory provisions in force and the recommendations of the Corporate Governance Code, the decisions behind the implementation of the 2024 Remuneration Policy

and the responsibility for its correct implementation are the result of a joint process involving numerous parties that take part in the decision-making process, as described in detail in this document.

BODIES INVOLVED AND AREAS OF RESPONSIBILITY

Parties	Supports	Proposes	Expresses an opinion	Resolves
Directors (Fee)	NRC Board of Directors ⁵	Shareholders		Shareholders' Meeting
Executive Directors and/or Directors holding specific offices (Remuneration)	Chief Human Capital & ICT Officer	NRC	Board of Statutory Auditors	Board of Directors
Chief Executive Officer (Remuneration)	Chief Human Capital & ICT Officer	NRC	Board of Statutory Auditors	Board of Directors
Key Managers⁶	Chief Human Capital & ICT Officer	CEO ⁷	NRC	CEO ⁸
Board of Statutory Auditors	NRC Board of Directors ⁹	Shareholders		Shareholders' Meeting

4.1 NOMINATIONS AND REMUNERATION COMMITTEE

The Nominations and Remuneration Committee consists of three non-executive directors, all independent pursuant to the CFA and the Corporate Governance Code, with suitable experience of financial issues and remuneration policies.

The Committee meets at least once a quarter. All members of the Board of Statutory Auditors attend the meetings of the Committee; in addition, the Chair of the Board of Directors and the Chief Executive Officer may attend, on invitation, as they are entitled to intervene on these issues and to identify suitable actions to address situations, even potentially critical ones. Directors do not take part

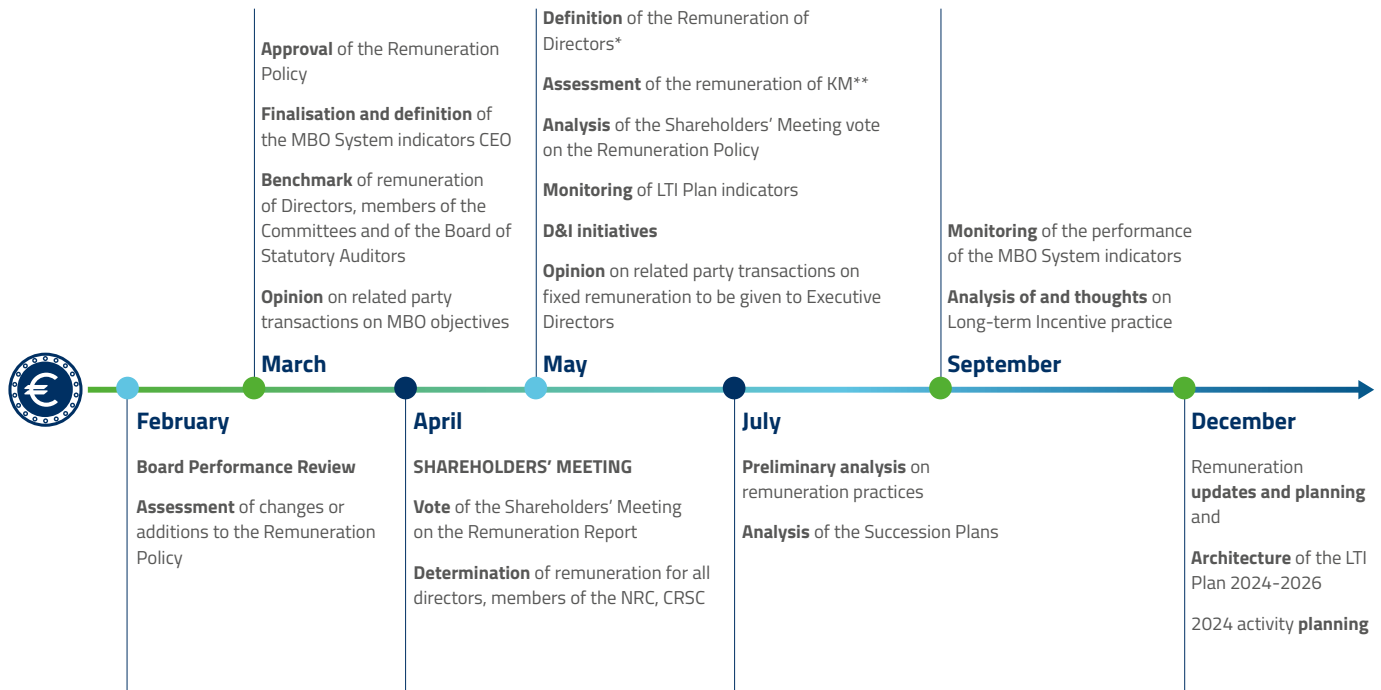
in the meetings of the NRC where proposals are made to the Board of Directors related to their own remuneration. Employees of ERG Group companies, representatives of the independent auditors and, in general, persons whose presence is believed to be necessary or advisable for the discussion of the items on the agenda may also be invited to attend Committee meetings.

During 2023, the Committee met 12 times with 97.2% of the members in attendance and an average duration of the meetings of 1 hour and 15 minutes.

- 5 The Italian Committee for Corporate Governance recommends that the Board of Directors verifies, in particular, that the amount of remuneration paid to non-executive directors is appropriate with respect to the skills, professionalism and commitment required of their office.
- 6 The remuneration of the Manager responsible for preparing the company's financial reports is defined by the Board of Directors, after consulting the NRC and the Board of Statutory Auditors, with the support of the Chief Human Capital & ICT Officer.
- 7 With the concurrence of any other Executive Directors who, as a result of the resolutions to be passed in this regard by the New Board of Directors, should hold a specific proxy in this regard, such as the one held at the date of approval of the Report by ERG's Executive Deputy Chair.
- 8 In the event that the decision falls within the scope of application of the Procedure, it would fall to the Board of Directors to make the decision.
- 9 The Italian Committee for Corporate Governance recommends that the Board of Directors verifies, in particular, that the amount of remuneration paid to members of the control body is appropriate with respect to the skills, professionalism and commitment required of their office.
- 10 As well as any other Executive Directors who, as a result of the resolutions to be passed in this regard by the New Board of Directors, should hold a proxy such as the one held at the date of approval of the Report by ERG's Executive Deputy Chair.



NOMINATIONS AND REMUNERATION COMMITTEE 2023 WORK SCHEDULE AND SIGNIFICANT EVENTS CONCERNING THE REMUNERATION POLICY



*Executive or holding particular offices
 ** Key Managers

With regard to the remuneration of the **Board Directors**, the Committee:

- regularly assesses the suitability, overall consistency and practical application of the Remuneration Policy, reporting to the Board of Directors;
- submits proposals or expresses opinions to the Board of Directors concerning the remuneration of the Executive Directors or Directors holding special positions as well as, if necessary, concerning the remuneration of the Directors who are members of the Strategic Committee, when they are not employees of the Group and do not sit on the Board of Directors;
- submits proposals or expresses opinions to the Board of Directors on the setting of the corporate and sustainability targets linked to the variable component of the short and medium/long-term incentive systems;
- monitors the implementation of the decisions taken by the Board of Directors, verifying the actual achievement of the performance targets.

With regard to the remuneration of **Key management**, the Committee:

- regularly assesses the suitability, overall consistency and practical application of the Remuneration Policy;
- expresses opinions to the Chief Executive Officer and to the Board of Directors¹¹ on their remuneration;
- submits proposals or expresses opinions to the Chief Executive Officer¹² on the setting of the corporate and sustainability targets linked to the variable component of the short and medium/long-term incentive systems, so that the Board of Directors may pass resolutions in this regard;

- verifies the actual achievement of the corporate and sustainability targets in the short and medium/long-term variable remuneration systems.

The Committee is actively involved in defining the variable short and medium/long-term incentive systems, and expresses opinions and provides suggestions on succession policies for the top positions within the Group and on the Diversity & Inclusion policies.

Further information on the composition, skills and operating methods of the NRC can be found in the Regulations for the operation of the Board of Directors, the Control, Risk and Sustainability Committee and the Nominations and Remuneration Committee, made available to the public on the Company's website (www.erg.eu).

5. STRUCTURE OF THE 2024 REMUNERATION POLICY

The 2024 Policy establishes guidelines for determining the remuneration of members of the Board of Directors, members of the Board of Statutory Auditors and Key management.

This policy (i) is consistent with the corporate governance model adopted by the Company and with the recommendations of the Corporate Governance Code, in that it provides that the remuneration of Directors, members of the Board of Statutory Auditors and Key Management is functional to the pursuit of the Company's sustainable success; (ii) takes into account the need to employ, retain and motivate people with the skills and professionalism required by the role they hold; and (iii) promotes actions and behaviours in line with

11 In the event that the decision falls within the scope of application of the Procedure, it would fall to the Board of Directors to make the decision.

12 And to any Executive Directors who, as a result of the resolutions to be passed in this regard by the New Board of Directors, should hold a specific proxy in this regard, such as the one held at the date of approval of the Report by ERG's Executive Deputy Chair..

the Company's values and culture, in compliance with the principles of equal opportunities, enhancement of people's knowledge and professionalism, fairness, non-discrimination and integrity set forth in the Code of Ethics.

The 2024 Policy lasts one year and is structured differently according to whether it deals with the remuneration of members of the Board of Directors, members of the Board of Statutory Auditors or Key management.

5.1 BOARD OF DIRECTORS

5.1.1 Fees

The Shareholders' Meeting is called upon to resolve, at the proposal of the shareholders, on a fixed annual fee to be awarded to all members of the Board of Directors and an additional fixed annual fee to be awarded to directors called to sit on the NRC or the CRSC.

The Board of Directors recommends that these fees are consistent with the professional commitment required by the office, as well as with the related responsibilities, and that the fee proposals be presented by the Shareholders (where appropriate, also pursuant to Article 126-bis of the Consolidated Finance Act) in such a way as to allow disclosure to the public sufficiently in advance with respect to the Shareholders' Meeting called upon to approve them.

In the interest of the Company, the Shareholders' Meeting may be called on by the Board of Directors to resolve, at the proposal of the shareholders, the assignment of the fixed annual fee on a three-year basis.

Further to the recommendations of the Italian Committee for Corporate Governance, the Board of Directors, with the support of the NRC, assessed as adequate the annual fixed fee paid for financial year 2023 to all the members of the Board of Directors and to the directors called to sit on the NRC and the CRSC, using as reference in particular companies included in the FTSE MIB, taking into account the professionalism and commitment required by their position. This benchmark indicates that the fee for directors is slightly above the median, while the fees for the chair of the NRC and the chair of the CCRS are in the third quartile.

Remuneration of Directors and Committee members¹³

Member of the Board of Directors	
EUR 70,000	
Control, Risk and Sustainability Committee	Nominations and Remuneration Committee
45,000	35,000

5.1.2 Remuneration

The remuneration paid to the Executive Directors or Directors holding special offices shall be such as to attract, retain and motivate highly qualified individuals and aims at assigning a value to their skills, in line with the contribution demanded by the position held and the risk related to the powers granted.

The total remuneration amount and its target composition is determined through a comparative analysis of the corporate offices held within a panel made up of Italian companies from the FTSE MIB and the MID CAP in the Industry sector comparable to ERG in terms of capitalisation, shareholding structure, system of powers and complexity, the Chief Executive Officer of which is not the reference shareholder.

The panel used to determine the Policy stayed almost the same¹⁴ as the companies used to define the 2023 Policy. This is because the criteria used to define the Policy, such as capitalisation, shareholding structure, delegation system and complexity, and having a Chief Executive Officer external to the reference shareholder, are still considered relevant. The companies that make up the panel are: Amplifon, Brembo, De' Longhi, Italgas, Iveco, Leonardo, Maire Tecnimont, Prysmian, Saipem, Recordati, Telecom Italia, Technogym e Tod's. Within this, two distinct Peer groups have been formed in relation to the level of powers granted: one for the Chief Executive Officer who is not a controlling shareholder and one for the other executive Directors. In the face of external events (such as, for example, changes in the capitalisation, the shareholding structure, the delegation system and/or the complexity of the companies that make up the panel) that may render the Peer groups no longer suitable to be used as benchmarks, the Board of Directors, upon the proposal of the Nominations and Remuneration Committee, having consulted the Board of Statutory Auditors, may resolve to change the companies that make up the panel.

Fixed component

The Board of Directors, on proposal of the NRC, with the support of the CHCO, after consulting the Board of Statutory Auditors, approves the award of a fixed annual remuneration to the Executive Directors or the Directors holding special positions.

The Board of Directors, again at the proposal of the NRC, with the support of the CHCO, after consulting the Board of Statutory Auditors, may provide for an annual fixed remuneration to be awarded to the Directors called to sit on the Strategic Committee when these are not employees of the Group and do not sit on the Board of Directors. Their remuneration is, therefore, not linked to the Company's operating results.

The Board of Directors may, in the interest of the Company, provide for the fixed component to be set with the same criteria but on a three-year basis.

