



2021

Corporate
governance
and
shareholding
structure
report





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Glossary

Annual General Meeting/AGM: the annual general meeting of the shareholders of De' Longhi S.p.A.

Shareholders: the shareholders of De' Longhi S.p.A.

Code/CG Code: the Corporate Governance Code for listed companies approved in January 2020 by the Corporate Governance Committee.

Corporate Governance Code: the Corporate Governance Code for listed companies approved in July 2018 by the Corporate Governance Committee (as defined below).

Civil Code/c.c.: the Italian Civil Code adopted with Royal Decree No. 262 of 16 March 1942.

Code of Ethical Conduct: the code of ethical conduct approved by the board of directors of De' Longhi S.p.A., in its updated version, on 31 July 2018.

Board of Auditors/Board of Statutory Auditors: the board of statutory auditors of De' Longhi S.p.A.

Committee/CG Committee/Corporate Governance Committee: the Italian Corporate Governance Committee for listed companies promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

Board/Board of Directors: the board of directors of De' Longhi S.p.A.

Issuer/Company/De' Longhi: De' Longhi S.p.A., with registered office in Treviso, Via Lodovico Seitz 47.

Financial Year: the financial year 2021.

Euronext Milan: the segment of the market managed by Borsa Italiana S.p.A. on which the Issuer's

shares are traded, known as the 'Mercato Telematico Azionario' (MTA) until 25 October 2021.

Group/De' Longhi Group: De' Longhi and its subsidiaries pursuant to Art. 93 of Legislative Decree No. 58 of 24 February 1998 and Art. 2359 of the Civil Code.

Significant Transactions Guidelines: the 'Guidelines on particularly significant transactions' approved by the Board of Directors, in its updated version, on 12 November 2010.

Internal Control Guidelines: the 'Guidelines for the Internal Control and Risk Management System of the De' Longhi Group' approved by the Board of Directors, in their updated version, most recently on 30 June 2021.

Supervisory Board: the supervisory board of the Company set up in accordance with Art. 6 of Legislative Decree No. 231 of 8 June 2001, as later amended.

RPT Procedure: the 'Procedure on transactions with related parties of the De' Longhi Group' prepared in accordance with Consob Regulation No. 17221/2010 and approved by the Company's Board of Directors, in its updated version, most recently on 30 June 2021.

Issuers' Regulation: Consob Regulation No. 11971 issued in 1999 (as later amended) concerning issuers.

Market Regulation: Consob Regulation No. 20249 issued in 2017 (as later amended) on financial markets.

Consob Related Parties Regulation: the Regulation No. 17221 issued by Consob in 2010 (as later amended) on transactions with related parties.

Regulation (EU) No. 596/2014: Regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16.04.2014 (as later amended) on market abuse (Market Abuse Regulation - MAR).

Report: this report on corporate governance and shareholding structure relating to the 2021 financial year that De' Longhi is required to draft pursuant to Art. 123-bis of Legislative Decree No. 58 of 24 February 1998.

Remuneration Report: the annual report on the remuneration policy and compensation paid that De' Longhi is required to draft pursuant to Art. 123-ter of Legislative Decree No. 58 of 24 February 1998 and Art. 84-quater of the Issuers' Regulation.

Articles of Association: the articles of association of De' Longhi.

Sustainable Success: the objective that guides the actions of the board of directors and that consists of creating long-term value for the benefit of the Shareholders, taking into account the interests of other stakeholders significant to the Company.

Consolidated Law on Finance or CLF: Legislative Decree No. 58 of 24 February 1998.

In addition to the above definitions, unless otherwise specified, the following definitions of the CG Code shall also be deemed to be referred to by reference: executive directors, Chief Executive Officer (CEO), business plan, companies with concentrated ownership, large company, top management.



Corporate governance and shareholding structure report

pursuant to Article 123-bis of the
Consolidated Law on Finance
(traditional management and control model)

Issuer: De' Longhi S.p.A.

Website: www.delonghigroup.com

Financial year to which the Report refers: 2021

Date of Report approval: 10 March 2022

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Issuers' profile

De' Longhi is a leader in the household appliance sector and is mainly active in the coffee and food preparation segments, which represent around 80% of the Group's total revenues. The Group's brand portfolio includes:

- De' Longhi, the historic brand born in 1974 and world leader in coffee machines for domestic use;
- Kenwood, British brand acquired in 2001 and among the world leaders in the food preparation sector;
- Braun, the German brand, under perpetual licence since 2012, in the kitchen and domestic appliance segments;
- Nutribullet, American brand acquired in 2020 and world leader in the personal blenders segment;
- Ariete, acquired together with Kenwood in 2001, it offers innovative solutions in the cooking, ironing and cleaning sectors.

The Group's activities are highly diversified geographically, with direct commercial presence in Europe, North America, Middle East, Africa and Asia/Pacific. From an industrial perspective, De' Longhi can count on 6 production sites located in Italy (1), Romania (3) and China (2), plus a facility in a joint venture with the TCL Group in China.

The Company is committed to pursuing a progressive integration of environmental, social and governance sustainability issues within its corporate

strategy, risk management and remuneration processes, promoting a systemic and transparent approach, in compliance with the principles set out in the Group's Code of Ethical Conduct, which is also able to ensure compliance with the principles of plurality, equal opportunities, fairness and no discrimination of any kind.

On this point, it should be noted that Financial Year 2021 marked the beginning of a new chapter in the Group's sustainability path with the pursuit of Sustainable Success. This is how the De' Longhi Group has reshaped its governance of sustainability, and it now consists of:

- Control and Risks, Corporate Governance and Sustainability Committee - the Board committee with proposal-making and advisory functions and the task of supporting the decisions of the Board of Directors on these issues with appropriate fact-finding;
- Sustainability Steering Committee - composed of managers belonging to different departments, with responsibility for defining the proposed strategy, as well as the related sustainability plan;
- 3 Focus Groups - a Team Leader has been identified for each of the Group's sustainability pillars (People, Products and Processes) with responsibility for supervising/implementing the projects included in the plan and corresponding to his/her area of competence;
- the Group's Sustainability Manager - appointed in 2021.

In addition to the definition of the new governance of sustainability, in 2021 the Company also:

- analysed the best practices, the main challenges from the ESG world and the demands from customers and partners;
- defined the areas of commitment on which the Group intends to focus its future commitment;
- drafted a Manifesto (for people in the Group), which expresses the renewed commitment in terms of sustainability and which is aimed at creating a common commitment throughout the internal community;
- identified, and launched, individual projects the Group intends to work on in the coming months;
- launched strategic partnerships with the leading Italian universities;
- updated its materiality analysis (including an update on the identification of significant stakeholders) in light of the Group's new sustainability strategy;
- integrated the risks linked to sustainability within the Group's ERM.

It should also be noted that sustainability has been identified as one of the key enablers of the Medium-Term Plan 2021-2023, confirmation of how central the concept of 'Sustainable Success' is for the De' Longhi Group.

The Company publishes its consolidated non-financial disclosure pursuant to Legislative Decree 254/2016, and the Sustainability Report, both available on the website www.delonghigroup.com, in the section 'Sustainability' - 'Documents'.



De' Longhi's corporate governance system is the traditional system (the so-called 'Latin' model). The corporate bodies of De' Longhi are, therefore, the Annual General Meeting of Shareholders, the Board of Directors and the Board of Statutory Auditors. The Control and Risks, Corporate Governance and Sustainability Committee ('Control and Risks Committee' for short), the Remuneration and Appointments Committee and the Independent Committee are all part of the administrative body.

The Board of Directors monitors and implements the corporate governance rules with the support of the aforementioned Control and Risks Committee and of the company's internal structures.

The Company is the entity that performs management and coordination activities on the companies in the De' Longhi Group, also with regard to governance, using the recommendation to adopt the principles (e.g. those contained in the Code of Ethical Conduct) and, where possible, the specific

regulations (e.g. the Significant Transactions Guidelines, which assign the responsibility of examining and approving transactions having a significant economic, capital and financial impact for the Group to the Board).

The goal of the corporate governance system adopted by De' Longhi is that of ensuring the proper functioning of the Company, first and foremost, and the Group in general, and promoting the reliability of its products globally and, consequently, the brand name.

The Company's shares have been traded on the Euronext Milan since 24 July 2001.

Starting from the Financial Year, the Company adheres to the CG Code, which replaced the Corporate Governance Code for listed companies to which De' Longhi adhered from March 2007 until FY 2020. The Issuer has also adopted a Code of Ethical Conduct, a document that contains the ethical principles and general rules that characterise the Issuer's and the Group's organisation and busi-

ness internally and in relations with third parties.

The Issuer does not fall under the definition of SME pursuant to Art. 1, para. 1(w-*quater*.1) of the Consolidated Law on Finance and Art. 2-*ter* of the Issuers' Regulation.

The Company falls within the definition of '**large company**' provided by the CG Code, since the capitalisation it recorded on the last day of trading in the calendar years 2018, 2019 and 2020 (and 2021) was over €1 billion, as well as within that of a '**company with concentrated ownership**' provided by the Code itself, in that De Longhi Industrial S.A. holds the majority of votes that can be exercised in an ordinary Annual General Meeting of the Shareholders (see section 2(c) below).

In consideration of the above qualification as a 'large company' and as a 'company with concentrated ownership', in application of the recommendations of the CG Code, the Issuer has availed itself of some of the flexibility options provided for by the Code illustrated in this Report below.

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Information on the shareholding structure (pursuant to Art. 123-bis, para. 1, CLF) at 10 march 2022

In compliance with the provision of Art. 123-bis of the Consolidated Law on Finance, information on the Company's shareholding structure at the date of approval of this Report (10 March 2022) is specified below.

A) Share capital structure (pursuant to Art. 123-bis, para. 1(A), CLF)

De' Longhi's entire share capital is made up of ordinary shares with voting rights and these are traded on the Euronext Milan managed by Borsa Italiana S.p.A.

At 31 December 2021, the share capital subscribed and paid up was €226,334,138 divided into 150,896,092 shares with a par value of €1.50 each, represented exclusively by ordinary shares, of which 91,821,810 with increased voting rights (see point (d) of this section).

At the date this Report was approved there have been no changes.

On 14 April 2016, the Annual General Meeting resolved to increase the share capital by payment, in one or more tranches, for a maximum nominal amount €3,000,000, with the issue of a maximum of 2,000,000 ordinary shares with a par value of €1.50 each, with the same characteristics as the ordinary shares in circulation at the date of issue, excluding pre-emption rights pursuant to Art. 2441(4), second subparagraph, (6) and (8) of the Civil Code, Art. 158 of the Consolidated Law on Finance and Art. 5-bis(3) of the Articles of Association. The share capital increase was for an equity based incentive plan called the '2016-2022 Stock Options Plan', for the Company's Chief Executive Officer and a limited number of managers and key resources of De' Longhi and the other companies in the Group, to be implemented with a scrip issue of stock options to the beneficiaries. For details on the plan, please refer to the Disclosure Document, drafted pursuant to Art. 84-bis of the Issuers' Regulation, and Remuneration Report, both published on the website www.delonghigroup.com, section 'Governance' - 'Corporate Bodies' - 'AGM Archive' - 'Annual General Meeting 2016'.