The amount of the fixed annual remuneration is such as to remunerate the responsibilities, the skills and the contribution demanded by the position, is sufficient to remunerate the activity carried out in the event the variable component is not paid out and, where appropriate, ensures retention through continuous market benchmarking.

Variable component

The Board of Directors, at the proposal of the NRC, with the support of the CHCO, after consulting the Board of Statutory Auditors, approves the award of a variable remuneration to the Chief Executive Officer and the Key Executive Directors, according to the powers held and their strategic importance in terms of achieving the objectives of the Business Plan and the ESG Plan.

The variable component of the remuneration for the **Chief Executive Officer** is divided into two distinct and closely linked elements with a view to sustainability in the medium to long-term and is awarded in accordance with the provisions of the MBO System and the LTI System.

¹³ As resolved, for financial year 2023, by the shareholders' meeting of 26 April 2023.

¹⁴ Autogrill was excluded from the panel as the Company was delisted in 2023. In addition, the panel was modified with the introduction of Iveco and Recordati and with the exclusion of Salvatore Ferragamo.



The variable remuneration of the **Key Executive Directors** is exclusively medium to long-term and is awarded in accordance with the provisions of the LTI System.

The amount of the variable component at target value is set taking into account external remuneration benchmarks and the strategic importance of the position held, and is linked to the creation of sustainable value in the medium/long-term.

5.1.2.1 MBO System

The 2024 Policy provides for a short-term incentive for the Chief Executive Officer (MBO System).

Generally speaking, the MBO System aims to incentivise participants to achieve annual targets.

The system provides for the **allocation of structured performance targets** as a percentage of the target incentive amount assigned:

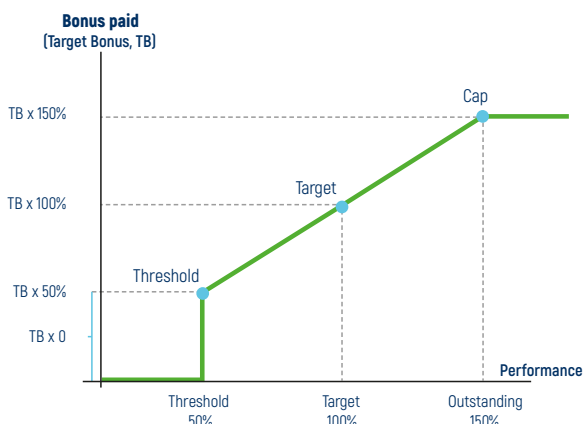
- 50% linked to the Group's consolidated EBT¹⁵ forecast for the year 2024 ("EBT target")
- 20% linked to the Group's sustainability target ("Sustainability Target")
- 30% linked to growth targets (installed production capacity in MW) ("Growth Target")

The targets will be determined by the New Board of Directors that will take office after the 2024 Shareholders' Meeting and will be called upon to implement the targets and indicators of the MBO system of the Chief Executive Officer in order to support the medium-long term corporate strategies that will be approved in the New Business Plan.

The EBT target (weight 50%) has variability between 0% and 150%, structured as follows:

- Indicator score <50% (threshold), no amount paid;
- Indicator score =50%, 50% of the target bonus is paid;
- Indicator score ≥150% (cap), 150% of the target bonus is paid;
- Indicator score between 50% and 150%, the pay out is calculated by linear interpolation.

Variability model of the Group consolidated EBT target



The Sustainability Target (weight 20%), the indicators of which are the same for all beneficiaries of the MBO System, sets out on an

annual basis the sustainability targets that will be defined in the 2024-2028 ESG Plan.

The Growth Target (weight 30%) is a target correlated to the increase, over the year, of production capacity.

The Sustainability Target and the Growth Target have variability between 0% and 120%, structured as follows:

- Indicator score <80% (threshold), no amount paid;
- Indicator score =80%, 80% of the target bonus is paid;
- Indicator score ≥120% (cap), 120% of the target bonus is paid;
- Indicator score between 80% and 120%, the pay out is calculated by linear interpolation.

In view of the Chief Executive Officer's participation in the MBO System, the values of the indicators linked to all the targets are defined in their target, threshold and cap values and finalised by the Board of Directors, at the proposal of the NRC, with the support of the CHCO, after consulting the Board of Statutory Auditors.

In general, the targets assigned will not be modifiable, except in significant unforeseeable cases (e.g. significant changes in the scope).

In particular, exogenous factors (e.g. legislative changes, price trends, accidental events, etc.) must not be neutralised in the final balance, except in unforeseeable significant cases. In the aforementioned cases, the Board of Directors, at the proposal of the Nominations and Remuneration Committee, after consulting the Board of Statutory Auditors, may resolve to modify the indicators and/or targets. Any changes must safeguard the principles and the guidelines according to which the MBO System was formulated, by not introducing undue advantages or penalties either as regards the beneficiaries of the MBO System or as regards ERG.

The MBO System also provides for the following clauses:

- **clawback clause**, i.e. the right of the Company to demand the partial or total reimbursement of the amount paid (or to withhold deferred amounts), within three years from its accrual, where this is found to have been based on data that, in the Company's opinion, were clearly incorrect, or the result of manipulation or unlawful conduct.
- **clause** in respect of which the **termination of the mandate** in the period of accrual of the bonus results in the loss of the right to the payment of the consideration deriving from the MBO System, without prejudice to the possibilities of (i) having reached the retirement requirements and (ii) the "good leaver" termination of the Chief Executive Officer. Upon the occurrence of situations detailed above, the beneficiary will be paid a consideration in proportion to the duration of the mandate in the vesting period.

The aforementioned elements are detailed in regulations approved by the Board of Directors at the proposal of the Nominations and Remuneration Committee, subject to the opinion of the Board of Statutory Auditors (the "MBO Regulations").

¹⁵ Consolidated earnings before adjusted IAS taxes.

¹⁶ Nel caso in cui si verificassero le condizioni applicative le revisioni saranno attuate all'interno delle previsioni dell'art 123-ter del TUF in coerenza con la Procedura per le operazioni con le Parti Correlate.

¹⁷ Quale a titolo esemplificativo dimissioni per giusta causa o revoca senza giusta causa.

5.1.2.2 Essential elements of the 2024-2026 Performance Share System

The 2024-2026 LTI System has been structured to ensure the maximum alignment, in terms of targets, of the interests of the beneficiaries with the pursuit of the priority objective of the creation of sustainable value for the Shareholders over the medium/long-term.

Note that the time horizon of the 2024-2026 LTI System is aligned with the three-year mandate (relative to the years 2024-2026) of the Board of Directors which will be appointed by the Shareholders' Meeting of 23 April 2024.

The 2024-2026 LTI System provides for the allocation of a predefined number of Shares, free of charge (hereinafter "Performance Shares"), at the end of a three-year vesting period, subject to the attainment of a predetermined minimum economic performance (**Minimum Economic Performance Condition**).

The number of Shares Assigned at plan inception subject to vesting is determined by the ratio between a base monetary value and the assignment price of the Shares (**Target Price**).

The Minimum Economic Performance Condition parameter is comprised of a predetermined percentage of Group cumulated EBITDA for the financial years 2024-2026, the value of which is expected to be defined during the first half of 2024 by the New Board of Directors, which will be called upon, among other things, to approve the 2024-2028 Business Plan and the 2024-2028 ESG Plan.

In the event that the **Minimum Economic Performance Condition is not met, the Performance Shares will not be allocated** to the beneficiaries of the LTI System.

The LTI System also envisages that upon achievement of the Minimum Economic Performance Condition, the Shares that can be allocated may vary up to a predefined maximum percentage (cap) of the Shares Assigned, based on the performance of the following KPIs:

- 60% price of the ERG share (the "Share Price")
- 40% Sustainability, economic/financial and/or growth indicators (the "Targets").

With regard to the **Share Price (60%)**, the incentive strategy envisages the following performance scenarios:

- in the event that the price of the Shares is equal to or less than the Target Price, the Shares Allocated will be equal to the Shares Assigned;
- in the event that the price of the shares is equal to or greater than the Cap Price, the Shares Allocated will be equal to a predetermined maximum percentage of the Shares Assigned;
- in the event that the price of the shares is between the Target Price and the Cap Price, the Shares will be allocated following an interpolation strategy.

With regard to the **Targets (40%)**, the incentive strategy envisages the following performance scenarios:

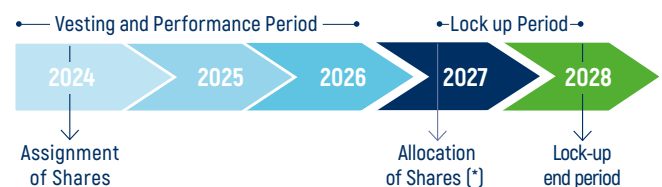
- Score indicator < threshold, no Shares will be allocated;
- Indicator score = target, Shares equal to the weight of each indicator

will be allocated;

- Indicator score \geq cap, the Shares Allocated will be equal to a predetermined maximum percentage of the Shares Assigned;
- Indicator score between target and cap, the Shares will be allocated following an interpolation strategy.

The economic value of the Minimum Economic Performance Condition, the Target Price, the Share Price, the Targets and the value of the related indicators in each performance scenario (threshold, target and cap) will be determined and approved by the New Board of Directors, on the proposal of the NRC, with the support of the CHCO and after hearing the opinion of the Board of Statutory Auditors.

At the end of the vesting period, 30% of the Shares Allocated will be subject to an additional lock-up period of twelve months, which will conclude in 2028, during which said Shares are subject to the non-transferability constraint.



(*) If the performance target is achieved

The shares set aside to service the 2024-2026 LTI System consist of Treasury Shares in portfolio.

The following clauses are foreseen:

- **clawback clause** according to which, if objective circumstances arise, from which it appears that, in the Company's opinion, the data based on which the Minimum Economic Performance Condition had been assessed, on which the vesting of the Shares that may be allocated, and/or the Share Price and Targets, are conditional, were clearly incorrect, or the result of manipulation or unlawful conduct, the Company may withdraw the right of beneficiaries to the allocation of the Shares, in whole or in part, resulting in the final lapse of any right of the beneficiaries in this regard, or ask the beneficiaries to reimburse, in whole or in part, an amount equivalent to the benefit received as a result of the allocation of the Shares. The clawback clause can be exercised by the Company within three years of the approval by the Shareholders' Meeting of the financial statements at 31 December 2026.
- **clauses** defining the consequences deriving from the **termination of the employment relationship and/or mandate** by the beneficiaries under the 2024-2026 LTI System; in particular, (i) in "bad leaver"¹⁸ situations it is envisaged that the beneficiary will lose the right to any allocation of Shares at the end of the vesting period, while (ii) in "good leaver"¹⁹ situations it is envisaged that if the Minimum Economic Performance Condition is met, the Shares will be allocated in proportion to the duration of the employment relationship/mandate.
- **clause for the revision of the performance targets**. The 2024-2026 LTI System has a multi-annual time span. It is therefore possible that events may occur (either inside or outside of the ERG group)

¹⁸ Such as, by way of example: revocation or non-renewal of the office of director for just cause; resignation for any reason other than just cause.

¹⁹ Such as by way of example: revocation or failure to renew the office of director in the absence of just cause; resignation for just cause; death or physical or mental incapacity due to illness or injury resulting in inability to work for more than six months; loss of the status of subsidiary company by the employer company of the Beneficiary.



that may affect the consistency of the plan's incentive strategy, limiting its ability to fulfil the purposes for which it was designed. As a general rule, these events are due, in particular, to two cases: (i) a change in scope of ERG and the ERG Group; and (ii) a significant change in the macro-economic and/or business scenarios or other extraordinary events²⁰. With regard to such events, the New Board of Directors, at the proposal of the NRC, having heard the opinion of the Board of Statutory Auditors, in compliance with what will be resolved upon at the Shareholders' Meeting on 23 April 2024²¹, may review the incentive strategy, modifying the basic performance scenarios (i.e. Minimum Economic Performance Condition, Target and Cap Price, Share Price, Targets) to take account of the above-mentioned events. Any changes must safeguard the principles and the guidelines according to which the LTI System was formulated, by not introducing undue advantages or penalties either as regards the beneficiaries of the Performance Share System or as regards ERG or its shareholders.

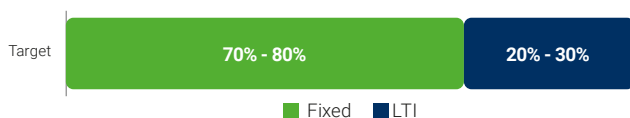
5.1.3 Remuneration balancing

The balancing between the fixed and the variable remuneration components aims to align the interests of their beneficiaries with the medium/long-term strategic objectives of the Company, ensuring the creation of sustainable value for the Shareholders in compliance with the ERG Group risk management policy.

The remuneration amount and the overall annual fixed/variable balance will be commensurate with the commitment required of each beneficiary, the system of proxies, which will be granted by the New Board of Directors, and their relevance to the achievement of the objectives of the 2024-2028 Business Plan and the 2024-2028 ESG Plan. The system provides for a greater weight of the variable component for roles that have a greater impact on company results.