On 22 April 2020, the Annual General Meeting resolved to increase the share capital further, by payment, in one or more tranches, for a maximum nominal amount €4,500,000, with the issue of a maximum of 3,000,000 ordinary shares with a par value of €1.50 each, with the same characteristics as the ordinary shares in circulation at the date of issue, excluding pre-emption rights pursuant to Art. 2441, paragraphs 4, second subparagraph, and 8 of the Civil Code, and Art. 5-bis of the Articles of Association. The share capital increase was for the additional equity based incentive plan called the 'Stock Options Plan 2020-2027', for the Company's Chief Executive Officer and a limited number of Top Managers of the De' Longhi Group, to be implemented with a scrip issue of stock options to the beneficiaries. For details on the plan, please refer to the Disclosure Document, drafted pursuant to Art. 84-bis of the Issuers' Regulation, and Remuneration Report, both published on the website www.delonghigroup.com, section 'Governance' - 'Corporate Bodies' - 'AGM Archive' - 'Annual General Meeting of 22 April 2020'.

On 30 June 2019, for the first time, several shareholders matured increased voting rights pursuant to Art. 5-bis of the Articles of Association.

Therefore, at 31 December 2021, 91,821,810 shares (out of a total of 150,896,092) had matured increased voting rights (at a ratio of two voting rights per share) which has led to a change in the total voting rights from 150,896,092 to 242,717,902.

At the date this Report was approved there have been no changes.

It should be noted that the Company has not issued any financial instruments granting the right to subscribe to newly issued shares.

De' Longhi's share capital structure at the date of this Report is shown in the table below.

Share capital structure

	N° shares	N° Voting Rights	Listed market	Rights & obligations
Ordinary shares (Nominal value €1.50)	150,896,092	242,717,902	Euronext Milan	The rights and obligations of shareholders are those provided for in Articles 2346 et seq.; in particular, shares give their holders equal rights and each share gives the right to one vote, except as indicated for shares that have matured increased voting rights pursuant to Article 5-bis of the Articles of Association
of which shares with increased voting rights	91,821,810	183,643,620		

B) Restrictions on the transfer of shares (pursuant to Art. 123-bis, para. 1(B), CLF)

The Articles of Association do not set any restrictions to the transfer of shares, nor limits to owning shares or the approval of the corporate or shareholder bodies to admit Shareholders within the shareholding structure.

C) Major shareholdings (pursuant to Art. 123-bis(1)(c) of the CLF)

Based on the entries in the Register of Shareholdings on the date this Report is approved and the communications received by the Company in accordance with Art. 120 of the Consolidated Law on Finance and other information available to the Company, the major shareholdings in De' Longhi are indicated in the table below.

Major shareholdings

Declarant	Direct shareholder	% Share of ordinary capital	% Share of voting capital
The Long E Trust	De Longhi Industrial SA	53.653%	66.711%
Apg Asset Management N.V.	Apg Asset Management N.V.*	10.232%	10.481%

* The holder of the financial instruments is Stichting Depository APG Developed Markets Equity Pool, while the subject with the voting right is APG ASSET MANAGEMENT N.V., as per the communication pursuant to Articles 23, 23-bis and 24 of the Post Trading Provision issued by the intermediary.

D) Shares granting special rights (pursuant to Art. 123-bis(1)(d) of the CLF)

The Company has not issued shares that grant special control rights, nor do the Articles of Association envisage special powers for certain shareholders of De' Longhi or holders of particular categories of shares in the same.

Following the amendment of Art. 5-bis of the Articles of Association, in accordance with Art. 127-quinquies of the Consolidated Law on Finance regarding increased voting rights, approved by the Annual General Meeting on 11 April 2017, shareholders (or others with voting rights) who make express request can be registered in a special "List" set up by the Company, in compliance with the provisions laid down in Art. 143-quater of the Issuers' Regulation, which will assign them two votes for each share registered in the List and held uninterruptedly for a period of 24 months from the date of List registration.

For more information on the change to the Articles of Association, reference is made to the Directors' Report on the agenda for the extraordinary part of the Annual General Meeting of 11 April 2017, available on the Company's website www.delonghigroup.com, 'Governance' - 'Corporate Bodies' - 'AGM Archive' - 'Annual General Meeting 2017'.

The rules on registration, keeping and updating the List are contained in the 'Rules for increased voting rights' adopted by the Board of Directors on 11 April 2017 and can be viewed on the Company's website www.delonghigroup.com, 'Governance' - 'Increased voting rights'.

As of 31 December 2021, 91,821,810 shares, out of 150,896,092 ordinary shares representing the share capital, attributed a double vote.

At the date this Report was approved there have been no changes.

In application of Art. 143-quater, para. 5 of the Issuers' Regulation, the Company has published the list of names of shareholders with an interest higher than 3% who have obtained increasing voting rights in the above section of its website.

The table below shows the names of the major shareholders who, as of the date of this Report, have obtained increased voting rights; it should also be noted that, as of the date of this Report, increased voting rights have also been obtained by other shareholders with interests of less than 3% (who hold a total of 862,150 shares which, as a result of the increase, give the right to a total of 1,724,300 votes).

Shareholder	No. Ordinary shares	% of capital	No. Voting Rights	% of Voting Rights	Maturity date
De Longhi Industrial S.A.	80,959,660	53.653	161,919,320	66.711	30,06,2019
Apg Asset Management N.V.*	10,000,000	6.627	20,000,000	8.240	30,06,2019
Total	90,959,660	60.279	181,919,320	74.950	

* The holder of the financial instruments is Stichting Depository APG Developed Markets Equity Pool, while the subject with the voting right is APG ASSET MANAGEMENT N.V., as per the communication pursuant to Articles 23, 23-bis and 24 of the Post Trading Provision issued by the intermediary.

The Company's Articles of Association do not contain provisions regarding increased voting rights pursuant to Art. 127-sexies of the Consolidated Law on Finance.

E) Employee shareholdings: mechanism for exercising voting rights (pursuant to Art. 123-bis(1)(e) of the CLF)

At the date of this Report there is no system for employee shareholdings in which the right to vote is not exercised directly by the employees.

F) Restrictions on voting rights (pursuant to Art. 123-bis(1)(f) of the CLF)

There are no special provisions in the Articles of Association restricting or limiting voting rights, nor any separation of the financial rights associated with the shares from ownership of the same.

G) Shareholder agreements (pursuant to Art. 123-bis(1)(g) of the CLF)

The Company is not aware of any Shareholder Agreements pursuant to Art. 122 of the Consolidated Law on Finance.

H) Change-of-control clauses (pursuant to Art. 123-bis, para. 1(H), CLF) and statutory provisions relating to takeovers (pursuant to Art. 104, Para. 1-ter and 104-bis, para. 1, CLF)

The following significant agreements entered into by the Company and by the companies it controls contain contractual clauses relating to changes in

control of the contracting company:

- i. the two agreements underlying the bond placed with US institutional investors (so-called US Private Placement), in the event that the Issuer's current majority shareholder decreases its shareholding to below 51%, provide for the lender being entitled to request early repayment;
- ii. the two loan agreements with Unicredit S.p.A., in the event that the Issuer's current majority shareholder decreases its shareholding to below 51%, provide for the lender being entitled to request early repayment;
- iii. the three loan agreements with Intesa Sanpaolo S.p.A., in the event that the Issuer's current majority shareholder decreases its shareholding to below 51%, provide for the lender being entitled to request early repayment;
- iv. the loan agreement with Mediobanca S.p.A., in the event that the Issuer's current majority shareholder decreases its shareholding to below 51%, it provides for the lender being entitled to request early repayment;
- v. the loan agreement with BPM S.p.A., in the event that the Issuer's current majority shareholder decreases its shareholding to below 51%, it provides for the lender being entitled to request early repayment;
- vi. the securitisation agreement (*Master Amendment Agreement*) with BNP Paribas S.A., in the event that the current majority shareholder of the Seller of Receivables ceases to exert direct or indirect control over De' Longhi S.p.A., it provides for the lender being entitled to request termination of the agreement;
- vii. the *License and distribution agreement* and the *License agreement for the Vertuoline Machine* signed with Nestlé Nespresso S.A., relating to the licence of the Nespresso brand and the distribution of capsule coffee machines under the Nespresso and De' Longhi brands (Original Range and Vertuo models), which provide that, in the event of (i) a change in control of the one of the parties, (ii) a change of control in the majority shareholders (exceeding 30%) or (iii) a change in control of a percentage of assets exceeding 30%, the other party may terminate the agreement with immediate effect;
- viii. the *Manufacturing, License and distribution agreement (Lattissima)* signed with Nestlé Nespresso S.A., relating to the licence of the Nespresso brand and the production and distribution of capsule coffee machines under the Nespresso and De' Longhi brands (Lattissima model), which provides that, in the event of (i) a change in control of the one of the parties, (ii) a change of control in the majority shareholders (exceeding 30%) or (iii) a change in control of a percentage of assets exceeding 30%, the other party may terminate the agreement with immediate effect;
- ix. the *Distribution agreement for Nescafé Dolce Gusto Machines* signed with Nestrade S.A., relating to the licence of the Nescafé Dolce Gusto

brand and the distribution of capsule coffee machines under the Nescafé Dolce Gusto and De' Longhi brands, which provides that, in the event of (i) a change in control of the one of the parties, (ii) a change of control in the majority shareholders (exceeding 35%) or (iii) a change in control of a percentage of assets exceeding 35%, the other party may terminate the agreement with immediate effect.

The Articles of Association do not derogate from the provisions set out in Art. 104, para. 1 and 1-bis of the Consolidated Law on Finance on the passivity rule (namely the Company's obligation to refrain from any action likely to conflict with the pursuit of the objectives of the takeover bid), nor do they contain the neutralisation rules contemplated by Art. 104-bis, para. 2 and 3 of the Consolidated Law on Finance.

I) Powers to increase the share capital and authorisations to purchase own shares (pursuant to Art. 123-bis, para. 1(M), CLF)

Except as reported in point a) above on the capital increases for the 'Stock Options Plan 2016-2022' and for the 'Stock Options Plan 2020-2027', the Annual General Meeting has not granted the administrative body any further powers to increase the share capital.

Article 5-ter of the Articles of Association states that the Company may issue participative financial instruments, in compliance with and within the

limits set by the regulations in force at the moment of issue, but without any specific indication of methods and conditions of issue.

The ordinary Annual General Meeting held on 21 April 2021 resolved to renew - by revoking the annual general meeting resolution adopted on 22 April 2020, since it had not been used - the authorisation for the purchase and disposal of treasury shares up to a maximum of 14.5 million ordinary shares and, in any case, not exceeding one fifth of the share capital, also taking into account any shares held by the Company and by the companies it controls. The authorisation was approved, in accordance with current provisions of law, for a maximum of 18 months (and, therefore, until 21 October 2022) and according to the methods, terms and conditions contained in the report on the agenda of the annual general meeting presented by the Board of Directors and available on the Company's website www.delonghigroup.com section 'Governance' - 'Corporate Bodies' - 'AGM Archive' - 'Annual General Meeting of 2021', and on the 1Info authorised storage mechanism (www.1info.it).