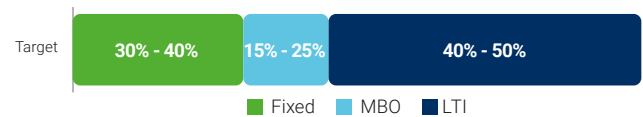
With regard to Key Executive Directors, the weight of the medium/long-term variable component at target (2024-2026 LTI System) in its annualised amount may fluctuate between 20% and 30% of the annual fixed amount.

PAY MIX Key Executive Directors



The balancing of the remuneration of the Chief Executive Officer requires that between 55% and 75% of the total remuneration at target, in its annualised amount, is linked to the result of objectives defined ex-ante (pay for performance). The long-term variable component (2024-2026 LTI System), in its annualised amount, is approximately 40%-50% of the target total remuneration, whereas the short-term variable component at target (MBO System) is between 15% and 25% of the target total remuneration.

PAY MIX Chief Executive Officer



5.1.4 Non-monetary benefits and other compensation

The Shareholders' Meeting may resolve, at the proposal of the Shareholders, that all members of the Board of Directors be granted the right to receive certain non-monetary benefits (health care policy, insurance coverage for the risk of death and disability), the amount of which is withheld from the fixed annual remuneration, also approved by the Shareholders' Meeting.

The Board of Directors, at the proposal of the NRC, with the support of the CHCO, after consulting the Board of Statutory Auditors, may resolve to grant benefits such as cars and housing to Executive Directors or Directors holding special offices, which will not be withheld from the fixed annual fee or remuneration.

It should be noted that **no non-recurring remuneration is expected to be paid**. The instruments offered by the 2024 Policy ensure both the application of the "pay for performance" principle and the successful alignment between the interests of shareholders and management, which has been central to our history of business successes to date.

5.1.5 Indemnity for early termination or non-renewal of office

The Board of Directors, at the proposal of the NRC, with the support of the CHCO, after consulting the Board of Statutory Auditors, may resolve to award to the Chief Executive Officer, as this is not an employee of the Company, an indemnity in the event of the early termination or non-renewal of the office subject to the following conditions:

- the amount of the indemnity, save for exceptional cases, cannot exceed the total amount of remuneration paid to the same under the relationship over a period of 24 months (calculated as the sum of the annual fixed component and the short-term variable component);
- the indemnity must be set in advance together with the total remuneration;
- the indemnity cannot be paid if the termination of the relationship is due to the achievement of objectively inadequate results, except for extraordinary events not attributable to the actions of the Chief Executive Officer;
- the corresponding resolution must be taken in line with the strategy, values and medium-long-term interests of the ERG Group.

No indemnity payments for termination of office are envisaged for the other members of the Board of Directors.

²⁰ In the event that similar events occur, any revisions will be made within the provisions of Article 123-ter of the Consolidated Finance Act taking account of the Procedure for transactions with related parties.

²¹ Information Document available to the public at the registered office of the Company in Genoa, Via De Marini 1, on the Company website (www.erg.eu) in the "Governance/ Remuneration Reports" section, at Borsa Italiana S.p.A. and on the authorised storage mechanism eMarket Storage (www.emarketstorage.com).

5.2 KEY MANAGERS²²

The Chief Executive Officer²³, with the support of the CHCO and the favourable opinion of the NRC, decides on the remuneration to be awarded to the Key Managers²⁴.

5.2.1 Remuneration

The remuneration paid to Key Managers shall be such as to attract, retain and motivate highly qualified individuals and is aimed at promoting their skills, in line with the contribution demanded by the position held, and at aligning their interests with the pursuit of the priority objective of the creation of sustainable value for the Shareholders over the medium/long-term.

Remuneration is divided into two components, one fixed and one variable; the variable remuneration is in turn divided into two components, in the form of a monetary incentive and an equity incentive, linked to the achievement of specific performance targets, indicated and determined in advance, related to the creation of value, respectively, in the short term according to the rules of the MBO System and in the medium/long term according to the rules of the 2024-2026 LTI System.

The target overall remuneration and the balance between the various components is determined through market analyses with reference to positions with the same level of responsibility and managerial complexity with respect to the national markets in the industry sector.

Remuneration comparisons are carried out with the support of the consultancy firm Korn Ferry or similar companies of equal professional standing.

Fixed component

The amount of the fixed remuneration is commensurate with the commitment required of each beneficiary in the related position. The size of the fixed component is sufficient to remunerate the performance of Key Managers in the event that the variable part is not paid due to failure to achieve the performance targets.

Short-term variable component

The short-term variable component for Key Managers is aimed at achieving predetermined economic/financial and strategic targets, and is regulated by the MBO System.

5.2.1.1 MBO System

The purpose of the MBO System is to encourage participants to achieve annual targets.

The system provides for the **allocation of structured performance targets** as a percentage of the target incentive amount assigned to each participant:

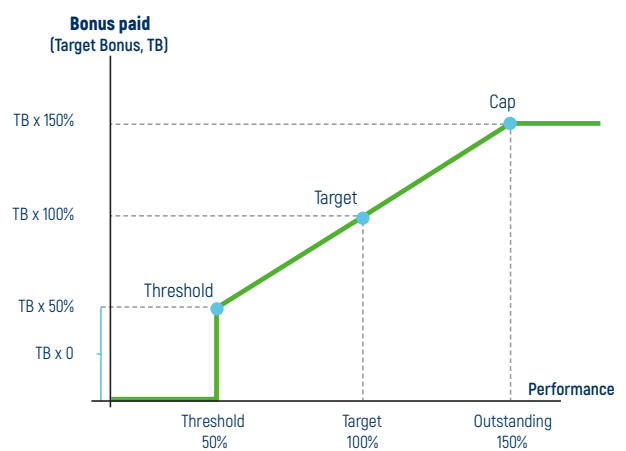
- 30% linked to EBT target: the same corporate target for all participants
- 10% connected to the Sustainability Target
- 60% linked to individual targets (maximum of 4) measured according to quantitative indicators linked to sustainability issues, economic and financial parameters (EBITDA, NFP, OpEx, etc.) and business development, organisational matters and/or specific projects (the "Individual Targets").

It should be noted therefore that Key Managers are assessed on sustainability issues both through the common sustainability target and with the individual targets linked to specific sustainability issues.

The EBT target (weight 30%) has variability between 0% and 150%, structured as follows:

- Indicator score <50% (threshold), no amount paid;
- Indicator score =50%, 50% of the target bonus is paid;
- Indicator score ≥150% (cap), 150% of the target bonus is paid;
- Indicator score between 50% and 150%, the pay out is calculated by linear interpolation.

Variability of the Group consolidated EBT target



The Sustainability Target (weight 10%), the indicators of which are the same for all beneficiaries of the MBO System, sets out on an annual basis the sustainability targets that will be defined in the 2024-2028 ESG Plan.

The **Individual Targets** (weight 60%) and the Sustainability Target (weight 10%), have variability between 0% and 120%, structured as follows:

- Indicator score <80% (threshold), no amount paid;
- Indicator score =80%, 80% of the target bonus is paid;
- Indicator score ≥120% (cap), 120% of the target bonus is paid;
- Indicator score between 80% and 120%, the amount paid is calculated by linear interpolation.

In view of the Chief Executive Officer's participation in the MBO System, the values of the indicators linked to the Sustainability Target and the EBT Target will be defined in their target, threshold and cap values and finalised by the New Board of Directors, at the proposal of the NRC, with the support of the CHCO, after consulting the Board of Statutory Auditors.

The definition of the Individual Targets, in general, follows a cascading logic and will be determined and finalised by the Chief Executive Officer expected to be appointed by the New Board of Directors together with the indicator values in the target, threshold and cap scenarios.

²² ERG's Key Managers, other than Directors and Statutory Auditors, at the date of approval of this Report, are: Chief Business Development and M&A Officer, Chief Engineering Development Officer, Chief Financial Officer, Chief Human Capital & ICT Officer, Chief Operating Officer, General Counsel.

²³ Con il concorso di eventuali altri Amministratori esecutivi che, ad esito delle delibere che verranno assunte al riguardo dal Nuovo Consiglio di Amministrazione, dovessero ricoprire una specifica delega in merito, quale quella ricoperta alla data di approvazione della Relazione dal Vice Presidente Esecutivo di ERG.

²⁴ Nell'ipotesi in cui la decisione rientrasse nell'ambito di applicazione della Procedura la competenza a deliberare sarebbe del Consiglio di Amministrazione.



In general, the targets assigned will not be modifiable, except in significant unforeseeable cases (e.g. significant changes in the scope).

In particular, exogenous factors (e.g. legislative changes, price trends, accidental events, etc.) must not be neutralised in the final balance, except in unforeseeable significant cases. In the above cases (i) the Board of Directors, at the proposal of the NRC, after consulting the Board of Auditors, may resolve to amend the indicators and/or the EBT Target²⁵ and Sustainability Target, (ii) the Chief Executive Officer may decide to amend the indicators and/or the Individual Targets.

Any changes must be defined safeguarding the principles and the guidelines according to which the MBO System was formulated, not introducing undue advantages or penalties either as regards the beneficiaries of the MBO System or as regards ERG or its shareholders.

The MBO System also provides for the following clauses:

- **clawback clause**, i.e. the right of the Company to demand the partial or total reimbursement of the amount paid on the basis of the MBO System (or to withhold deferred amounts), within three years from its accrual, where this is found to have been based on data that, in the Company's opinion, were clearly incorrect, or the result of manipulation or unlawful conduct.
- **clauses** in respect of which the **termination of the employment relationship** during the period in which the bonus is accrued results in the loss of the right to the provision of the consideration deriving from the MBO System, without prejudice to those who leave having met the pension requirements following which the beneficiary will be paid a consideration in proportion to the duration of the employment relationship during the accrual period.

5.2.1.2 Essential elements of the 2024-2026 Performance Share System

The medium/long-term variable component of the remuneration is structured in such a way as to align the interests of its beneficiaries with the pursuit of the priority objective of the company, the creation of sustainable value for the Shareholders over the medium/long-term. The target value is set based on external remuneration benchmarks (for the medium/long-term variable component of the remuneration) and the expected creation of value.

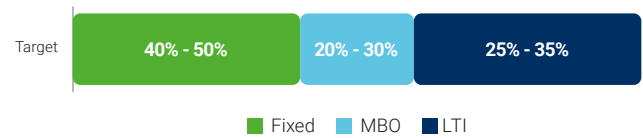
The Key Managers take part in the 2024-2026 Performance Share System, the essential operating elements of which are described in chapter 5.1.2.2, to which reference is made.

5.2.2 Remuneration balancing

The balancing between the fixed and the variable remuneration components aims to align the interests of their beneficiaries with the medium/long-term strategic objectives of the Company and the creation of sustainable value for the shareholders in compliance with the ERG Group risk management policy, and in consideration of the relevance of the position held with respect to achieving the objectives of the 2024-2028 Business Plan and the 2024-2028 ESG Plan.

The 2024 Policy establishes a remuneration mix consistent with the managerial position held, as shown in the pay-mix graphs below:

PAY MIX Key Managers²⁶



The weight of the total variable component, made up of the short-term incentive (MBO System) and the long-term incentive (LTI System) for the remuneration of Key Managers, on an annual basis, may vary between 45% and 65% of the target total remuneration depending on the strategic relevance of the position for the purposes of achieving the objectives of the 2024-2028 Business Plan and the 2024-2028 ESG Plan.

5.2.3 Entry bonus

Only in exceptional cases and exclusively for the purpose of attracting Key Managers with high managerial seniority and in possession of skills relevant to the business, the Chief Executive Officer, with the support of the CHCO and the favourable opinion of the NRC, may provide for the possibility of paying them an entry bonus, at the time of recruitment, the maximum amount of which may not exceed the amount of the target variable remuneration defined in accordance with the 2024 Policy.

5.2.4 Non-monetary benefits and other compensation

The Chief Executive Officer²⁷, with the support of the CHCO and the favourable opinion of the NRC, may decide on the awarding of non-monetary benefits to Key Managers, which will not be withheld from the remuneration.

The system of benefits is defined by corporate policies, in line with legal provisions and those of the current National Collective Labour Agreement, and completes and enhances the total remuneration package. The system of benefits is determined by taking into consideration the complexity of the positions and responsibilities assigned. Benefits include pensions (PREVINDAI fund) and social security benefits (FASI fund and supplementary health insurance) as well as insurance against accident, disability and death. Provisions are also made for the allocation of company cars for mixed use and housing.

It should be noted that no non-recurring remuneration is expected to be paid during the term of the relationship. The instruments offered by the 2024 Policy ensure both the application of the "pay for performance" principle and the successful alignment between the interests of shareholders and management.

5.2.5 Termination of office or discontinuation of the employment relationship

The conditions of the national collective agreement for industrial managers of companies producing goods and services shall apply to the Key Managers, as these are employees of the company, in the event of termination of employment for justified reason or just cause.