The Board did not initiate any share buy-backs during the Financial Year and, as at 31 December 2021, the Issuer held 895,350 De' Longhi shares, as a result of buy-backs in 2020, while its subsidiaries did not hold De' Longhi shares.

At the date this Report was approved there have been no changes.

L) Management and coordination activities (pursuant to Art. 2497 et seq. of the civil code)

De' Longhi is not subject to management and coordination by the parent company De Longhi Industrial S.A., nor by any other person or entity, pursuant to Art. 2497 et seq. of the Civil Code, since, as noted by the Board of Directors, most recently at the meeting held on 10 March 2022, the Issuer:

- maintains its own characteristics of managerial autonomy;
- has a structured organisation capable of carrying out all the company activities and functions;
- has its own process of strategic and financial planning and control;
- has its own capacity to make proposals regarding the implementation and development of its business activities.

The Company deems that the responsibility and authority of non-executive and independent directors and their significant weight in the passing of board decisions constitutes an additional guarantee that all Board decisions will be adopted solely in the interests of the Company and without any direction or interference from third parties with interests that are alien to those of the Group.

Conversely, De' Longhi exerts management and coordination activities over its own subsidiaries.

It should be noted that:

- the information required by Art. 123-bis, para. 1(i) of the Consolidated Law on Finance (*'the agreements between the company and the directors ... which provide for an indemnity to be paid in the event of resignation or termination of employment without just cause or if the employment relationship is terminated following a takeover bid'*) are contained in the Remuneration Report (section I, subsection 3.6), published on the Issuer's website www.delonghigroup.com, section 'Governance' - 'Corporate Bodies' - 'Annual General Meeting 2022';
- the information required by Art. 123-bis, para. 1(l), first part (*'rules governing the appointment and replacement of directors ... if different from the additional laws and regulations applicable'*) are illustrated in the section of this Report dedicated to the Board of Directors (section 4.2);
- in relation to the information required by Art. 123-bis, para. 1(l), second part, there are no rules applicable to the amendment of the Articles of Association, other than the laws and regulations applicable in the alternative.

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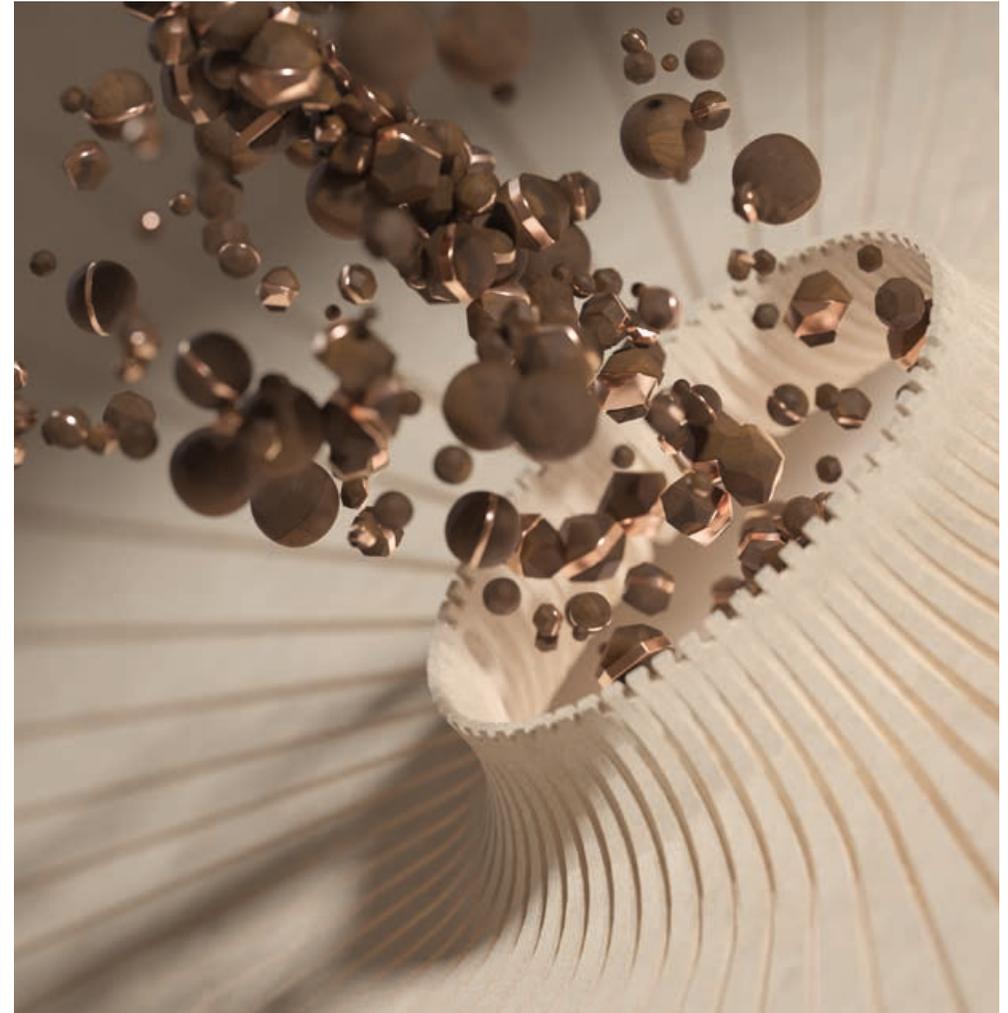
Compliance (pursuant to Art. 123-bis, para. 2(A), first part, CLF)

During FY 2021, the Company applied the CG Code and its corporate governance, for the entire Financial Year, was set up in compliance with the principles and recommendations contained in the above Code and to which the Company has adhered, within the terms illustrated in this Report.

The CG Code is available to the public on the website of the Corporate Governance Committee on the page <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>.

The Company believes that aligning its internal corporate governance structures with those recommended by the CG Code is a valid and invaluable opportunity to increase its reliability in the eyes of the market.

Neither De' Longhi nor its subsidiaries with strategic importance are subject to provisions of foreign law that influence the corporate governance structure of the Issuer itself.



4

Board of Directors

4.1 Role of the Board of Directors

The Board is vested, pursuant to Article 10 of the Articles of Association, with the broadest powers for the general and extraordinary administration of the Company, without any restrictions, with the authority to execute and implement all the acts it deems necessary to achieve the corporate purpose, excepting only those acts that the law and Articles of Association assign to the Annual General Meeting.

The Board of Directors plays a central role in the corporate organisation and the functions report to it. It is responsible for the strategic and organisational policies, as well as verifying the existence of the controls necessary to monitor the performance of the Issuer and the Group companies. In accordance with the principles and recommendations laid down by the CG Code, the Board guides the Company and the Group by pursuing Sustainable Success, i.e. the goal of long-term value generation for the benefit of shareholders, taking into account the interests of other stakeholders significant to the Company. In particular, the Board plays a central role in defining sustainability strategies and identifying the annual and long-term objectives pursued by the Group and in the process of verifying the related results. On this point, it should be noted that sustainability has been included in the Group's current business plan, approved at the meeting on 5 October 2020, as one of the key enablers of future growth.

Furthermore, the Board of Directors has also entrusted responsibility for sustainability issues to the Control and Risks Committee, which is called

upon to support the administrative body with specific fact-finding, proposal-making and advisory functions. For more information on the specific ways the Company and the Group pursue Sustainable Success, see section 1 of this Report.

In this context, the Board:

- i.** defines the strategies of the Company and the Group, in line with the pursuit of Sustainable Success, and monitors their implementation. It should be noted that the Board has included sustainability in the current business plan, adopted on 5 October 2020, as a key enabler for the Group's future growth. The Board of Directors is also the body that monitors implementation of the business plan over time;
- ii.** defines the corporate governance system that is most suitable for carrying out the company's business and pursuing its strategies, taking into account the autonomy offered by the system. If necessary, the Board shall evaluate and advance appropriate changes, submitting them, when appropriate, to the Annual General Meeting. This activity is carried out also with the support of the Control and Risks Committee, which is also entrusted with the specific function of supporting the Board of Directors in all questions concerning the Issuer's corporate governance, with the intent to constantly align the Company's corporate governance system with the best international best practices;
- iii.** promotes, in the most appropriate forms, dialogue with shareholders and other

stakeholders significant to the Company. In this respect, the Company believes that in order to successfully pursue its business objectives, it is essential to maintain a constant, constructive dialogue with these parties, who are significant stakeholders, one that is focused on listening to the needs and requirements of all stakeholders and which represents the basis for a lasting relationship of trust. Specific corporate functions are responsible for monitoring and maintaining communication with stakeholders, in accordance with the principles of transparency, fairness, clarity and completeness of information, so as to facilitate informed decision-making. With this in mind, the Company - as part of the preparation of its materiality analysis - has identified the Group's significant stakeholders, providing listening channels dedicated to each of them (information contained in the Sustainability Report 2020, available on the website www.delonghigroup.com, in the section 'Sustainability' - 'Documents' - '2020'. Furthermore, the Company's Board of Directors approved its 'Policy for managing dialogue with shareholders as a group' on 12 May 2021, more information on which is given in section 12 of this Report.

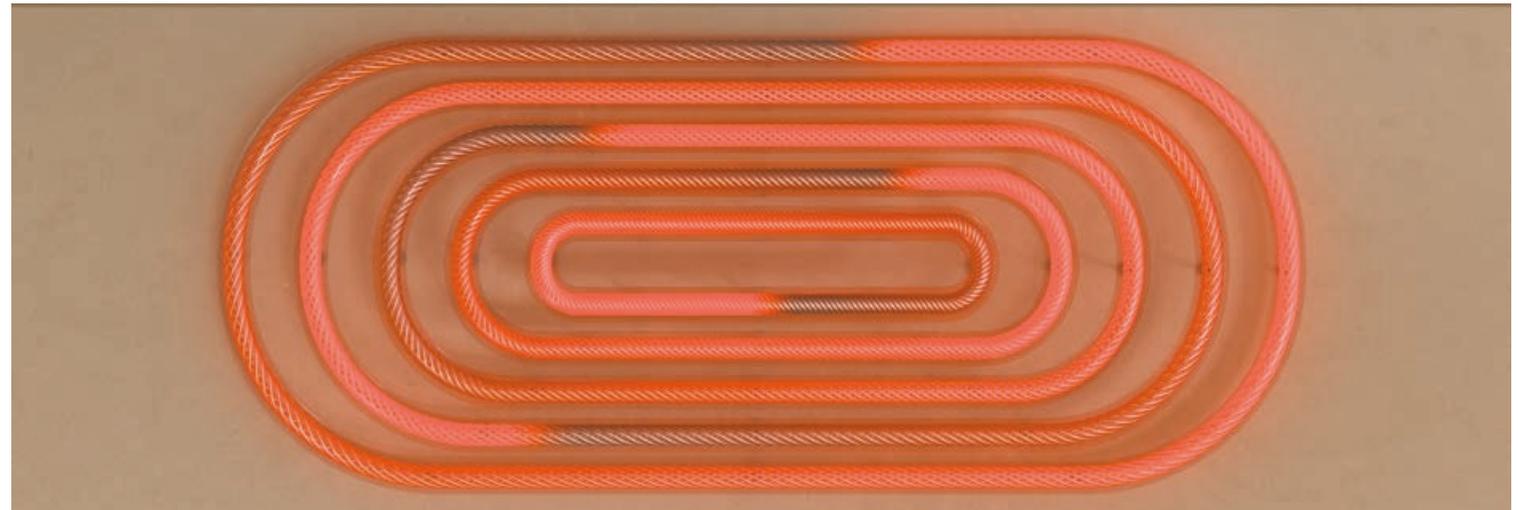
Furthermore, in accordance with the principles and recommendations of the CG Code, the Board:

- a.** examines and approves the Company's and Group's business plan, also based on an analysis of the matters that are important for long-term value generation carried out with the possible support of the Control and Risks

Committee established within the Board;

- b.** periodically monitors implementation of the business plan and assesses the general performance of the company, comparing the results achieved with those planned;
- c.** defines the nature and level of risk compatible with the Company's strategic objectives, including its assessment of all the elements that may be significant for the Company's Sustainable Success;
- d.** defines the Company's corporate governance system and the structure of the De' Longhi Group and assesses the adequacy of the organisational, administrative and accounting structure of the Company and its strategically significant subsidiaries, particularly with regard to the internal control and risk management system;
- e.** resolves on transactions to be carried out by the Company or its subsidiaries having a significant impact on the strategies, profitability, assets and liabilities or financial position of the Company itself. To this end, the Board establishes general criteria for identifying the significant transactions in the 'Guidelines on particularly significant transactions' adopted by the Company;
- f.** in order to ensure proper management of corporate information, adopts, upon proposal of the Chairman in agreement with the Chief Executive Officer, a procedure for the internal management and disclosure to third parties of documents and information concerning the Company, particularly with regard to price sensitive information;

- g.** in defining the corporate governance system that is most suitable for carrying out the company's business and pursuing its strategies, if necessary, the Board shall evaluate and advance appropriate changes, submitting them, when appropriate, to the Annual General Meeting;
- h.** upon the proposal of the Chairman, formulated in agreement with the Chief Executive Officer, adopts and describes in the report on corporate governance and shareholding structure prepared each year by the Company pursuant to Article 123-bis of Legislative Decree No. 58/1998 (hereinafter referred to as the 'Corporate Governance Report') a policy for managing dialogue with shareholders in general, also taking into account the engagement policies adopted by institutional investors and asset managers;
- i.** with the support of the Remuneration and Appointments Committee set up within it: (i) draws up, in compliance with the law and regulations in force at the time and with the principles and recommendations of the CG Code, the remuneration policy for the Directors, the general manager if appointed, and the regular statutory auditors of the Company (hereinafter referred to as the 'Statutory Auditors') - without prejudice to the provisions of Article 2402 of the Civil Code - and the top management (hereinafter referred to as the 'Remuneration Policy'), applying a transparent procedure and ensuring that it is functional to the pursuit of Sustainable Success and takes into account the need to have available, retain and motivate people with the competence and professionalism required by the role they hold in the Company; (ii) ensures that the remuneration paid and accrued is consistent with the principles and criteria defined in the Remuneration Policy, in light of the results achieved and other circumstances relevant to its implementation;



- j.** on the occasion of the termination of office and/or termination of the relationship with an executive director or a general manager, discloses - through a communication to the market following the outcome of internal processes leading to the allocation or recognition of any indemnity and/or other benefits - the information required by the CG Code.
- For its proper functioning and effective organisation, the Board of Directors performs the following functions in accordance with the principles and recommendations of the CG Code:
- establishes the Board's internal committees (hereinafter referred to as the 'Committees'), with the functions of providing advice and making recommendations, at least with regard to appointments, remuneration, control and risks, and sustainability, and to which it entrusts the task of supporting the Board in carrying out its role through adequate fact-finding activities, appointing their members and establishing their tasks, as well as approving their rules. The

establishment of the Committees does not imply any limitation of the Board's decision-making powers and/or responsibility;

- defines the rules and any procedures that might be appropriate for its own functioning and for that of the Committees, in particular in order to ensure effective management of the information to be provided before the respective meetings;
- defines - in compliance with the law and regulations in force at the time and in compliance with the priority objective of ensuring that its members have the adequate expertise and professional skills - diversity criteria for its composition and for that of the Board of Statutory Auditors with regard to aspects such as age, gender composition and educational and professional background, identifying the most suitable instrument for their implementation, also taking into account the Company's shareholding structure;
- conducts, at least in the lead-up to its renewal, using the procedures laid down by the CG Code

in force at the time and with the support of the Chairman and the Remuneration and Appointments Committee, which are responsible for its adequacy and transparency, an assessment of the size and composition of the Board itself and its Committees, as well as their proper functioning (hereinafter referred to as the 'Self Assessment' or 'Board Review'), also taking into account the role played by the Board in defining strategies and monitoring management performance and the adequacy of the internal control and risk management system. For the Self-Assessment, the Board also takes into account elements such as the professional characteristics, experience, including managerial experience, and gender of its members, as well as their seniority in terms of years in office. All the above in compliance with the provisions of the 'Diversity policies for members of the corporate bodies of De' Longhi S.p.A.' in force at the time, as approved by the Board;

- may issue, in the lead-up to each renewal, guidance on the qualitative and, if necessary,

quantitative composition deemed optimal for the Board, taking into account the results of the Self Assessment. This guidance, if issued, is described in the directors' report to the shareholders on the appointment of the Board;

- issues, unless otherwise decided and duly reasoned, its own guidance concerning the maximum number of positions on the board of directors or board of statutory auditors of other listed companies or large companies that may be considered compatible with the effective performance of the position of director of the Company, taking into account the commitment that comes with their role;
- at least at the beginning of its term of office and unless otherwise decided and duly reasoned, upon proposal of the Remuneration and Appointments Committee and having consulted the Board of Statutory Auditors: (i) defines the quantitative and qualitative criteria to be taken into account in order to assess the significance of commercial, financial or professional relationships and of the additional remuneration referred to in points c) and d) of Recommendation no. 7 of the CG Code, and also (ii) identifies the persons to be included in the definition of 'close family members' for the purposes of applying the circumstances referred to in Recommendation no. 7 of the CG Code;
- defines, unless otherwise decided and duly reasoned, with the support of the Remuneration and Appointments Committee, a succession plan for the Chief Executive Officer and any other executive directors that identifies at least the procedures to be followed in the event of early termination of office, ensuring that it is updated and implemented; and ascertains the existence of adequate procedures for the succession of top management, as defined by the CG Code.

Furthermore, the Board is vested with all powers

that have not been delegated to one or more Directors, including those reserved by the 'Guidelines on the Internal Control and Risk Management System of the De' Longhi Group' and by the 'Guidelines on particularly significant transactions' adopted by the Company and in force at the time.

In particular, bearing in mind the Board's role of guiding and assessing the adequacy of the Internal Control and Risk Management System, in accordance with the aforementioned Guidelines, the Board:

- defines and updates the principles and the indications contained in the Guidelines, with the support of and after consulting the Control and Risks Committee so that the main risks relating to the Issuer and its subsidiaries are correctly identified, adequately measured, managed and monitored, determining the degree of compatibility of such risks with management of the company that is in line with the strategic objectives identified, including in its evaluations all the elements that may be relevant for the Sustainable Success of the Issuer and the De' Longhi Group;
- identifies from among its members (i) the Chief Executive Officer tasked with setting up and maintaining an effective Internal Control and Risk Management System, and (ii) a Control and Risks Committee, with the task of supporting, with appropriate fact-finding activities, the assessments and decisions of the Board of Directors concerning the Internal Control and Risk Management System, as well as those relating to the approval of periodic financial and non-financial reports;
- periodically, and as a rule at (or before) the meeting of the Board of Directors to approve the annual report, approves the strategies and policies for managing the principal risks of the Issuer and the De' Longhi Group, with particular attention to companies having strategic importance, based on the analysis of company risks

and related control processes carried out by the Chief Executive Officer and with the support of and after consulting the Control and Risks Committee, which to this end informs the Board of Directors about the state of the Internal Control and Risk Management System also with regard to the factors which cause risks to the Company and the Group. The Board of Directors includes in its assessments all the elements that may be significant for the Sustainable Success of the Issuer and the De' Longhi Group;

- periodically, and as a rule at (or before) the meetings of the Board of Directors to approve the annual and half-year report, verifies - with the support of and after consulting the Control and Risks Committee - the adequacy of the Internal Control and Risk Management System with regard to the company characteristics and risk profile, as well as its effectiveness, ensuring that:
 - the duties and responsibilities are allocated clearly and appropriately;
 - the control functions, including the Internal Audit Manager, the Financial Reporting Officer and the Supervisory Board, are provided with adequate professional skills and resources to perform their duties and have been given the appropriate level of autonomy within the company structure, so as to ensure the effectiveness and impartiality of judgment;
- as a rule at the meeting of the Board of Directors to approve the at the meeting of the Board of Directors for the approval of the quarterly report as of 30 September, or at a board meeting to be held in the fourth quarter, identifies the companies with strategic importance within the De' Longhi Group;
- approves, at least on an annual basis, as a rule at (or before) the meeting of the Board of Directors to approve the annual report, with the support of

and after consulting the Control and Risks Committee, the work schedule prepared by the Internal Audit Manager, having heard the Board of Statutory Auditors and the Chief Executive Officer;

- describes - with the support of the Control and Risks Committee - the main features of the Internal Control and Risk Management System and the methods of coordination between the subjects involved in it, in the 'Report on Corporate Governance and Shareholding Structure', indicating the relevant national and international models and best practices and expresses its assessment of the adequacy of the same, giving an account of the choices made regarding the composition of the Supervisory Board. The description includes the illustration of the principal features of the existing risk management and internal control systems with regard to the financial reporting process;
- evaluates, with the support of the Control and Risks Committee and having heard the Board of Statutory Auditors, the results presented by the independent auditor in the letter of recommendations and in the additional report for Board of Statutory Auditors.
- upon the proposal of the Chief Executive Officer, with the favourable opinion of the Control and Risks Committee, and having heard the Board of Statutory Auditors:
 - appoints and removes the Internal Audit Manager;
 - ensures that he or she has adequate resources to carry out their responsibilities;
 - defines his or her remuneration in line with company policies;
- with the support of the Control and Risks Committee, appoints and removes members of the Issuer's Supervisory Board, established and

functioning in accordance with Legislative Decree No. 231/2001, ensuring the coordination between the different parties involved in the Internal Control and Risk Management System;

- adopts the Management and Control Organisational Model in accordance with Legislative Decree No. 231/2001 and approves all the adjustments made to comply with the provisions of law in force at the time;
- adopts, in compliance with the laws and regulations in force at the time, the *'Procedure on transactions with related parties of the De' Longhi Group'* and carries out, in accordance with the regulations in force at the time, the additional tasks assigned to it under the same procedure and under the regulatory provisions in force at the time.