In compliance with Italian legal provisions – Article 2120 of the Italian Civil Code – Key Managers whose employment ends for any reason will receive an employee severance indemnity, which is on average equal to

²⁵ In the event that similar events occur, any revisions will be made within the provisions of Article 123-ter of the Consolidated Finance Act in accordance with the Procedure for transactions with related parties.

²⁶ The histograms represent the average remuneration data in each scenario represented (Floor, Target and Cap).

²⁷ With the concurrence of any other Executive Directors who, as a result of the resolutions to be passed in this regard by the New Board of Directors, should hold a specific proxy in this regard, such as the one held at the date of approval of the Report by ERG's Executive Deputy Chair.

7% of their gross annual remuneration. The payment of the employee severance indemnity is not conditional upon the achievement of a minimum performance.

5.3 INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS

Reference is made to chapter 5.1.2.2.

5.4 BOARD OF STATUTORY AUDITORS

The Shareholders' Meeting, upon the appointment of the Board of Statutory Auditors, is called upon to resolve, at the proposal of the shareholders, the assignment of a fixed annual remuneration to the Standing Auditors for the entire duration of their office.

The Board of Directors recommends that fee is consistent with the professional commitment required by the office, as well as with the related responsibilities, and that the remuneration proposals be presented by the Shareholders (where appropriate, also pursuant to Article 126-bis of the Consolidated Finance Act) in such a way as to allow disclosure to the public sufficiently in advance with respect to the Shareholders' Meeting called upon to approve them.

Further to the recommendations of the Italian Committee for Corporate Governance, the Board of Directors, with the support of the NRC, assessed as appropriate the annual remuneration paid to the Chair of the Board of Statutory Auditors and the Standing Auditors, using as reference in particular MID CAP companies and those included in the FTSE MIB, taking into account the professionalism and commitment required by their position.

Annual remuneration of the Board of Statutory Auditors

Chair of the Board of Statutory Auditors	Standing Auditors
EUR 70,000	EUR 50,000

6. DEROGATION PROCEDURE

An adequate remuneration policy that favours the alignment of the interests of management with those of shareholders is essential in order to ensure the pursuit of long-term objectives and the sustainability of the Company as a whole, ensuring its ability to stay on the market.

In exceptional circumstances, in accordance with the provisions of Article 123-ter, subsection 3-bis, of the Italian Consolidated Finance Act, the Company may find it necessary to derogate temporarily from this Policy, limited to the annual (MBO System) and medium/long-term (2024-2026 Performance Share System) remuneration components, in order to guarantee the long-term interests of the Company, or the sustainability of the Group as a whole as well as the alignment of management with the interests of the shareholders.

In the event that the requirements are met, the temporary derogation from the 2024 Policy will have to be approved by the Board of

Directors, at the proposal of the NRC, with the support of the CHCO, after consulting the Board of Statutory Auditors.

Any such decisions should be taken in compliance with the Procedure and must be disclosed to the market, within the meaning of law and of the Procedure itself.



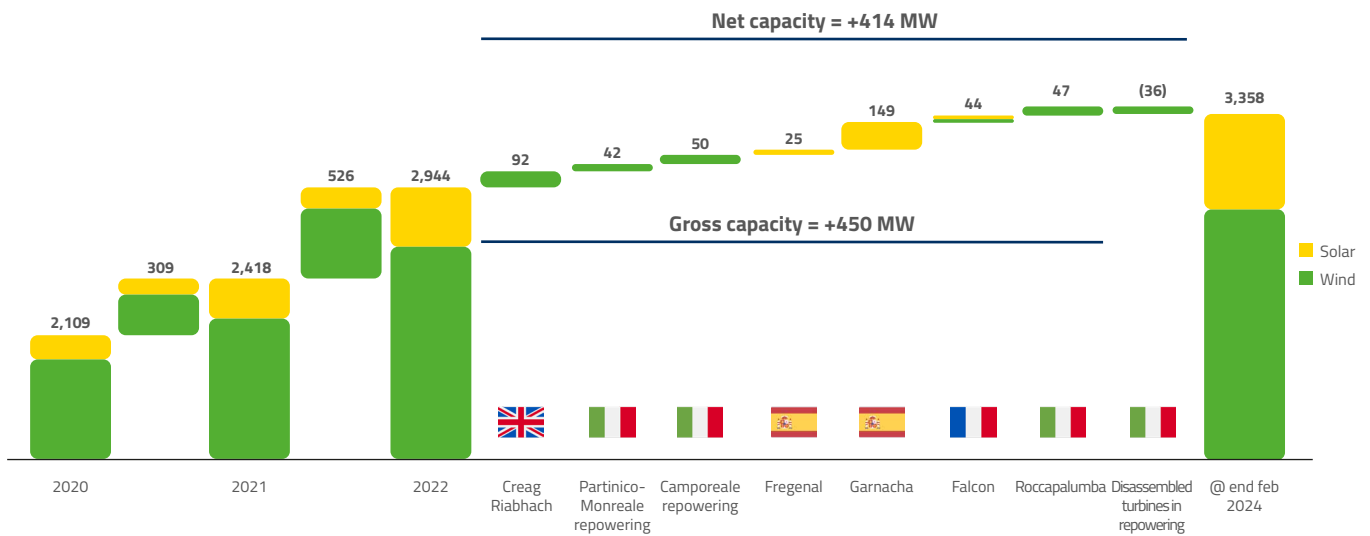
SECTION II: AMOUNTS PAID FOR 2023

7. PAY FOR PERFORMANCE

After the start of the industrial transformation that began in 2008, ERG radically changed its business portfolio, anticipating long-term energy scenarios and achieving a leading position in renewables not only in the Italian but also in the European market. ERG's is the story of a company that has been able to intercept and anticipate the energy trends of the future. With 85 years in the industry, ERG has chosen to take up the challenge of decarbonisation, completing its energy transition from oil to green ahead of other market players. In the not too distant past, when the renewables sector was still at an early stage of development, we embarked on a path that led to the radical transformation of our business model, effectively implementing our energy transition in little more than 10 years and acquiring a leading role in renewable generation. In 2023, ERG completed the sale of the Priolo combined cycle plant in Sicily, a major milestone for us because it marks ERG's definitive exit from fossil energy sources and the transformation into a pure renewable producer active in Italy and Europe.

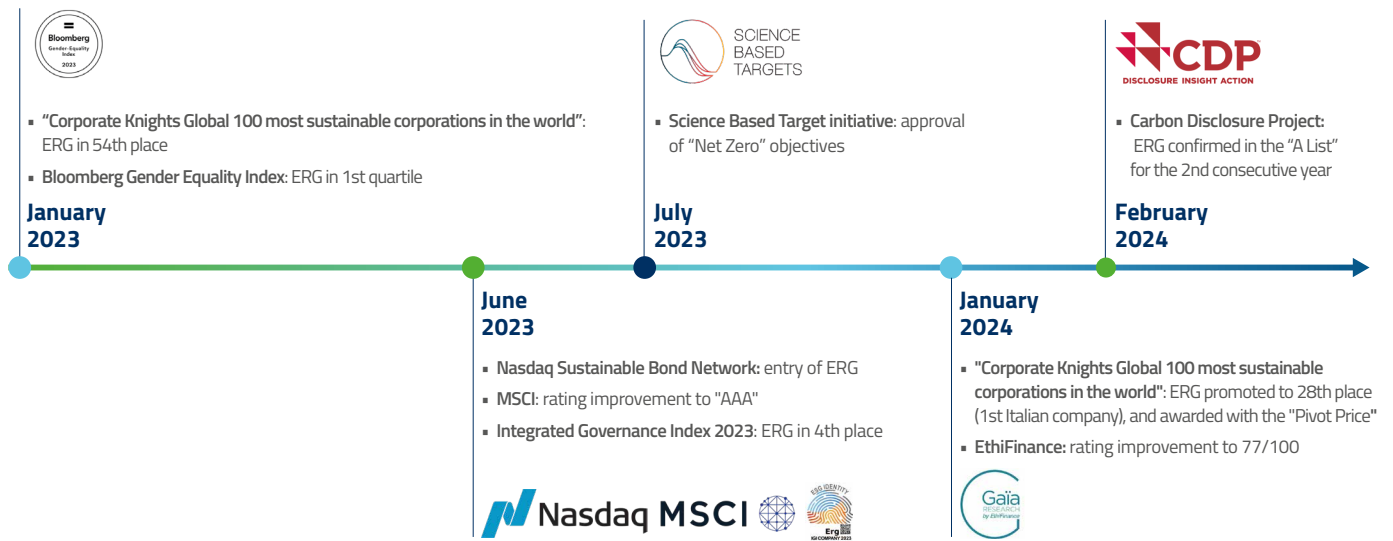
In 2023, ERG updated its 2022-2026 Business Plan geared towards growing its RES portfolio in Europe and, also thanks to financial resources from asset rotation, continued to strengthen the Group's growth with a major execution, increasing its RES portfolio by 450 MW gross from the end of 2022 to date.

Evolution of installed capacity (MW)



At the end of February 2024, in line with the targets indicated to the market, installed capacity stood at almost 3.4 GW, including the 44.4 MW acquired and already in operation in France, the economic effects of which take effect from January 2024, and the 47 MW of the Roccapalumba park, which came into operation on 23 February 2024. Including the solar MW soon to be commissioned in France and the capacity acquired in the United States at the end of December 2023, which is expected to be closed in the first half of 2024, the portfolio reaches 3.7 GW.

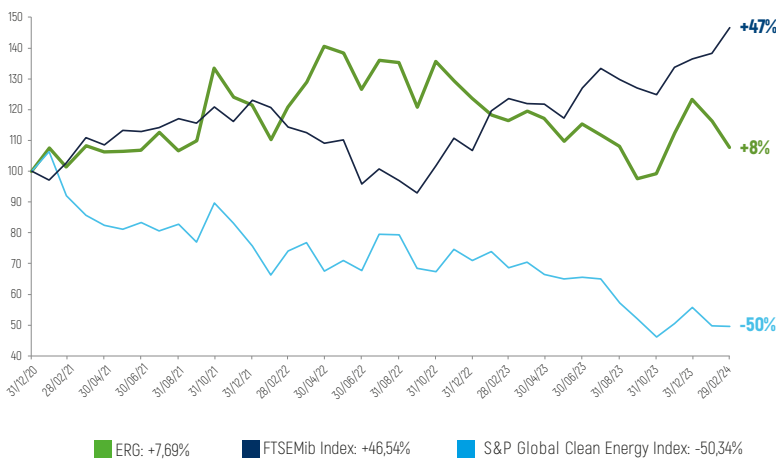
Significant achievements in ESG since January 2023



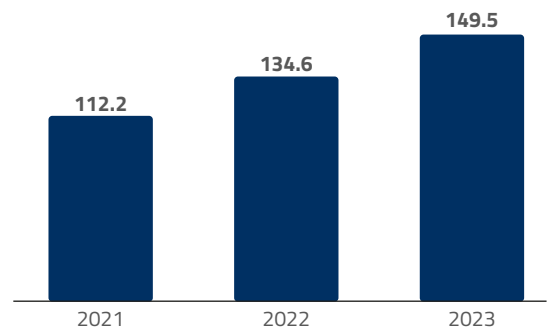
ERG share performance from 1/1/2021 to 29/2/2024

From 1 January 2021 to 29 February 2024, ERG remunerated its shareholders with dividends, net of minorities, for a total of approximately EUR 396.3 million and a share performance of 7.7%, approximately 58 points higher compared to the S&P Global Clean Energy Index, but around 39 points lower than the average of the FTSE Mib Index, an index that groups together the top 40 Italian listed companies and which ERG joined starting from 29 November 2022.

ERG Share Performance vs FTSE Mib Index and S&P Global Clean Energy Index from 01/01/2021 to 29/02/2024



Remuneration of shareholders in the three-year period 2021-2023



From 2021 to 2023, the Company distributed to its Shareholders dividends totalling EUR 396.3 million



7.1 GENERATE RESULTS AND SHARE SUCCESS

A fundamental principle of the ERG Group is to ensure equal opportunities of economic recognition for all its individuals, each in relation to their respective professional ability and characteristics. Furthermore, the Group takes an active approach to the implementation of policies and strict procedures aimed at preventing any conduct that is even potentially discriminatory. The Remuneration Policy focuses on recognising merit and building on the experience, skills and abilities of our people. Fairness, sustainability and selectivity are the main pillars underpinning the ERG Group's remuneration policy.

Specifically, ERG applies an integrated remuneration system to all its people. This system is common across all the States in which it operates, and consistent in terms of pay progression with the reference markets, in addition to being linked to company and individual performance, in compliance with local legislation. The market references used for this system are made up of, for each role, the median for the relevant sectors, thus guaranteeing the application of fair and competitive remuneration policies, with respect to the role and the professionalism acquired, that are able to support a decent standard of living, higher than mere subsistence levels and/or the legal or contractual minimums in force, as well as the minimum wages found on the local market.