To implement the principles and responsibilities described above, the Board of Directors has:

- a. monitored the implementation of the business plan and the general performance of operations by means of constant updates provided at each board meeting by the Chief Executive Officer, with the support of other managers, most recently (i) verifying, at the meeting on 23 February 2022, the implementation of the Group's business and strategic plan for the three-year period 2021-2023, approved by the Company's Board of Directors at the meeting on 5 October 2020; (ii) assessing, at the meeting on 10 March 2022, the overall management performance based on the information received from the delegated bodies, comparing the results achieved with those planned. On this point it should be noted that the Board of Directors stated the principle that the delegated bodies report to the Board on the activities performed in the exercise of the powers granted to them at least every three months, in accordance with the provisions of law in force;

- b. assessed on a half-yearly basis and most recently at the meeting on 10 March 2022, the nature and level of risk compatible with the Company's identified strategic objectives, including its assessment of all the elements that may be significant for the Issuer's Sustainable Success;
- c. assessed, at the meeting on 11 March 2021 and, most recently, at the meeting on 10 March 2022, the adequacy of the Issuer's organisational, administrative and general accounting structure and that of the subsidiaries with strategic importance, as well as the adequacy of the Company's Internal Control and Risk Management System and that of the subsidiaries with strategic importance, in relation to the company features and risk profile and on its effectiveness with the assistance of the Control and Risks Committee which, during its own meetings - attended by the Internal Audit Manager - has been able to continuously check the effective functioning of the Issuer's and Group's Internal Control and Risk Management System, particularly with regard to subsidiaries with strategic importance, and giving a favourable opinion on its adequacy and effectiveness every six months during the Board meetings for approving the annual report and the half-year report.

It should be noted that the Board of Directors has identified, most recently at the board meeting held on 10 November 2021, those subsidiaries with strategic importance and confirms that they are the following companies: De' Longhi Appliances S.r.l. and De' Longhi Capital Services S.r.l., both with offices in Italy; Kenwood Ltd with offices in the United Kingdom; De'Longhi Kenwood A.P.A. Limited with offices in Hong Kong; De'Longhi America Inc. and Capital Brands Holding Inc. with offices in the United States; De'Longhi Australia Pty Ltd with offices in

Australia; De'Longhi Japan Corp. with offices in Japan; De'Longhi LLC with offices in Russia; De'Longhi Deutschland GmbH with offices in Germany; De'Longhi Kenwood MEIA FZE with offices in the United Arab Emirates; De'Longhi Romania srl with offices in Romania; De'Longhi - Kenwood Appliances (Dong Guan) Co. Ltd with offices in China.

This identification was based on the identification criteria laid down in Art. 11.3 of the Internal Control Guidelines and more specifically:

- i. qualitative criteria, represented by the strategic importance of the company within the Group;
- ii. quantitative criteria, identified in the exceeding of one of the three financial parameters below by 5%:
 - % incidence of net revenues vs others on total consolidated net revenues;
 - % incidence of total assets vs other on total consolidated assets;
 - % incidence of personnel cost on total consolidated personnel cost.
- d. adopted the *'Guidelines on particularly significant transactions'*, approved by the Board in its first version on 20 February 2006 and the updated on 12 November 2010 which contain precise criteria for identifying transactions that are the responsibility of the Board because they are significant transactions with third parties, including the companies controlled by the Issuer;
- e. approved, at the meeting on 30 June 2021, with the favourable opinion of the Independent Committee, the updated version of the RPT Procedure, adopted by the Board of Directors since 12 November 2010, adapting its content to the new regulations introduced by Consob Resolution No. 21624/2020. The above procedure entered

into force on 1 July 2021 (see section 10 of this Report).

It should be noted that, in accordance with the Consob Related Parties Regulation and in compliance with the RPT Procedure, approval of transactions of greater importance with related parties (or its proposed resolution to be submitted to the Annual General Meeting in the event the latter has the authority) is reserved for the Board which must resolve by acting upon the reasoned favourable opinion of the Independent Committee. In the event that the transaction of greater importance with related parties is to be performed by a subsidiary of the Issuer, the Board examines it in advance, upon the binding opinion of the Company's Independent Committee;

- f. approved, at the meeting on 30 June 2021, with the support of the Control and Risks Committee, the updated version of the Internal Control Guidelines (for a description of its content, see section 9 of this Report);
- g. implemented the scheduled corporate governance activities with a view to constant alignment with international best practices and the recommendations of the CG Code;
- h. approved, at the meeting on 30 June 2021, the Rules of the Board of Directors as well as the rules of the Control and Risks Committee, the Remuneration and Appointments Committee and the Independent Committee, for the content of which reference should be made to sections 4.4 and 6 respectively of this Report;
- i. carried out, most recently at the meeting on 27 January 2022, the assessment on the size, composition and functioning of the Board itself and its committees (Self Assessment or board review). For more details on this, reference should be made to the discussion in section 7 of this Report;

- l.** adopted, at the meeting on 12 May 2021, the 'Policy for managing dialogue with shareholders as a group', more information on which is given in section 12 of this Report;
- m.** adopted a '*Procedure for the internal management and disclosure to the market of corporate information*', which came into force, in its original version, on 1 April 2006 and which was most recently updated by the Board at the meeting held on 30 July 2019, also in consideration of the subsequent legislative changes, such as more specifically the new EU regulations on market abuse, and Consob's issue of Guidelines on the management of inside information;
- n.** complied with the disclosure requirements resulting from the resolution adopted, pursuant to Art. 3 of Consob Resolution no. 18079 dated 20 January 2012, acknowledging in the financial reports that it has adopted the opt-out regime laid down in Art. 70, para. 8 and Art. 71, para. 1-bis of Consob Regulation no. 11971/99 with effect from 18 December 2012, and namely availing itself of the power to derogate from the obligations to publish information documents required during major operations such as mergers, demergers, capital increase by contributions of assets in kind, acquisitions and divestments.

For information on the further powers of the Board of Directors as well as on the activities carried out, with regard to appointment, composition, functioning, self assessment, remuneration policy and internal control and risk management system, reference is made to subsequent sections 4.2, 4.3, 4.4, 7.1, 8 and 9 of this Report.

4.2 Appointment and replacement (pursuant to Art. 123-bis, para. 1(L), first part, CLF)

At the meeting held on 18 December 2012, the Company's Board of Directors passed a resolution to change Articles 9 and 14 of the Articles of Association - concerning the appointment and composition of the corporate and control bodies, in order to comply with the provisions contained in Art. 147-ter(1-ter) and Art. 148(1-bis) of the Consolidated Law on Finance in force at the time - as amended by Law no. 120/2011 '*provisions concerning gender equality in the management and control bodies of companies listed on regulated markets*' ('Law 120') - and the current provisions of Art. 144-undecies.1 of the Issuers' Regulation. These regulatory provisions - in the amended text, in force at the time - required that the articles of association of listed companies provide a criterion for appointing members to the corporate bodies in order to ensure that the least represented of the genders holds at least one third (rounded up) of the positions on the Board of Directors and of the permanent positions on the Board of Statutory Auditors. The current composition of the corporate bodies, renewed by the Annual General Meeting held on 30 April 2019, reflects the percentage of the least represented gender (women) laid down by the Articles of Association, in accordance with the provisions of law on the subject at the time of appointment.

Subsequently, Law No. 160 of 27.12.2019 introduced the following regulatory changes:

- a.** both genders must be represented in the administration and control bodies by at least two-fifths of the elected members (rounded up to the next unit, except in the case of bodies consisting of three members, where they are rounded down to the next unit);
- b.** the new gender distribution criterion applies to renewals after 1 January 2020;

- c.** this gender distribution criterion applies for six consecutive terms.

In light of the above, it has become necessary to further adapt Articles 9 and 14 of the Articles of Association, in view of the renewal of the company bodies expected in April 2022. The Board of Directors (pursuant to Art. 10 of the Articles of Association) made these changes by notarial resolution on 27 January 2022. In particular, a dynamic reference has been introduced which provides that the 'equality between the male and female genders must be ensured in observance of the laws and regulations on gender equality in force at the time' for each corporate body.

The methods and criteria for appointing members of the Board of Directors are described below, as provided for by Art. 9 of the Articles of Association in force.

In compliance with Art. 147-ter of the Consolidated Law on Finance, electing the Board of Directors is performed using the slate voting system.

The Articles of Association grant those Shareholders possessing a holding equal to at least that determined by Consob in accordance with the law and regulations, which at the date this Report was approved corresponds to 1% of the share capital, as laid down by Art. 144-quater of the Issuers' Regulation and by Consob with Management Decision No. 60 dated 28.01.2022 and adopted pursuant to Art. 144-septies, para. 1 of the Issuers' Regulation, the right to submit slates of candidates for the election of directors. The Articles of Association does not envisage the possibility for the outgoing Board of Directors to submit a slate.

The slates of candidates submitted by the Shareholders must be filed at the Company's registered office - with the special certificates issued by the authorised intermediaries, the curriculum vitae of each candidate and the related statements

required by the law and regulations in force and by the Articles of Association - within the term set by Art. 147-ter(1-bis) of the Consolidated Law on Finance, namely by the twenty-fifth day prior to the date on which the Annual General Meeting called to approve the appointment of the members of the Board of Directors will be held.

Each slate contains a number of candidates up to a maximum of thirteen, listed using sequential numbering.

At least two candidates, always indicated at least at the second and seventh place of each slate, must possess the requirements of independence established by Art. 147-ter of the Consolidated Law on Finance. The Articles of Association do not provide for independence requisites of directors beyond those established for statutory auditors in accordance with Art. 148(3) of the Consolidated Law on Finance, nor requisites related to good repute and/or other professional skills other than those required by law for people holding the position of director.

The slates that contain three or more candidates must comprise candidates belonging to both genders (male and female), so as to ensure that the gender balance within the Board of Directors is at least equal to the minimum required by the laws and regulations in force at the time (currently at two fifths).

The Board of Directors is elected as follows:

- a.** all the directors except one are taken, in the order they appear on the slate, from the slate that obtained the highest number of votes cast by the Shareholders, except as provided below to ensure a balance between the genders in compliance with the laws and regulations in force regarding gender equality;
- b.** the remaining director is taken from the slate which obtained the second greatest number of



votes cast by the Shareholders, and who is not connected in any way, not even indirectly, with the Shareholders who submitted or voted for the slate with the greatest number of votes.

For the purposes of electing directors, the Company's Articles of Association do not contain the provision that the slate of candidates must obtain a minimum percentage of votes at the Annual General Meeting.

In the event that only one slate is submitted or

admitted to the vote, the candidates of said slate will be appointed directors, respecting the sequential order of the candidates as they appear on the slate itself.

If, as a result of the slate voting or voting on the only slate submitted, the composition of the Board of Directors does not comply with the laws and regulations in force on gender equality at the time, the candidate of the most represented gender elected last in sequential order in the slate which obtained

the highest number of votes will be replaced by the first candidate of the least represented gender, from the same slate and in sequential order, who was not elected. This replacement procedure will be used until the composition of the Board of Directors complies with the rules and regulations in force at the time and, in particular, those concerning gender equality. If this replacement procedure does not ensure gender equality, directors will be replaced using a resolution of the Annual General Meeting passed by a simple majority after candidates belonging to the least represented gender have been submitted.

Should it not be possible to appoint the directors using this slate method, the Annual General Meeting shall pass a resolution with a legal majority, without observing the procedure above, in compliance with the laws and regulations in force at the time, particularly those regarding gender equality.

The replacement of one or more directors elected by the Annual General Meeting must take place in compliance with the laws and regulations in force at the time, particularly those regarding gender equality.

It should be noted that, with regard to the composition of the Board of Directors, no legislation in this field other than the specific provisions of the Consolidated Law on Finance applies.

With regard to the amendment of the Articles of Association, any changes will be made in accordance with the principles contained in the legislation and regulation in force, it being specified that the Board of Directors has the power to resolve on the issues referred to in Art. 2365, para. 2 of the Civil Code, including amendments to the Articles of Association in order to comply with regulatory provisions.

As regards the information on the role of the Board of Directors and the Remuneration and

Appointments Committee in the processes for self assessment and succession of directors, reference should be made to section 7 of this Report.

4.3 Composition (pursuant to Art. 123-bis, para. 2(D) and (d-bis), CLF)

The current composition of the Board of Directors is shown in Table 1 of the Appendix to this Report and envisages 12 members.

The most recent renewal of the Board of Directors took place at the Annual General Meeting held on 30 April 2019, which set the total number of directors at 11 and then appointed its members for the three-year period 2019-2021 (therefore until the date of the Annual General Meeting to approve the financial statements at 31 December 2021).

The current Board of Directors was elected on the basis of three slates: (i) the slate submitted on 4 April 2019 by the majority shareholder De Longhi Industrial S.A., owner at the time of 85,199,660 shares corresponding to 56.989% of De' Longhi S.p.A.'s share capital ('Slate no. 1'), (ii) the slate submitted on 28 March 2019 by Stichting Depository APG Developed Markets Equity Pool, which for the purpose of submitting the slate stated that it owns 5,279,233 shares (whose voting rights are held by APG ASSET MANAGEMENT N.V.), corresponding to 3.53% of De' Longhi S.p.A.'s share capital ('Slate no. 2') and (iii) the slate submitted on 1 April 2019 by a group of asset management companies and financial intermediaries that were holding a total of 3,676,901 shares, corresponding to 2.460% of De' Longhi S.p.A.'s share capital ('Slate no. 3').

As a result of the vote, the following candidates were elected: (1) Giuseppe de' Longhi; (2) Maria Cristina Pagni; (3) Fabio de' Longhi; (4) Silvia de' Longhi; (5) Carlo Garavaglia; (6) Renato Corrada; (7) Stefania Petruccioli; (8) Giorgio Sandri;

(9) Massimiliano Benedetti; (10) Luisa Maria Virginia Collina - from Slate no. 1 - and (11) Ferruccio Borsani, from Slate no. 3.

Given a voting capital represented by 132,636,193 ordinary shares equal to 88.719862% of the share capital, the election of the aforementioned Directors occurred with 85,895,294 votes in favour, equal to 64.760072% of the capital represented for the slate submitted by the shareholder De Longhi Industrial S.A. (Slate no. 1) and with 21,511,465 votes in favour, equal to 16.218397% of the capital represented for the slate submitted by the group of asset management companies and financial intermediaries (Slate no. 3). Slate no. 2 submitted by the shareholder Stichting Depository APG Developed Markets Equity Pool received 15,145,938 votes in favour, equal to 11.419159% of the share capital.

On 20 January 2020, the Board of Directors, after the favourable opinion of the Remuneration and Appointments Committee and the Board of Statutory Auditors, approved the proposal formulated by the Chairman, Giuseppe De' Longhi, and the Vice-Chairman and CEO at the time, Fabio de' Longhi, to appoint Massimo Garavaglia as another member of the Board of Directors to whom the powers of Chief Executive Officer should be delegated and to appoint him General Manager. The validity of the proposal made to Massimo Garavaglia, which he accepted on 22 January 2020, was subject to the approval of the Annual General Meeting held on 22 April 2020, and called to approve the Group's Annual Report as at 31.12.2019, as well as the proposal to increase the number of members of the Board of Directors from the previous 11 to 12.

To this end, at the meeting held on 12 March 2020, the Board of Directors resolved to submit to the above Annual General Meeting a proposal to increase the number of Directors from 11 to 12 and to appoint Massimo Garavaglia as a new Director.

The Annual General Meeting of 22 April 2020 then

resolved to increase the number of Directors from 11 to 12 and to appoint Massimo Garavaglia as a new Director. Since this was the appointment of a single director, in accordance with Article 9 of the Articles of Association, it was resolved by the Annual General Meeting with a legal majority, without using the slate voting procedure governed by the same Article. Given a voting capital represented by 129,856,957 ordinary shares equal to 86.8608408% of the share capital *pro tempore*, the election of Massimo Garavaglia occurred with 224,291,163 votes in favour, equal to 99.659884% of the voting rights pertaining to the shares represented.

The current Board of Directors:

- is composed of 4 (four) Executive Directors and 8 (eight) Non-executive Directors, all of whom have the professional skills and expertise appropriate to the tasks assigned to them;
- the number and responsibilities of the Non-executive Directors (8) are such as to ensure that they have a significant influence on the adoption of board resolutions and to guarantee effective monitoring of management; and
- a significant number of Non-executive Directors (5 out of 8) possess the independence requirements established by the Articles of Association and by the law, and also those established by the CG Code.

The following section contains the personal and professional details of each director in office during the Financial Year and at the date this Report was approved, also in accordance with Art. 144-*decies* of the Issuers' Regulation:

1. Giuseppe De' Longhi, Chairman and Executive Director, in office at the date the Company was listed, and more specifically since 18 April 2001, was born in Treviso (Italy) in 1939. After graduating in Economics from Venice Ca' Foscari University, he developed the Company until it became the

head of a multinational Group. He is currently also the chairman of the board of directors of other companies in the Group.

2. Fabio De' Longhi, Vice-Chairman and Executive Director, member of the Board of Directors since the Company was listed and, more specifically, since 18 April 2001, was born in Treviso (Italy) in 1967. After graduating in Business Economics from Bocconi University in Milan, he has held several positions in the Company's Sales and Marketing Department, in Italy and abroad. He was Chief Executive Officer of the Group from June 2005 to April 2020, guiding it through its international expansion. Currently, he holds other executive positions in the Group's companies.

3. Massimo Garavaglia, Chief Executive Officer and General Manager since 1 May 2020, was born in Rho (Milan, Italy) in 1966. He graduated in Economics from Bocconi University in Milan and specialised in Business Management at prominent international universities. During his professional career, he has held senior positions in the listed Swiss multinational, Barry Callebaut, a world leader in the manufacture of high quality cocoa and chocolate products. Currently, he holds other executive positions in the Group's companies.

4. Silvia De' Longhi, executive director, in office since 12 July 2007, was in Trieste (Italy) in 1984. She obtained a degree in Political Science from Trieste University. After holding positions in the Marketing and Communication Department of Kenwood based in Havant (UK), and in organisation development for the Human Resources department of the De' Longhi Group, in 2016, she was appointed Chief Corporate Services Officer for the Group, entrusted with managing the Legal and Corporate Affairs, Human Resources and Organisation, Quality and Information Technologies Departments. Currently, she holds other positions in the Group's companies.

5. Massimiliano Benedetti, independent director, in office since 19 April 2018, was born in Rimini (Italy) in 1970. After graduating in Chemical Engineering with Environmental specialisation, Massimiliano Benedetti started his professional career in the Change Management area of Andersen Consulting (now Accenture), handling projects related to the computerisation and optimisation of the supply chain for energy clients. In 2000, Benedetti went to YooX Group (now YooX Net-A-Porter Group, part of the Richemont Group) joining Federico Marchetti - the founder - during the company's start-up phase. He held the positions of Head of CRM & Logistics, VP Sales and Marketing and then Global Marketing Director, the position he held until the end of 2012. In 2013, Benedetti became an Independent Board Member of companies (such as H-Farm, LuisaVia-Roma, Reda, Tomorrow Ltd), an Internet Advisor for luxury, art and design brands and a Business Angel. Benedetti is also a member of the Fashion Council of NYU Stern.

6. Ferruccio Borsani, independent director, in office since 30 April 2019, was born in Locate Varesino (Como, Italy) in 1958. He graduated in Mechanical Engineering from the Polytechnic University of Milan and specialised in Economics and Business Management at the Bocconi University. He has gained significant experience in leading international groups in the fields of Information Technology, Logistics and Telecommunications. In 1996 he joined Omnitel Italia Spa, now Vodafone Italia, where he held various management positions over time and became General Manager in 2013. Since 2015, he has worked as an angel investor, advisor and Board Member of technology, services and digital companies. He served as Independent Director in Telecom Italia in 2017 and is currently Independent Director in the Biesse S.p.A. group.

7. Luisa Maria Virginia Collina, independent director, appointed on 14 April 2016 and in office since

that date, she was born in Milan (Italy) in 1968. Architect, Research Doctorate and Ordinary Professor in Design at the Polytechnic University of Milan. From 2005 to 2015, she was coordinator and Head of the Product Service System Design course at the School of Design in the Polytechnic University of Milan. From 2015 to 2021, she was Head (elected) at the School of Design in the Polytechnic University of Milan. She is mainly interested in interior design, focusing particularly on services and strategic design. She collaborates with universities, research centres and enterprises for international research programmes and strategic innovation projects in design. The results of her research and teaching have been presented at numerous conferences and in numerous publications. From 2004 to 2008 and from 2013 to 2015 she was elected board member of the Polytechnic University of Milan; from 2009 to 2010 she was appointed by the Rector of the Polytechnic University of Milan as a member of the university's Assessment Unit. From 2010 to 2016, she was Delegate for the Rector of the Polytechnic University of Milan for the Expo and the University's Grand Events and for Internationalisation Policies, from 2016 for External Relations. From 2013 to 2019, she was President of Cumulus, the international association of universities and colleges of design, art and media. She is currently Honorary President of the same association.

8. Renato Corrada, non-executive director, in office since 28 April 2004, was born in Milan (Italy) in 1949. He attended the faculty of Economics at Università Cattolica del Sacro Cuore. He held important positions in the Rizzoli Corriere della Sera Group and in Rusconi Editore S.p.A. In 1997, he entered the Fininvest Group and held important positions in the Group's companies. Since May 2017 he mainly provides consulting services to leading Italian entrepreneurial families in particular. He has also collaborated on numerous occasions with the universities SDA Bocconi and A.S.A.M.

Associazione per gli Studi Aziendali e Manageriali (Association for Business and Managerial Studies), of which he was also a board member, and the San Carlo College in Milan, where he was a board member until 2015.

9. Carlo Garavaglia, non-executive director, in office since the Company was listed, namely from 18 April 2001 to 15 July 2009 and since 21 April 2010, was born in Legnano (Milan, Italy) in 1943. He graduated in Economics and Business from Università Cattolica di Milano. He has been a member of the Association of Chartered Accountants of Milan since 1972. He has been a Certified Public Accountant since 1979, now a statutory auditor. He was a manager and partner of KPMG in Milan from 1970 to 1976. Founding partner of Studio Legale Tributario L. Biscozzi - A. Fantozzi and, since 1998, founding partner of Studio Legale e Tributario Biscozzi Nobili. He speaks at conferences, has written books and articles. He is Chairman of the Board of Directors of Banca Progetto S.p.A. and Director in unlisted companies such as Cordifin S.p.A., Ori Martin S.p.A., Ori Martin Holding S.r.l. and Miron S.A.