Gender Pay Gap

ERG values gender pay equality across all levels and regularly monitors its progress. We believe that having a monitoring system is crucial to ensure that gender equality aligns with our Diversity and Inclusion policy. If not, we consider it important to promptly evaluate the situation.

The progress made in supporting the less represented gender is reflected in the narrowing gap at each career level. As the female workforce gradually grows across various organisational levels, it fosters a natural exchange that aims to achieve equal pay in the medium term. The levers used to bridge the gender gap translate into actions and initiatives that influence all phases of the journey of women in the organisation: from entry into the workforce, through to development into positions of responsibility, paying attention to balancing the work impact on life in the most important moments (becoming parents and/or personal/family care).

Gender pay equity is determined by comparing the salaries of male and female employees with similar qualifications²⁸. This involves calculating the ratio of average fixed and total compensation for female employees to that of male employees, both at the Group and Italian levels. The total pay ratio includes all Group employees.

The data show a substantial alignment between the remuneration of the female and male population in line with our objectives (101% with reference to fixed remuneration and 97% with reference to total remuneration). The detailed analysis shows an improvement in the similar categories both as a result of our actions on development and remuneration levers to reduce the gender pay gap, and due to the different combination of new hires and exits. The figure on total remuneration is calculated as the sum of the gross annual remuneration and the short-term target remuneration for each year.

GROUP ²⁹	Fixed remuneration			Total target remuneration		
	2023	2022	2021	2023	2022	2021
% (women vs men)						
Total pay ratio	101	101	101	97	95	95
Senior Manager	94	90	91	93	92	84
Middle Managers and Professionals	100	97	96	97	94	93
Specialist	99	98	100	98	97	99

The following table shows the data referring only to Italy, the country in which the largest number of Group employees is employed, approximately 75%. Also in this case, there is a substantial balance at the overall level (101% with reference to fixed remuneration and 96% with reference to total remuneration). It should be noted that, also considering the CEO, the gender pay gap on fixed remuneration is 100%.

ITALY ²⁹	Fixed remuneration			Total target remuneration		
	2023	2022	2021	2023	2022	2021
% (donne vs uomini)						
Total pay ratio	101	103	103	96	96	96
Senior Manager	94	91	91	93	92	84
Middle Managers and Professionals	98	96	97	95	93	93
Specialist	102	101	102	102	101	102

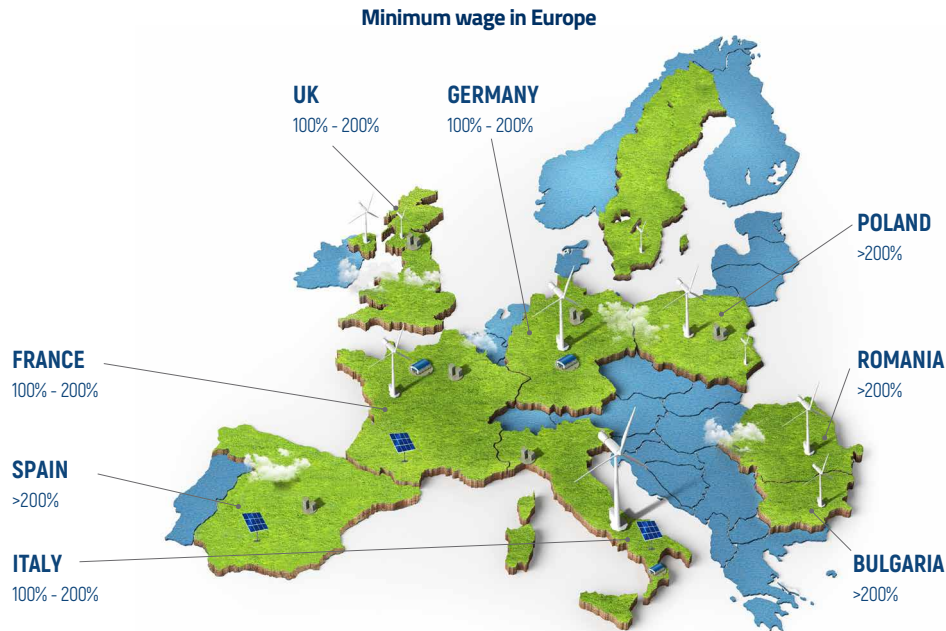
²⁸ Key Managers and Blue-collar Workers are therefore excluded.

²⁹ The values of the workforce for the years 2022 and 2021 are defined without considering the contribution of the thermoelectric and hydroelectric business.

Minimum wage

The ERG Group ensures that the principle of an adequate minimum wage is respected and is therefore committed to guaranteeing a decent wage for all its employees, essential for ensuring an adequate quality of life. Adherence to this principle is ensured by recognising the value of collective bargaining with workers’ representatives where present, and by compliance with existing national regulations on the issue of minimum wage.

As shown in the chart below, it is confirmed that in the countries in which ERG operates, the minimum wage paid is well above the minimum required by law or by collective agreements where applicable.



The table shows the ratio between the minimum wage paid by ERG and the minimum wage envisaged by law and/or by the National Collective Labour Agreement, in each country in which ERG operates.

The safety of our people

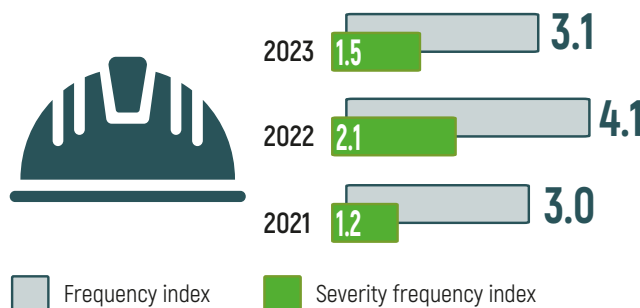
ERG believes that the full compatibility of its activities with the health and safety of the workers and the safeguard of communities, natural resources and the environment is an essential requirement to make its plants and operations acceptable and to achieve its growth objectives. Therefore, ERG is committed to ensuring that all Companies of the ERG Group operate with the highest respect for the health and safety of employees and third parties, as well as for the environment, defined in its broadest sense³⁰.

In 2023, as in 2022, there was significant construction-related activity (Italy and abroad), as well as important acquisitions that led to a significant growth in installed capacity in 2023. The overall frequency index of 3.09 (compared to 4.12 in 2022) was better than the target figure, which had already taken into consideration the increase in the level of risk linked to the planned worksite activities and the increase in production capacity. The overall severity index of 0.11 also decreased from the previous year (0.19) due to the decrease in accidents involving an absence of more than 30 days.

The internal frequency index, which refers to accidents involving only ERG personnel, increased in 2023 compared to 2022 from 2.1 to 5.5, while the severity index fell from 0.22 to 0.18 in view of the higher number of accidents recorded but of lesser significance.

Lastly, it should be noted that there were no fatal accidents in 2023, in line with previous years.

Accident indices (internal and external)



³⁰ ERG Group Code of Ethics, most recently updated on 15 December 2023.



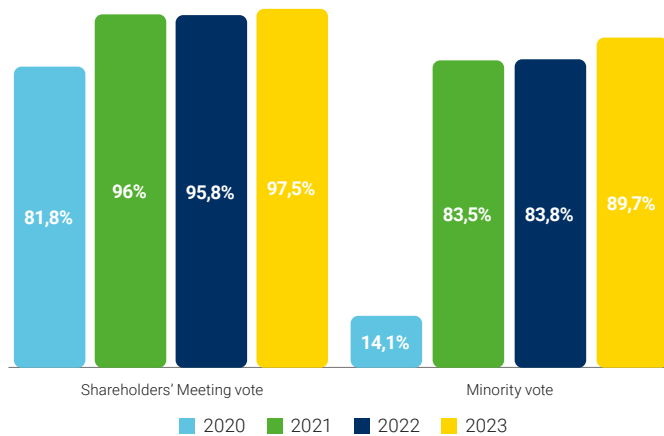
8. IMPLEMENTATION OF THE 2023 REMUNERATION POLICY

The remuneration policy implemented by the Company in 2023, with particular regard to the members of the Board of Directors and Key Managers, was coherent and consistent with the 2023 Remuneration Policy, which was approved by the Board of Directors on 14 March 2023 and received the favourable vote of the Shareholders' Meeting held on 26 April 2023.

Shareholders' Meeting vote

Also in 2023, we paid special attention to the analysis of shareholder evaluations, which led to the implementation of new elements to ensure greater transparency as mentioned in section 2 above. At the Shareholders' Meeting of 26 April 2023, the 2023 Remuneration Policy was particularly appreciated with an overall positive vote of 97.5% and strong support also from minorities (89.7%).

Favourable vote on the 2023 policy by the Shareholders present at the meeting



8.1 BOARD OF DIRECTORS

8.1.1 Fees

The Shareholders' Meeting of 26 April 2023, at the proposal of the Shareholder SQ Renewables S.p.A., approved the allocation of a **fixed annual fee, pro rata temporis**³¹, of EUR 70,000 to all members of the Board of Directors.

The Shareholders' Meeting, at the proposal of the Shareholder SQ Renewables S.p.A., also resolved to assign an additional **fixed annual fee, pro rata temporis**³¹, to the independent directors called upon to sit on the NRC (EUR 35,000) and the CRSC (EUR 45,000).

These proposals, according to the statement made by the Shareholder SQ Renewables S.p.A., were made in line with the professional commitment demanded by the positions and the related responsibilities.

8.1.2 Remuneration

The Board of Directors of 11 May 2023, at the proposal of the NRC and having heard the favourable opinion of the Board of Statutory Auditors, confirmed in accordance with the 2023 Policy, the remuneration of the Chairman, the Executive Deputy Chairman and the Deputy Chairman, for financial year 2023 and of those members of the Strategic Committee who are not employees of the Group and do not hold positions on the Board of Directors, for financial year 2023.

The remuneration of the Chief Executive Officer had already been determined for the three-year period 2021-2023 by the Board of Directors on 13 May 2021.

Fixed component

On 11 May 2023, the Board of Directors, at the proposal of the NRC and after consulting the Board of Statutory Auditors, awarded fixed remuneration pro rata temporis³¹ to the Executive Directors or Directors holding special offices, as follows:

- Chairman (Edoardo Garrone) EUR 640,000
- Executive Deputy Chairman (Alessandro Garrone) EUR 930,000
- Deputy Chairman (Giovanni Mondini) EUR 140,000
- Chief Executive Officer (Paolo Luigi Merli) EUR 930,000
- Directors sitting on the Strategic Committee who are not employees of the Group and do not hold offices in the Board of Directors (Elisabetta Oliveri, Luca Bettonte and Renato Pizzolla) EUR 60,000.

Short-term variable component

On 12 March 2024, at the proposal of the NRC, having heard the opinion of the Board of Statutory Auditors, the Board of Directors ascertained that the Chief Executive Officer had reached a level equal to 115% of the target value of the MBO (equal to EUR 500,000), corresponding to 57% of the fixed remuneration, of which the portion of the sustainability indicator disbursed represents 12% of the fixed remuneration.

The table below shows the level of achievement of each performance target.

Performance objective	Weight	u.m.	Target	Result	Minimum 50%	Target 100%	Cap 150%	Target result	Weighted score
Group Result	50%				Progress bar			111%	56%
EBT (Earning Before Tax) adjusted		€ m	270	299				111%	
					Minimum 80%	Target 100%	Cap 120%		
Sustainability	20%				Progress bar			116%	23%
Planet: Circular Wind Repowering recovery of materials and/or energy	2%	%	98%	100%	Progress bar			120%	
Planet: Circular Solar Revamping recovery of materials and/or energy	2%	%	90%	93%	Progress bar			120%	
Engagement: Education for Next Generation: number of youngsters involved in training programmes on sustainability and renewables	2%	Quantity	17,000	23,407	Progress bar			120%	
Engagement: Social Purpose for Solar Revamping (number of projects carried out)	2%	Quantity	3 projects	2 projects	Progress bar			80%	
People: Predictive Safety HSE	4%	Index	FI<4.60 FIS<2.00 SI<1.00	FI<3.09 FIS<1.55 SI<0.1	Progress bar			120%	
People: Incidence of women in workforce increase	4%	%	30%	41%	Progress bar			120%	
Governance: No. of boosted projects									
1. Extension of the Tax Control Framework in Germany by 31/12/2023									
2. Certification of the 'Information Security Management System' (ISMS) by March 2024	4%	Quantity	2 projects	3 projects	Progress bar			120%	
3. Sustainable Procurement: average supplier scoring ≥63 points									
Growth Objective	30%				Progress bar			120%	36%
Installed production capacity		MW	250	322	Progress bar			120%	
Total	100%								115%

³¹ Valid until the date of the Shareholders' Meeting called to approve the Financial Statements at 31 December 2023.

Long-term variable component

It should be noted that in 2023 no new long-term incentive systems were approved and, therefore, the 2021-2023 Performance Share System, described below, is the only Long-Term incentive system in place. On 13 May 2021, the Board of Directors, at the proposal of the NRC, after consulting the Board of Statutory Auditors, resolved to assign the long-term incentive, regulated by the 2021-2023 Performance Share System, to the Chief Executive Officer (Paolo Luigi Merli) and the Executive Deputy Chairman (Alessandro Garrone).