10. Maria Cristina Pagni, independent director, in office since 23 April 2013, was born in Pisa (Italy) in 1955. She graduated with honours in Law from the University of Pisa and is authorised to practice law before the Court of Cassation. After having been partner in some other important law firms in Milan, she has been partner in Studio Legale Withers since January 2019, in the Litigation and Arbitration department.

11. Stefania Petruccioli, independent director, in office since 23 April 2013, was born in Turin (Italy) in 1967. She graduated in Business Economics with honours from Bocconi University in Milan and is a Chartered Accountant. After years of experience in a leading private equity management company, she took on the role of partner and shareholder in Progressio SGR S.p.A., a company that manages two

private equity funds, Progressio Investimenti I and II, for a total of €305 million funds under management, where she has worked since 2004. She was head of investments of the private equity and venture capital fund Principia III - Health until 2021. She has also worked as a lecturer on the Economics of Industrial Companies course at the Bocconi University.

12. Giorgio Sandri, non-executive director, in office since the Company was listed and more specifically since 18 April 2001, was born in Udine (Italy) in 1944. Founding partner of Max Information, he has worked in advertising since 1966. He and his staff have been involved in the highly successful promotion of products in Italy and abroad. He has worked on the De' Longhi Group's advertising since 1983. An expert in mass communication, he has taught in Bologna for over eight years. He has shot commercials with Oscar winners Robert De Niro and Kevin Costner and Italian Oscar winner Tonino Guerra. When Rai and the Tecnici Pubblicitari association won the Golden Lion at the Cannes Lions Festival in 1986, the highest recognition in the world of advertising, they dedicated it saying, 'To Giorgio Sandri for his contribution to the advancement of advertising.' From 2001 to June 2020, he was on the Board of the Armando Testa Group, one of the leading Italian Communication Agencies.

The existence of executive and independence requirements of Company directors during the Financial Year were assessed by the Board of Directors in compliance with the principles and recommendations laid down by Art. 2 of the CG Code, and the combined provisions of Art. 147-ter, para. 4 and Art. 148, para. 3 of the Consolidated Law on Finance, most recently during the Board meeting held on 10 March 2022 (for the evaluation of independence, see section 4.7 of this Report). On this point it should be noted that, for the proper implementation of the above corporate governance recommendations, the Board of Directors identified,

among other things, in the board meeting held on 10 November 2021, those De' Longhi Group companies with strategic relevance.

During the board meeting held on 10 March 2022, the Board of Statutory Auditors verified that the criteria and procedures adopted by the Board to assess the independence of its members had been applied correctly.

For more information on the composition of the Board of Directors at the end of the Financial Year, reference is made to Table 1 in the Appendix to this Report.

Diversity criteria and policies in the composition of the board of directors and in corporate organisation

In implementation of Art. 123-bis, para. 2(d-bis) of the Consolidated Law on Finance, the Board of Directors has adopted its own diversity policy in relation to the composition of the administrative body relating to aspects such as age, gender composition and training and professional career path (the 'Policy').

This Policy is contained in the '*Diversity policies for members of the corporate bodies of De' Longhi S.p.A.*' approved - in the updated version - by the Board of Directors at the meeting held on 23 February 2022, upon the proposal of the Remuneration and Appointments Committee, which - with regard to diversity in the composition of the administrative body - prepared the contents, taking into account the results of the periodic Self Assessment process, conducted most recently in January 2022 (see section 7 of this Report).

In defining the Policy's criteria and objectives, the Board of Directors of De' Longhi has decided that its optimal composition must meet the following requirements:

- i. the Board of Directors must be composed, in compliance with the principles and recommendations of the CG Code, of a majority of non-executive Directors, who should possess such skills as to ensure that they carry significant weight when making board resolutions by fulfilling an important function in the discussion and contributing to monitoring the choices made by the executive Directors;
- ii. the number of Company Directors possessing the requirements of independence provided for by the law, by the Articles of Association and by the CG Code must be such as to ensure compliance with the provisions of law and the Articles of Association in force, as well as the principles and recommendations of the Code itself to which the Company adheres, in order to permit a diverse composition of board committees (which, based on the recommendations of the CG Code, must be composed entirely, or by a majority, of independent Directors);
- iii. the composition of the Board of Directors must in any case ensure a gender balance that complies with the provisions of the law and the Articles of Association in force at the time, both from the moment of appointment and during office;
- iv. a balanced combination of different age ranges should be ensured within the Board of Directors, which would bring diverse sensibilities and skills, enabling - taking in to account, for example, the significant changes that characterise the macro-economic and competitive scenario - a balanced plurality of diverse perspectives and experiences;
- v. Directors should be persons with a managerial and/or professional and/or academic and/or institutional profile in order to have a mix of expertise and experiences that are diverse and complementary. In particular:
 - **managerial profiles** should (a) have acquired expertise and experience, also in international settings, in positions of responsibility in segments connected to the one in which the De' Longhi Group operates or in any case in companies of a significant size and/or complexity with pronounced international vocation, and (b) possess specific skills in general management, finance, sales marketing (including digital/e-commerce) and/or technological innovation, other corporate management and organisation functions, remuneration policies or in sustainability;
 - **professional profiles** should have acquired expertise and experience in positions of responsibility within accredited professional firms, consultancy firms or other organisations and have performed their work, particularly involving business, in one of the following fields: economics, accounting, law (with particular reference to business law, company law, tax law, M&A and financial markets), finance, technological innovation as well as risk management and/or control, internal audit, compliance, sustainability and remuneration policies;
 - **academic and/or institutional profiles** should possess expertise that may be useful for developing and enhancing the De' Longhi Group's business, also from the perspective of the pursuit of Sustainable Success;
- vi. in line with the principles and recommendations of the CG Code regarding the composition of board committees: (a) at least one member of the Board of Directors should possess appropriate knowledge and experience in financial matters or remuneration policies; and (b) at least one member of the Board of Directors should possess appropriate knowledge and experience in accounting and financial matters or in risk management;
- vii. the Chairman should be a person with the experience, authority and vision such as to represent a point of connection between the executive directors and non-executive directors, ensuing the proper, efficient and effective management of the functioning of the Board of Directors, within which the Chairman has the task of creating a strong spirit of cohesion, and at the same time representing a figure of assurance for all Shareholders and all the stakeholders. The Chairman should encourage equal participation of all the Directors in the board debate and possess appropriate experience in managing, within the board, issues of strategic importance, in addition to specific managerial and business skills in segments related to the one in which the De' Longhi Group operates;
- viii. the Chief Executive Officer should be a person with established leadership skills and authority and acknowledged strategic vision. The CEO should have acquired significant experience and success in top management positions in companies of a significant size and/or complexity operating in the international context, and have appropriate skills and/or experience with regard to economics and finance. The CEO should also have a management style that is guided by the ability to create a team spirit among collaborators.

So that the Board of Directors can discharge its duties more effectively, in addition to the diversity requirements listed above, the Company considers it essential that all the members of the administrative body guarantee that they can dedicate enough time to carry out their tasks diligently and responsibly.

The Company also considers it advisable that the Directors have an adequate knowledge of English to enable them to correctly understand written texts and, therefore, ensure they can make resolutions that directly concern documents in English, also given the De' Longhi Group's international presence.

The Policies are addressed to the Shareholders, called upon to submit slates for the renewal of the Board of Directors and to vote on its directors, and to Board of Directors in the event that it is necessary to replace one or more Directors who have left during office, without prejudice to compliance with the composition requirements provided by the law and by the Articles of Association.

The text of the *"Diversity policies for members of the corporate bodies of De' Longhi S.p.A."* is available on the website www.delonghigroup.com, section 'Governance' - 'Company Documents'.

At the Board meeting held on 27 January 2022, taking into account the results of the above Self Assessment process, conducted internally, and the report on the matter by the Chair of the Remuneration and Appointments Committee, the Board of Directors also verified that the composition of the Board during its term was in compliance with the *'Diversity policies for members of the corporate bodies of De' Longhi S.p.A.'* in force at the time. On this occasion, the Board agreed that its current composition is such as to guarantee the diversity of its members, in relation to their age, education and professional background, in line with the provisions of the above policies on the composition of the administrative body. It also noted that it complies with the applicable regulations on gender quotas, since one third of the Board is made up of directors of the least represented gender.

As regards the measures adopted by the Company to promote equal treatment and equal opportunities between genders within the corporate

organisation, it should be specified that in compliance with the principles laid down by the Group's Code of Ethical Conduct (available on the website www.delonghigroup.com, 'Governance' - *Company Documents*), personnel management by the Company and by its the companies it controls is carried out in such a way as to avoid any form of discrimination towards employees and collaborators, offering equal opportunities in work and in professional advancement.

In 2021, all the employees of the Group were asked to read the Code of Ethical Conduct again and there was a very thorough verification activity.

Over the years, the Group has intensified its investment in the professional development of its employees, offering equal access to training initiatives.

The Company also believes that the new performance appraisal process is one of the pillars for ensuring adequate internal development of resources, offering an open space where 'manager' and 'resource' can share development goals and monitor their progress, also involving other people within the organisation who have had the opportunity to observe and work with the individual.

On the subject of opportunities for growth within the Group, with the aim of offering all its employees equal access to information on jobs available, the Group introduced an internal job posting system years ago to which people can apply.

Lastly, still with regard to the actions implemented by the Company in terms of gender equality, the Human Resources Department has conducted a study on gender distribution at Group level and with a specific focus on Italy, as well as on the gender pay gap and gender pay equity gap. Furthermore, with the support of a group of managers and employees from various parts of the world, attention has been focused on identifying and sharing a

methodology for approaching and analysing issues of diversity, equity and inclusion. The first output was a proposed definition of what equity, diversity and inclusion mean for De' Longhi together with a statement on inclusion and diversity. The working group then identified the needs for internal communication and sharing as well as raising awareness and training employees, in particular those who hold managerial positions. Lastly, three initial focus areas have been identified for the definition of best practices and improvement actions to be implemented during 2022-2023.

It should also be noted that, during 2021, the Group's whistleblowing platform did not receive any reports of gender discrimination.

Maximum number of positions held in other companies

With regard to Recommendation no. 15 of the CG Code (which requires that the board of directors of issuers that, like De' Longhi, qualify as 'large companies' for the purposes of the application of the same code, issue their guidance on the maximum number of positions on the administration and control bodies in other listed companies or large companies that may be considered compatible with the effective performance of the office of director in the Company, taking into account the commitment arising from the role held), the Company's Board of Directors decided, as most recently confirmed at the meeting held on 27 January 2022, not to express its opinion to this effect, indicating general ad hoc criteria because it considers that evaluating candidates' suitability, also in light of the offices held in other companies, first should be done by the Shareholders during the appointment of directors and then by the individual director upon accepting the office and during their term of office.

The following table shows the offices of director or statutory auditor currently held by the directors in office in other listed companies or large companies (understood as companies that at closed the last financial year with a total value of assets or sales of over €500,000,000) at the date this Report was approved.