Following the conclusion of the vesting period of the 2021-2023 LTI Plan, the Board of Directors, at its meeting held on 12 March 2024, in order to (i) keep the substantial and economic content of the Plan and the long-term interests of the Company, i.e. the sustainability of the Group as a whole, unchanged as well as to (ii) ensure the alignment of the management with the interests of the shareholders while safeguarding the principle of not introducing undue advantages or penalties either for the Beneficiaries or for ERG or its shareholders, resolved, upon the proposal of the NRC, having heard the opinion of the Board of Statutory Auditors, in accordance with the provisions of the 2021-2023 LTI System regulation and the current Policy, and based on criteria that did not involve discretionary assessments:

- a reassessment will be made, for the years 2022 and 2023, of (i) the value of the Group's consolidated EBITDA and (ii) the value of the frequency index related to the Predictive Safety HSE indicator, considering the sale of the hydroelectric and thermoelectric business;
- to apply the incentive strategy adjustment clause, contained in the 2021-2023 LTI System regulation, following the change in the dividend policy for the period 2021-2023³², planned at EUR 2.25 ps and finalised over the three-year period at EUR 2.65 ps;
- consequently to change the value of the "Target Price" to EUR 22.08 and the "Cap Price" to EUR 27.08.

Following the resolution, the number of Shares Assigned is as follows:

- the Chief Executive Officer (Paolo Luigi Merli) in the measure of 135,870 Shares for three years;
- the Executive Deputy Chairman (Alessandro Garrone) in the measure of 47,554 Shares for three years.

On 12 March 2024, the Board of Directors, on the proposal of the Nominations and Remuneration Committee, having heard the favourable opinion of the Board of Statutory Auditors:

- having ascertained the achievement of the economic performance level of 90% of the Group's cumulative EBITDA for the period 2021-2023;

Indicator	Condition	Final value	Result
Economic performance			
Cumulative EBITDA 2021-2023 (EUR million)	1,107	1,602	ON

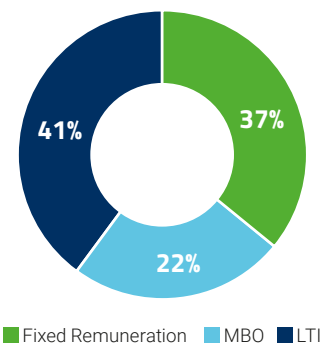
- set the value of the Final Price of the share at EUR 26.88, calculated as the average of the official stock market price in the period between 15 November 2023 and 15 February 2024, which corresponds to a performance of 196%;
- having ascertained that the sustainability target has been achieved, which determines the application of the 110% multiplier to the Shares to be allocated.

2021-2023 LTI System sustainability target

Weight objectives	Pillars	Objectives	Target	Results	Indicators			% Performance
					Floor 80%	Target 100%	Cap 120%	
25%	Planet	Circular Wind: repowering recovery of materials and/or energy	98%	100%				30%
25%	Engagement	Education for Next Generation: training programmes in Italy and France [no. young people involved]	10,000 (2 countries)	23,407 (4 countries)				30%
25%	People	Predictive safety: HSE Severity Index < 1 and improvement of Frequency Index [internal + contractors]	No fatalities FI 4.35 SI < 1	FI 3.4 SI=0.1				15%
25%	People	Diversity & Inclusion: number of women and employees of foreign offices with respect to total managerial positions	15% women 12% foreign	18% women 22% foreign				15%
25%	Governance	Tax Control Framework	Extension France	Extension France and Germany				30%
OVERALL FINAL VALUE								120%
MULTIPLIER								110%

In May 2024, in line with the provisions of the 2021-2023 LTI System regulations, a number of Shares equal to 292,936 will be assigned to the Chief Executive Officer and a number of Shares equal to 102,527 to the Executive Deputy Chair.

Chief Executive Officer: Final pay mix³³



Quantification of Remuneration

The total remuneration amount and its target composition was determined, with the support of The European House Ambrosetti, through a comparative analysis of the corporate offices held within a panel made up of Italian companies from the FTSE MIB and the MID CAP in the Industry sector comparable to ERG in terms of capitalisation, shareholding structure, system of powers and complexity, the Chief Executive Officer of which is not the reference shareholder.

There was no change in the composition of the peer group identified in the 2023 Policy³⁴, therefore the companies that made up the panel were: Amplifon, Autogrill, Brembo, De' Longhi, Italgas, Leonardo, Marie Technimont, Prysmian, Saipem, Salvatore Ferragamo, Telecom Italia, Technogym and Tod's. Within this, two distinct Peer groups have been formed in relation to the level of powers granted: one for the Chief Executive Officer who is not a controlling shareholder and one for the other executive Directors.

It should be noted that the remuneration resolved is positioned between the first quartile and the market median identified according to the criteria indicated in the 2023 Policy approved by the Shareholders' Meeting of 26 April 2023.

Non-monetary benefits

For the Directors who have chosen to exercise the right to receive certain non-monetary benefits (such as insurance policies, health insu-

³² Approved by the Board of Directors on 13 May 2021, upon recommendation by the Nominations and Remuneration Committee and having received the favourable opinion of the Board of Statutory Auditors.

³³ Pay mix of the remuneration accrued in 2023 by the Chief Executive Officer, taking into account the fixed component (including non-monetary benefits), the short-term variable component and the fair value of the long-term equity component.

³⁴ With the exclusion of Cerved, which was delisted at the beginning of 2022.



rance and life insurance), the amount of the benefits in question was withheld from the annual compensation approved by the Shareholders' Meeting.

For the Executive Directors or Directors holding special offices who made use of the car benefit, the amount of this benefit was not withheld from the fixed component.

Termination of office or discontinuation of the employment relationship

It should be noted that no indemnities were paid to Executive Directors during 2023 in relation to termination of office or termination of employment and no agreements were signed to that effect.

Ex-post correction mechanism

During 2023, no ex-post correction mechanisms were used for the variable component and the remuneration paid in 2023 and in previous years.

8.2 KEY MANAGERS

Fixed component

The fixed remuneration of the Key Managers was defined by the Chief Executive Officer, in conjunction with the Executive Deputy Chairman, on the advice of the NRC and with the support of the CHCO, in compliance with the 2023 Policy.

Pursuant to the Procedure, the following Key Managers have been identified: Chief Business Development and M&A Officer, Chief Engineering Development Officer, Chief Financial Officer and Manager responsible for preparing financial reports, Chief Human Capital & ICT Officer, Chief Operating Officer and General Counsel.

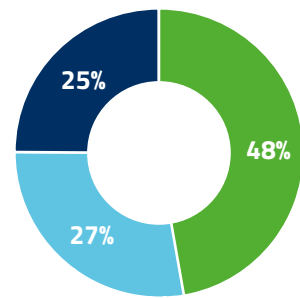
The remuneration of the Manager responsible for preparing the company's financial reports, in his capacity as Chief Financial Officer, was amended by the Board of Directors, in the meeting of 11 May 2023, after consulting the NRC and the Board of Statutory Auditors, with the support of the Chief Human Capital & ICT Officer.

Short-term variable component

In accordance with the 2023 Policy, the variable component of the remuneration for Key Managers, which includes the short-term (MBO System) and the medium/long-term (2021-2023 Performance Share System) incentive, was defined by the Chief Executive Officer, in conjunction with the Executive Deputy Chairperson, on the advice of the NRC and with the support of the CHCO.

For the purpose of the payment of the 2023 annual incentives, the Board of Directors, upon the proposal of the Nominations and Remuneration Committee, having heard the favourable opinion of the Board of Statutory Auditors, on 12 March 2024, ascertained the achievement of the result related to (i) the Consolidated EBT (weight 30%) at 112% of the target value (ii) the Sustainability Target (weight 10%) at 116% of the target value. The results of the Individual Targets (weight 30%) will be approved by the Chief Executive Officer in accordance with the MBO System regulations.

Key Managers: Final pay mix³⁵



■ Fixed Remuneration ■ MBO ■ LTI

The table below shows the levels of achievement of each Group performance target:

Performance objective	Weight	u.m.	Target	Result	Minimum 50%	Target 100%	Cap 150%	Target result
Group Result	30%							111%
EBT (Earning Before Tax) adjusted		€ m	270	299				111%
					Minimum 80%	Target 100%	Cap 120%	
Sustainability	10%							116%
Planet: Circular Wind Repowering recovery of materials and/or energy	2%	%	98%	100%				120%
Planet: Circular Solar Revamping recovery of materials and/or energy	2%	%	90%	93%				120%
Engagement: Education for Next Generation: number of youngsters involved in training programmes on sustainability and renewables	2%	Quantity	17,000	23,407				120%
Engagement: Social Purpose for Solar Revamping (number of projects carried out)	2%	Quantity	3 projects	2 projects				80%
People: Predictive safety HSE	4%	Index	FI<4.60 FIS<2.00 SI<1.00	FI<3.09 FIS<1.55 SI<0.1				120%
People: Incidence of women in workforce increase	4%	%	30%	41%				120%
Governance: No. of boosted projects								
1. Extension of the Tax Control Framework in Germany by 31/12/2023	4%	Quantity	2 projects	3 projects				120%
2. Certification of the 'Information Security Management System' (ISMS) by March 2024								
3. Sustainable Procurement: average supplier scoring ≥63 points								
Individual Objective	60%							
Total	100%							

Medium/long-term variable component

It should be noted that in 2023 no new long-term incentive systems were approved and, therefore, the 2021-2023 Performance Share System is the only Long-Term incentive system in place.

On 13 May 2021, the Board of Directors, at the proposal of the NRC, after consulting the Board of Statutory Auditors, resolved to assign the long-term incentive, regulated by the 2021-2023 Performance Share System, to the KMs identified in May 2021.

Following the resolution of the Board of Directors of 12 March 2024, illustrated above, as a result of the application of the incentive strategy adjustment clause, contained in the 2021-2023 LTI System regulations, following the amendment of the dividend policy for the period 2021-2023, the number of Shares Assigned to Key Managers, over the three-year period, was equal to 78,803 Shares in total.

³⁵ Pay mix of the remuneration accrued in 2023 by the Key Managers, taking into account the fixed component and the short-term variable component of remuneration indicated by the columns "fixed remuneration", "non-equity variable remuneration – Bonus and other incentives" and "Fair value of Equity remuneration" of Table 1 of this Section.

In consideration of the (i) achievement of the economic performance level, (ii) of the Final Price of the share and (iii) of the achievement of the Sustainability Target which determines the 10% increase in the Shares that can be allocated, in May 2024, in line with the provisions of the 2021-2023 LTI System regulations, a total number of Shares equal to 169,899 will be assigned to Key Managers.

Quantification of Remuneration

The size of these remunerations at target value was in proportion to the commitment demanded of each of the beneficiaries for the purpose of their offices, and was defined, making use of the Korn Ferry Executive Italy Survey, through a benchmark based on a market that includes the top management and those reporting directly to the top management of listed and/or independent companies operating on the Italian market.

Non-monetary benefits

In 2023, the Key Managers received certain non-monetary benefits such as healthcare, supplementary pension, insurance for the risk of death and disability, and the use of a company car for mixed use.

Termination of office or discontinuation of the employment relationship

It should be noted that no indemnities were paid to Key Managers during 2023 in relation to termination of office or termination of employment and no agreements were signed to that effect.

Ex-post correction mechanism

During 2023, no ex-post correction mechanisms were used for the variable component and the remuneration paid in 2023 and in previous years.

8.3 INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS

Consistently with the 2023 Policy, the long-term variable remuneration is regulated by the 2021-2023 Performance Share System based on financial instruments. This System is therefore regulated by Article 114-bis of the Italian Consolidated Finance Act.

8.4 BOARD OF STATUTORY AUDITORS

The Shareholders' Meeting of 26 April 2022 (i) appointed the new Board of Statutory Auditors valid for three financial years with expiry on the date of the Shareholders' Meeting called to approve the financial statements at 31 December 2024, (ii) determined the remuneration for the Chairman of the Board of Statutory Auditors and for the other two standing auditors.

At the date of appointment, the Board of Statutory Auditors consisted of three standing members and three alternate members. On 3 October 2022, following the untimely passing of the Chairwoman of the Board of Statutory Auditors, Elena Spagnol, Alternate Auditor Paolo Prandi took over as Standing Auditor and Chairman of the Board of Statutory Auditors and remained in office until the next Shareholders' Meeting of 26 April 2023. This shareholders' meeting appointed Monica Mannino as Standing Auditor and Chair of the Board of Statutory Auditors of ERG.

The annual remuneration paid to the members of the Board of Statutory Auditors was paid pro-rata temporis in line with the resolution of the Shareholders' Meetings of 26 April 2022 and 26 April 2023, and is made up as follows:

- EUR 70,000 for the Chair of the Board of Statutory Auditors (Paolo Prandi until 26 April 2023 and Monica Mannino from 26 April 2023);
- EUR 50,000 for each of the other two standing auditors (Giulia De Martino and Fabrizio Cavalli).



Annual changes in the remuneration of the Board of Directors and the Board of Statutory Auditors, the average remuneration of employees and other performance indicators of the Company

In line with the national legislation implementing Directive (EU) 2017/828 (which amended Directive 2007/36/EC with regard to the encouragement of long-term shareholder engagement), the following table shows, for the last four financial years, the annual change in the total remuneration (fixed remuneration and short-term variable component) of the members of the Board of Directors and the Board of Statutory Auditors.

It should be noted that the remuneration of the members of the Board of Directors appointed on 26 April 2021 did not change during 2023 and that the percentage differences highlighted in the table are mainly due to the different period of coverage of the office.

Indicator type	Definition	Name	2023	2022	2021	2020
Performance	TSR	%	3%	5%	25%	26%
	adj EBITDA	(EUR million)	520	502	580	481
Remuneration	Chairman	Edoardo Garrone	0%	-7%	-12%	0%
		(EUR/000)	710	710	760	860
Remuneration	Executive Deputy Chairman	Alessandro Garrone	0%	-6%	-11%	0%
		(EUR/000)	1,004	1,004	1,070	1,204
Remuneration	Executive Deputy Chairman	Giovanni Mondini	0%	-19%	-28%	0%
		(EUR/000)	214	214	263	364
Remuneration	Chief Executive Officer	Luigi Paolo Merli Amministratore Delegato	-6%	25%	100%	n.a.
		(EUR/000)	1,578	1,677	1,342	-
Remuneration	Director	Luca Maria Bettonte Amministratore	0%	50%	100%	n.a.
		(EUR/000)	130	130	87	-
Remuneration	Director	Emanuela Bonadiman	0%	50%	100%	n.a.
		(EUR/000)	105	105	70	-
Remuneration	Director	Maria Anna Rita Caverni	0%	0%	0%	0%
		(EUR/000)	115	115	115	115
Remuneration	Director	Elena Grifoni Winters	0%	50%	100%	n.a.
		(EUR/000)	105	105	70	-
Remuneration	Director	Federica Lolli	0%	50%	100%	n.a.
		(EUR/000)	150	150	100	-
Remuneration	Director	Elisabetta Olivieri	0%	0%	0%	0%
		(EUR/000)	175	175	175	175
Remuneration	Director	Mario Paterlini	0%	0%	0%	0%
		(EUR/000)	70	70	70	70
Remuneration	Director since 15/09/2022	Renato Pizzolla	238%	100%	n.a.	n.a.
		(EUR/000)	130	38	-	-
Remuneration	Statutory Auditor	Giulia De Martino	50%	100%	n.a.	n.a.
		(EUR/000)	50	33	-	-
Remuneration	Statutory Auditor	Fabrizio Cavalli	21%	65%	0%	50%
		(EUR/000)	80	66	40	40
Remuneration	Statutory Auditor since 26/04/2023	Monica Mannino	100%	n.a.	n.a.	n.a.
		(EUR/000)	47	-	-	-
Remuneration	Statutory Auditor since 26/04/2023	Paolo Prandi	33%	100%	n.a.	n.a.
		(EUR/000)	23	18	-	-
Remuneration	Employees of the Erg Group	Total average annual remuneration	1%	3%	2%	0%
		(EUR/000)	60	59	57	56

It is recalled that the Board of Directors on 13 May 2021, at the proposal of the Executive Deputy Chair in agreement with the other directors with delegated powers and/or offices, resolved a decrease in remuneration for Executive Directors with equal proxies as a spontaneous act of social solidarity as a way to share in the hardship that the community was experiencing due to the pandemic and, more generally, with a view to economic sustainability to reduce the “salary gap” with respect to the average cost to the company of the workforce. The savings were used, as part of the Company’s investment policies, on the Group’s team management and talent pools, on the reskilling of resources and on the hiring of young graduates and recent graduates through agreements with schools and universities.

The pay ratio of the Chief Executive Officer’s remuneration is indicated below, considering the fixed monetary remuneration and the total monetary remuneration (including the short-term variable component) pertaining to the reference year.

	Fixed remuneration ³⁶			Total remuneration ³⁷		
	2023	2022	2021	2023	2022	2021
Average pay ratio of employees	19	19	20	26	28	28
Median pay ratio of employees	21	21	22	32	33	34

9. ADDITIONAL INFORMATION

For the sake of completeness of information, it should be noted that in January 2023 San Quirico S.p.A. (“SQ”) and SQ Renewables S.p.A. (“SQR”) notified ERG of SQ’s decision to use, through SQR, a gross sum totalling EUR 4,119,000 (the “Fund”) for the disbursement of a special cash contribution to a selected group of ERG’s top managers (including the Chief Executive Officer of ERG and his direct reports, including all the Key Managers of the Company), with a view to rewarding their contribution, as representatives of ERG and in the exclusive interest of the same, to the activities carried out by the ERG Group that generated significant value creation both for the Company and for all shareholders and created the conditions for the implementation of the recent partnership between SQ and IFM Investors in relation to ERG. In this regard, it should be noted that SQ has made the Fund available to ERG through non-repayable disbursements by SQR and has identified the names of the beneficiaries and the relative amounts at its absolute discretion. The amount of the special contribution, which was allocated in the 2022 Financial Statements and paid in March 2023, is broken down as follows: Chief Executive Officer EUR 2,250,000, Key Managers EUR 1,641,000, other beneficiaries EUR 228,000.

The payment by ERG of this special contribution on behalf of SQ cannot be considered as significant remuneration for the purposes of the 2022 Remuneration Policy, instead falling within the scope of an intervention entirely within the availability and expense of SQ, in its capacity as ultimate parent company of ERG and, consequently, this remuneration is not included in the tables illustrating the remuneration received. The transaction as a whole was the subject of an opinion to the Board of Directors of ERG by the CRSC, pursuant to Art. 4.1 of the Related Party Procedure, which positively assessed the existence of ERG’s interest, as well as the convenience and substantial correctness of the related conditions.

³⁶ With regard to the Chief Executive Officer, the fixed component consists of the remuneration resolved by the Shareholders’ Meeting and the Remuneration resolved by the Board of Directors.

³⁷ This value consists of the fixed component as defined above and the value of the variable remuneration paid for each year as identified in tables 3B for each year.



10. AMOUNTS PAID IN 2023

The following tables set out details of the remuneration paid during the year in question, at any title and in any form, by the Company and by subsidiary and associated companies.

Table 1. Fees paid to the members of the Board of Directors, general managers and key managers

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Office	Period for which office was held	Termination of office	Fixed fees	Fees for participation in committees	Variable non-equity fees		Non-monetary benefits	Other compensation	Total	Fair Value of equity fees*	Severance indemnities for end of office or termination of employment
						Bonus and other incentives	Share of profit					
Edoardo Garrone	Chairman	01.01.2023 - 31.12.2023	04.2024									
(I) Fees in the company preparing the financial statements (ERG S.p.A.)				694,263	-	-	-	15,737	-	710,000	-	-
(II) Fees from subsidiaries and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				694,263	-	-	-	15,737	-	710,000	-	-
Alessandro Garrone	Executive Deputy Chairman	01.01.2023 - 31.12.2023	04.2024									
(I) Fees in the company preparing the financial statements (ERG S.p.A.)				984,512	-	-	-	19,661	-	1,004,173	387,369	-
(II) Fees from subsidiaries and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				984,512	-	-	-	19,661	-	1,004,173	387,369	-
Giovanni Mondini	Executive Deputy Chairman	01.01.2023 - 31.12.2023	04.2024									
(I) Fees in the company preparing the financial statements (ERG S.p.A.)				196,888	-	-	-	16,765	-	213,654	-	-
(II) Fees from subsidiaries and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				196,888	-	-	-	16,765	-	213,654	-	-
Paolo Luigi Merli	Chief Executive Officer	01.01.2023 - 31.12.2023	04.2024									
(I) Fees in the company preparing the financial statements (ERG S.p.A.)				988,306	-	575,000 ⁽¹⁾	-	14,594	-	1,577,900	1,108,075	-
(II) Fees from subsidiaries and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				988,306	-	575,000	-	14,594	-	1,577,900	1,108,075	-
Luca Bettonte	Director	01.01.2023 - 31.12.2023	04.2024									
(I) Fees in the company preparing the financial statements (ERG S.p.A.)				70,000	60,000 ⁽²⁾	-	-	-	-	130,000	-	-
(II) Fees from subsidiaries and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				70,000	60,000	-	-	-	-	130,000	-	-
Emanuela Bonadiman	Director	01.01.2023 - 31.12.2023	04.2024									
(I) Fees in the company preparing the financial statements (ERG S.p.A.)				70,000	35,000 ⁽³⁾	-	-	-	-	105,000	-	-
(II) Fees from subsidiaries and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				70,000	35,000	-	-	-	-	105,000	-	-

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Office	Period for which office was held	Termination of office	Fixed fees	Fees for participation in committees	Variable non-equity fees		Non-monetary benefits	Other compensation	Total	Fair Value of equity fees*	Severance indemnities for end of office or termination of employment
						Bonus and other incentives	Share of profit					
Mara Anna Rita Caverni	Director	01.01.2023 - 31.12.2023	04.2024									
(I) Fees in the company preparing the financial statements (ERG S.p.A.)				70,000	45,000 ⁽⁴⁾	-	-	-	-	115,000	-	-
(II) Fees from subsidiaries and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				70,000	45,000	-	-	-	-	115,000	-	-
Elena Grifoni Winters	Director	01.01.2023 - 31.12.2023	04.2024									
(I) Fees in the company preparing the financial statements (ERG S.p.A.)				70,000	35,000 ⁽³⁾	-	-	-	-	105,000	-	-
(II) Fees from subsidiaries and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				70,000	35,000	-	-	-	-	105,000	-	-
Federica Lolli	Director	01.01.2023 - 31.12.2023	04.2024									
(I) Fees in the company preparing the financial statements (ERG S.p.A.)				70,000	80,000 ⁽⁵⁾	-	-	-	-	150,000	-	-
(II) Fees from subsidiaries and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				70,000	80,000	-	-	-	-	150,000	-	-
Elisabetta Oliveri	Director	01.01.2023 - 31.12.2023	04.2024									
(I) Fees in the company preparing the financial statements (ERG S.p.A.)				70,000	105,000 ⁽⁶⁾	-	-	-	-	175,000	-	-
(II) Fees from subsidiaries and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				70,000	105,000	-	-	-	-	175,000	-	-
Mario Paterlini	Director	01.01.2023 - 31.12.2023	04.2024									
(I) Fees in the company preparing the financial statements (ERG S.p.A.)				70,000	-	-	-	-	-	70,000	-	-
(II) Fees from subsidiaries and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				70,000	-	-	-	-	-	70,000	-	-
Renato Pizzolla	Director	01.01.2023 - 31.12.2023	04.2024									
(I) Fees in the company preparing the financial statements (ERG S.p.A.)				70,000	60,000 ⁽²⁾	-	-	-	-	130,000	-	-
(II) Fees from subsidiaries and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				70,000	60,000	-	-	-	-	130,000	-	-



(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)	
Name and surname	Office	Period for which office was held	Termination of office	Fixed fees	Fees for participation in committees	Variable non-equity fees		Non-monetary benefits	Other compensation	Total	Fair Value of equity fees*	Severance indemnities for end of office or termination of employment	
						Bonus and other incentives	Share of profit						
Monica Mannino	Chairman of the Board of Statutory Auditors	26.04.2023 - 31.12.2023	04.2025										
				(I) Fees in the company preparing the financial statements (ERG S.p.A.)	46,667	46,667	-	-	-	-	46,667	-	-
				(II) Fees from subsidiaries and associated companies	-	-	-	-	-	-	-	-	-
				(III) Total	46,667	46,667	-	-	-	-	46,667	-	-
Fabrizio Cavalli	Standing Statutory Auditor	01.01.2023 - 31.12.2023	04.2025										
				(I) Fees in the company preparing the financial statements (ERG S.p.A.)	50,000	-	-	-	-	-	50,000	-	-
				(II) Fees from subsidiaries and associated companies	30,000 ⁽⁷⁾	-	-	-	-	-	30,000	-	-
				(III) Total	80,000	-	-	-	-	-	80,000	-	-
Giulia De Martino	Standing Statutory Auditor	01.01.2023 - 31.12.2023	04.2025										
				(I) Fees in the company preparing the financial statements (ERG S.p.A.)	50,000	-	-	-	-	-	50,000	-	-
				(II) Fees from subsidiaries and associated companies	-	-	-	-	-	-	-	-	-
				(III) Total	50,000	-	-	-	-	-	50,000	-	-
Paolo Prandi	Chairman of the Board of Statutory Auditors	01.01.2023 - 26.04.2023	04.2023										
				(I) Fees in the company preparing the financial statements (ERG S.p.A.)	23,333	-	-	-	-	-	23,333	-	-
				(II) Fees from subsidiaries and associated companies	-	-	-	-	-	-	-	-	-
				(III) Total	23,333	-	-	-	-	-	23,333	-	-
Key Managers**⁽⁸⁾	Directors in subsidiaries and division managers												
				(I) Fees in the company preparing the financial statements (ERG S.p.A.)	1,202,858	-	681,850 ⁽⁹⁾	-	45,902	-	1,930,609	642,567	-
				(II) Fees from subsidiaries and associated companies	-	-	-	-	-	-	-	-	-
				(III) Total	1,202,858	-	681,850	-	45,902	-	1,930,609	642,567	-

(1) Short-term MBO variable component determined by the Board of Directors, at the proposal of the Nominations and Remuneration Committee, following the verification carried out, in the meeting of 12 March 2024, on the level of achievement of the objective and specific annual targets for 2023, which were assigned by the Board itself in the meeting of 14 March 2023.

(2) Remuneration for participation in the Strategic Committee

(3) Remuneration for participation in the Nominations and Remuneration Committee

(4) Remuneration for participation in the Control, Risk and Sustainability Committee

(5) Remuneration for participation in the Nominations and Remuneration Committee and the Control, Risk and Sustainability Committee

(6) Remuneration for participation in the Control, Risk and Sustainability Committee and the Strategic Committee

(7) Remuneration for role as Chair of the Board of Statutory Auditors in ERG Power Generation S.p.A.

(8) The figures shown in the table include all the individuals who, during the 2023 financial year, held the position of Key Manager (a total of 6).

(9) MBO value attributable to 2023 which will be paid in May 2024

11. MONETARY INCENTIVE PLANS

Table 3B: Monetary incentive plans for members of the board of directors, general managers and key managers

A Name and surname	B Office	(1) Plan	(2) Bonus for the year			(3) Bonus for previous years			(4) Other Bonuses
			(A) Payable/paid	(B) Deferred	(C) Deferment period	(A) No longer payable	(B) Payable/paid	(C) Still deferred	
(I) Fees in the company preparing the financial statements									
Paolo Luigi Merli	Chief Executive Officer	MBO System	575,000	-	Year 2023 ⁽¹⁾	-	-	-	-
Key Managers	Directors in subsidiaries and division managers	MBO System	681,850	-	Year 2023 ⁽²⁾	-	-	-	-
(I) Total			1,256,850	-	-	-	-	-	-

No fees from subsidiaries and associated companies are provided for

(1) Short-term MBO variable component determined by the Board of Directors, at the proposal of the Nominations and Remuneration Committee, following the verification carried out, in the meeting of 12 March 2024, on the level of achievement of the objective and specific annual targets for 2023, which were assigned by the Board itself in the meeting of 14 March 2023.

(2) Short-term variable MBO component determined (i) in relation to the Group targets (EBT and Sustainability) by the Board of Directors on 12 March 2024 (ii) at the target level in relation to the personal targets that will be approved by the Chief Executive Officer.



12. SHARE INCENTIVE PLANS

Table 3A: Incentive plans based on financial instruments, other than stock options, for members of the board of directors, general managers and key managers

A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name and surname	Office	Plan	Financial Instruments assigned in previous years not vested during the year		Financial instruments assigned during the year					Financial instruments vested during the year and not assigned	Financial instruments vested during the year that can be assigned		Financial instruments accrued during the year
			No. and Type	Vesting period	No. and Type	Fair value at allocation date	Vesting Period	Assignment date	Market price on assignment	No. and Type	No. and Type	Value at vesting date	Fair Value
Alessandro Garrone	Executive Deputy Chairman	2021-2023 Performance Share BoD 13/05/2021	47,554 ordinary shares	three years									387,369
Paolo Luigi Merli	Chief Executive Officer since 26/04/2021	2021-2023 Performance Share BoD 13/05/2021	135,870 ordinary shares	three years									1,108,075
Key Managers	6	2021-2023 Performance Share BoD 13/05/2021	78,803 ordinary shares	three years									642,567
Other Managers	15	2021-2023 Performance Share BoD 13/05/2021	66,438 ordinary shares	three years									540,322

13. COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS

Table 1 of Table 7 of Annex 3A, Regulation no. 11971/1999

With regard to the Performance Share System approved by the Ordinary Shareholders' Meeting on 26 April 2021, to the conditions and explanatory purpose of the information document, made available to the public on the Company website (www.erg.eu), the following table provides, pursuant to Article 84-bis (Annex 3, Table 3A) of the CONSOB Issuers' Regulations, details of the instruments awarded under the system.

BOX 1
FINANCIAL INSTRUMENTS OTHER THAN STOCK OPTIONS
Section 2

Name and surname or Category	Office	Newly awarded instruments based on the decision of the body responsible for the implementation of Shareholders' resolution						
		Date of Shareholders' resolution	Type of financial instruments	No. financial instruments	Award date	Purchase price of instruments, if any	Market price on award	Vesting period
Alessandro Garrone	Executive Deputy Chairman	26/04/2021	Shares	47,554	14/05/2021	Treasury shares	23.30	3 years
Paolo Luigi Merli	Chief Executive Officer since 26/04/2021	26/04/2021	Shares	135.850	14/05/2021	Treasury shares	23.30	3 years
Key Managers	6	26/04/2021	Shares	78,803	14/05/2021	Treasury shares	23.30	3 years
Other Managers	15	26/04/2021	Shares	66,438	14/05/2021	Treasury shares	23.30	3 years

14. EQUITY INVESTMENTS HELD IN 2023

Scheme 7-ter: scheme relating to information on the equity investments of members of the board of directors and statutory auditors, general managers and key managers

Name and surname	Office	Investee Company	Number of shares held at the end of the previous year	Number of shares bought	Number of shares sold	Number of shares held at the end of the current year
Paolo Luigi Merli ⁽¹⁾	Chief Executive Officer	ERG S.p.A.	56,000	0	0	56,000
Luca Bettonte ⁽¹⁾	Director	ERG S.p.A.	91,000	0	0	91,000
Mario Paterlini ⁽¹⁾	Director	ERG S.p.A.	800	0	0	800
Elisabetta Oliveri ⁽¹⁾	Director	ERG S.p.A.	0	2,000	0	2,000
Key Managers ⁽¹⁾		ERG S.p.A.	24,700	4,000	8,400	20,300

(1) Direct shareholders and shares owned by Closely Associated Persons - holding title: ownership



GLOSSARY

In addition to the definitions provided in other articles, capitalised terms and expressions used in the Report have the meaning assigned to them below. Note that in any case the same meaning applies both to the singular and to the plural:

CEO or Chief Executive Officer: the Chief Executive Officer of ERG S.p.A.

Key Executive Directors or KEDs: Executive Directors of ERG S.p.A., other than the Chief Executive Officer, with strategic relevance for the purposes of achieving the objectives of the Business Plan and the ESG Plan.

Shareholders' Meeting: Shareholders' Meeting of ERG S.p.A.

Shares or ERG stock: ordinary ERG shares, listed on Euronext.

Shares Allocated: the conditional rights object of the Performance Share System, free of charge and not transferable inter vivos, each of which gives the Beneficiaries the right to be assigned free of charge 1 (one) Share under the terms and conditions specified by the Performance Share System Regulations.

Shares Assigned: the number of Shares calculated pursuant to the regulations of the Performance Share System and actually assigned.

CRSC: Control, Risk and Sustainability Committee; board committee composed of 3 non-executive directors, all independent pursuant to the Consolidated Finance Act and the Corporate Governance Code.

CHCO: Chief Human Capital & ICT Officer.

Corporate Governance Code: the current Corporate Governance Code for Listed Companies, published on 31 January 2020, which the Board of Directors resolved to adopt on 15 December 2020.

Board of Statutory Auditors: the Board of Statutory Auditors of ERG S.p.A.

Committee or NRC or Nominations and Remuneration Committee: board committee composed of 3 non-executive directors, all independent pursuant to the Consolidated Finance Act and the Corporate Governance Code.

Strategic Committee: board committee composed of 2 executive directors, 4 non-executive directors of which 1 independent pursuant to the Consolidated Finance Act and the Corporate Governance Code.

Minimum Economic Performance Condition: the economic performance condition of the Plan, consisting of a predefined percentage of the Group EBITDA cumulated over the 2024-2026 period, inclusive of amortisation, depreciation and write-downs, financial charges and proceeds and taxes.

Board of Directors or BoD: the Board of Directors of ERG S.p.A.

Key Managers or Key management: persons who hold the functions/offices indicated in Annex 1 to the current ERG Group Procedure for transactions with related parties (with the exception of the members of the Board of Directors and the Board of Statutory Auditors of ERG S.p.A.), available on the website of the Company (www.erg.eu) in the "Corporate Governance/Governance documents" section.

SRD II Directive: Directive 2017/828/EU which aims to strengthen the position of shareholders and encourage their long-term commitment over the life of listed companies in which they have invested.

EBT: Consolidated earnings before adjusted IAS taxes net of financial income (expense).

ERG or the Company: ERG S.p.A.

Euronext Milan: the screen-based stock exchange organised and managed by Borsa Italiana S.p.A. on which the Shares are listed.

New Board of Directors: the Board of Directors of ERG S.p.A. to be appointed by the Shareholders' Meeting of 23 April 2024.

ESG Plan: ESG Plan, approved by the Board of Directors, after prior assessment by the Control, Risks and Sustainability Committee.

Business Plan: Business Plan, approved by the Board of Directors, after prior assessment by the Strategic Committee.

Performance Share: Shares assigned free of charge upon achievement of a predetermined minimum performance level.

2022-2026@2023 ESG Plan: the 2023 update of the 2022-2026 ESG plan, approved by the Board of Directors on 14 March 2023, after prior assessment by the Control, Risk and Sustainability Committee, and presented to the market on 15 May 2023, is based on specific fundamental, Sustainability Pillars, attributable to ESG areas for each of which objectives have been identified that the Company is committed to reaching, as have concrete actions to be put in place for such purpose.

2024-2028 ESG Plan: 2024-2028 ESG Plan which is expected to be approved by the New Board of Directors during the first half of 2024.

2022-2026@2023 Business Plan: the 2023 update of the 2022-2026 Business Plan, approved by the Board of Directors on 14 May 2023, after prior assessment by the Strategic Committee, and presented to the market on 15 May 2023.

2024-2028 Business Plan: 2024-2028 Business Plan which is expected to be approved by the New Board of Directors during the first half of 2024.

Policy or Remuneration Policy: the Policy setting the remuneration of the members of the Board of Directors and the Key Managers.

2023 Remuneration Policy or 2023 Policy: the Policy adopted by ERG setting the remuneration of the members of the Board of Directors and the Key Managers with regard to 2023.

2024 Remuneration Policy or 2024 Policy: the Policy adopted by ERG setting the remuneration of the members of the Board of Directors and the Key Managers with regard to 2024.

Procedure or Related Party Procedure: Procedure for transactions with related parties aimed at ensuring the transparency and substantial and procedural correctness of transactions with related parties carried out directly by ERG or through its subsidiaries, most recently updated on 13 October 2022 in order to attribute to the Board of Directors the exclusive competence to decide on any transaction with related parties (including those of "Minor Significance"), being transactions in relation to which SQ Renewables S.p.A. exercises management and coordination activities of ERG.

Cap Price: the ERG stock price, which determines the maximum number of Shares that can be allocated.

Target Price: the reference price of the ERG stock required to define the number of Shares to be assigned to each Beneficiary at the inception of the Plan and above which a predefined number of additional Shares will be allocated to the Beneficiaries, provided that the EBITDA Target was also achieved.

IR: Regulations implementing Italian Legislative Decree no. 58 of 24 February 1998, as amended (Issuers' Regulations).

Report or Remuneration Report: the Report on the remuneration of the members of the Board of Directors and the Key Managers, approved by the Board of Directors on 12 March 2024.

MBO System: Short-term monetary incentive system.

2021-2023 Performance Share System or 2021-2023 LTI System: Incentive system based on medium/long-term financial instruments for the period 2021-2023.

2024-2026 Performance Share System or 2024-2026 LTI System: Incentive system based on medium/long-term financial instruments for the period 2024-2026.

TSR: Total Shareholder Return, namely the total return on investment for shareholders, which is calculated by adding the increase in the share price, over a certain time interval, with the effect of the dividends per share paid during the same period.

Consolidated Finance Act: Italian Legislative Decree no. 58 of 24 February 1998, as amended.

EDC: Executive Deputy Chairman.

ERG S.p.A.

Torre WTC
via De Marini, 1
16149 Genoa
Tel 01024011
Fax 0102401859
www.erg.eu

Registered Office:
via De Marini,
116149 Genoa

Share Capital Euro 15.032.000 fully paid
R.E.A. Genoa n. 354265
Company Register Genoa
and Fiscal Code 94040720107
VAT 10122410151

Company subject to limited management
and coordination by SQ Renewables S.p.A.

www.erg.eu