Name and surname	Company	Office held
Giuseppe De' Longhi	De Longhi Industrial S.A. (<i>large size</i>)	Chairman of the Board of Directors
	De' Longhi Appliances S.r.l. (<i>large size</i>)	Chairman of the Board of Directors
	De' Longhi Capital Services S.r.l. (<i>large size</i>)	Chairman of the Board of Directors
Fabio De' Longhi	De' Longhi Appliances S.r.l. (<i>large size</i>)	Director with powers
	De' Longhi Capital Services S.r.l. (<i>large size</i>)	Director with powers
Massimo Garavaglia	De' Longhi Appliances S.r.l. (<i>large size</i>)	Chief Executive Officer
	De' Longhi Capital Services S.r.l. (<i>large size</i>)	Chief Executive Officer
Silvia De' Longhi	De' Longhi Appliances S.r.l. (<i>large size</i>)	Director
Massimiliano Benedetti	H-FARM (<i>listed</i>)	Director
Ferruccio Borsani	Biesse S.p.A. (<i>listed</i>)	Director
	Ori Martin S.p.A. (<i>large size</i>)	Director
Carlo Garavaglia	Ori Martin Holding S.r.l. (<i>large size</i>)	Director
	Miron S.A. (<i>large size</i>)	Director
Stefania Petruccioli	Rcs Group S.p.A. (<i>listed</i>)	Director
	Interpump Group S.p.A. (<i>listed</i>)	Director
	Credit Access India NV (<i>large size</i>)	Director

4.4 Functioning of the board of directors (pursuant to Art. 123-bis, para. 2(D), CLF)

On 30 June 2021, the Board of Directors approved the 'Rules of the Board of Directors' which governs, in particular, the composition, role, organisation and functioning of the Company's administrative body, defining, among other things, the role and duties of the Chairman of the Board of Directors as well as those of the Secretary of the Board of Directors.

In particular, in relation to the functioning of the Board of Directors, Art. 9 of the Rules govern:

- the methods and timescales for convening meetings;
- the information flow and information provided before the meetings;

- the conduct of the Board's business;
- drafting minutes of the meetings.

The main principles of the aforementioned Rules are given below.

Methods and timescales for convening meetings

The Board of Directors is convened by the Chairman - or the person acting as chair - at the registered office or elsewhere (in Italy or in the European Union or in the United States of America), each time he or she deems it appropriate for the corporate interest or in the case that a written request is made indicating the topics to be discussed by the majority of Directors in office or by the Board of Statutory Auditors, or by at least one of its members.

The call notice signed by the Chairman, or by the person acting as chair, shall indicate the date, time and place of the meeting, as well as the items to be discussed. The call notice may also envisage for the meeting to be held by videoconference or by teleconference. In the event that the meeting is held exclusively using telecommunication devices, the meeting can be convened without indicating a physical location; in this case, however, the call notice must indicate how to access the meeting.

The call notice is sent by the Secretary of the Board, on behalf of the Chairman, to each Director and to the Statutory Auditors by registered letter, telegram, telex or fax or e-mail with read receipt sent, pursuant to Article 13 of the Articles of Association, at least five days before the meeting, except in cases of urgency when such term may be reduced to a

minimum of twenty-four hours. After the call notice has been sent to all the recipients, it is also made available by uploading it on the digital platform used by the Company, as defined herein.

Information flow and information provided before the meetings

The Directors shall receive an adequate flow of information coordinated by the Chairman with the support of the Secretary in order to properly exercise the powers and responsibilities of the Board of Directors. In addition to the matters examined by the Board, the information flow also includes the follow-up of the decisions taken by the Board, as well as any significant correspondence between the Company and Consob and/or other public authorities, and with Borsa Italiana. As a rule, the flow of information is ensured for meetings of the Board and/or of the committees. In order to guarantee adequate confidentiality of the information provided to support Board meetings and not to jeopardise the timeliness and completeness of the information flows, the Board uses a digital platform with high security requirements (hereinafter referred to as the 'Platform') for managing and sharing Board documentation. The Platform is accessed using the credentials assigned to each Director and Statutory Auditor after their appointment. The Directors and Statutory Auditors must ensure that these credentials are stored carefully and are not disclosed to anyone to prevent unauthorised persons from accessing the Platform.

The supporting documentation for the discussion of the items on the agenda is made available to the Directors and Statutory Auditors by the Secretary of the Board, who uploads it on the section of the Platform reserved to the Board, and in other forms that may be agreed, when necessary, and that ensure the confidentiality of the information contained

therein. Documentation shall normally be made available at least 2 (two) business days prior to the date of the Board meeting, except in exceptional cases where documentation shall be made available as promptly as possible so as to enable the Directors to participate in the meeting in an informed manner. The supporting documentation is prepared by the relevant corporate department which transmits it to the Secretary in good time to allow publication within the time limit set out above. If the documentation made available to the Directors and Statutory Auditors is particularly complex and voluminous, the Chairman - with the help of the Secretary of the Board - shall ensure that it is accompanied by a document summarising the most significant and relevant points for the decisions on the agenda. Should events occur that make it necessary to update the documentation already made available, the Chairman assesses whether to authorise publication of the updated document or to provide details of the changes directly at the meeting, ensuring that the Board receives adequate and timely information during the Board discussion. Supporting documentation distributed to Directors and Statutory Auditors is stored in the Board's files by means of the Platform.

In addition to the obligations relating to inside information indicated in the regulations in force and by the *'Procedure for internally managing and disclosing corporate information to the market'* adopted by the Company, recipients of the documentation are required to comply with the obligation to keep confidential the data and information received in the performance of their duties.

Conducting the Board's business

The meetings of the Board may be validly held via videoconference or teleconference, or just teleconference, provided that the Chairman is able to

establish the exact identification of the persons present and their eligibility to attend, and that all the attendees are able to participate verbally, in real time, on all the topics, as well as view, receive and transmit the documentation. The meeting of the Board is deemed as being held in the place where both the Chairman and the Secretary of the meeting are in attendance together.

The meetings of the Board of Directors shall be chaired by the Chairman or, if he or she is absent or unavailable, by the Vice-Chairman or, if the latter is absent or unavailable, by the Director appointed by those present.

The presence of the majority of Directors in office is required for Board meetings to be valid and Board resolutions are carried by the absolute majority of those voting, therefore excluding abstentions from the counting of the vote. While in the case of an equal number of votes, the person chairing the Board meeting shall have the casting vote.

Directors must endeavour to ensure they are in attendance at the meeting for its entire duration.

The Chairman - also upon request of one or more Directors - may invite managers of the Company or of Group companies, heads of corporate departments and/or other persons or external consultants whose presence is deemed useful with regard to the items on the agenda to take part in the individual Board meeting. As a rule, these persons are present at Board meetings only to discuss the items on the agenda which fall within their remit and they must, in any case, observe the confidentiality obligations provided for Directors in the second subparagraph of article 10.1 below of these Rules.

Minutes of the meetings

Except for those cases in which the law requires that the minutes be drawn up by a notary public, the

minutes of the meetings are taken by the Secretary of the Board, who may be assisted for this purpose by personnel from the relevant corporate department.

The minutes are drawn up in itemised form, reporting the speeches made during the Board discussion, summarised by the Secretary of the Board, and include, in the text, as an attachment or in the Company's records, the documentation made available to the Board.

Prior to approval, the draft minutes are submitted to the Directors and Statutory Auditors by posting them on the Platform, so that they may submit comments by addressing them to the Secretary of the Board within the deadline specified by the latter.

The Board usually approves the final text of the minutes at the next meeting. The minutes are then transcribed, by the Secretary of the Board, in the Board meetings and resolutions book kept in accordance with the law.

During the analysis of the results of the Self Assessment process, most recently conducted on 27 January 2022, the Board of Directors expressed a positive opinion on compliance with the Rules and, in particular, with the procedures relating to the timeliness and adequacy of the information provided to the directors during the Financial Year. It should be noted that, in examining the results of the Self Assessment at the meeting on 21 January 2022, the Remuneration and Appointments Committee observed that the deadline of two business days set by the Rules for forwarding documents to the directors and statutory auditors had been largely met.

During the Financial Year, the Board of Directors met 8 times and 7 meetings have been scheduled for the current financial year (3 of which have already been held, including the one held to approve this Report). As a rule, Board meetings lasted about

2 hours on average.

The directors attended the meetings regularly and consistently. A breakdown of each Director's participation in the board meetings is given in Table 1 of the appendix to this Report.

During the Financial Year, the Board of Directors met 8 times and 7 meetings have been scheduled for the current financial year (3 of which have already been held, also considering the one held to approve this Report). As a rule, Board meetings lasted about 2 hours on average.

At the invitation of the Chairman, formulated in agreement with the Chief Executive Officer, the meetings of the Board of Directors were attended by people from within the Company (including, in particular, the Chief Financial Officer, the HR and Organisation Director, the Chief Strategy and Control Officer, the General Counsel and the Group Sustainability, Corporate Affairs & Corporate Communication Manager), who reported on the specific matters being discussed by the Board of Directors.

The items on the agenda are usually described by the CEO, often with the participation and assistance of the managers involved in the matter, or by the Chair of the relevant committee. After the items have been described, the discussion begins, in which the directors participate and question the drafter or make suggestions or provide insights.

The delegated bodies report to the Board on the activities performed in the exercise of the powers granted to them at least every three months, in accordance with the provisions of law in force and the Articles of Association. It should be noted that in compliance with the RPT Procedure, the delegated bodies are required to provide full disclosure, at least on a quarterly basis, to the Board of Directors and the Board of Statutory Auditors on the execution of transactions with related parties.

4.5 Role of the Chairman of the Board of Directors

In accordance with Article 11 of the Articles of Association, the Board of Directors elects the Chairman from among its members, if the Annual General Meeting has not done so. The Chairman can be re-elected.

The Annual General Meeting of Shareholders, which on 30 April 2019, granted the mandate to the Board of Directors currently in office, appointed Giuseppe de' Longhi as Chairman of the Board of Directors.

The Chairman plays a liaison role between the Executive Directors and the Non-Executive Directors and ensures the effective functioning of the Board's activities.

In carrying out his or her duties, the Chairman exercises the functions provided for by the law and regulations in force at the time and by the Articles of Association. In addition, in compliance with the principles and recommendations laid down by the CG Code, the Rules of the Board of Directors envisage that the Chairman shall, with the assistance of the Secretary of the Board, ensure:

- a. that the information provided before the meetings and additional information provided at meetings is adequate to enable the Directors to act in an informed manner in carrying out their role;
- b. that the documentation provided to the Directors before the Board meetings is accompanied by a summary document if they are particularly complex and voluminous; each summary document shall highlight the most significant and relevant points of the documents to which it refers, for the purposes of the decisions to be taken;
- c. that appropriate and detailed analysis is carried out during the Board meetings, should it not be possible, in specific cases, to provide the

necessary information within the deadline set by the Board of Directors;

- d. that the work of the Board Committees is coordinated with the work of the Board;
- e. in agreement with the Chief Executive Officer, that the managers of the Company, and those of the Group companies, heading the relevant corporate departments attend the Board's meetings, also at the request of individual Directors, in order to provide any necessary information on the items on the agenda;
- f. that all the Directors and Statutory Auditors may participate, after their appointment and during their term of office, in initiatives aimed at providing them with adequate knowledge of the business sectors in which the Company operates, the corporate dynamics and their evolution, also in the context of the Company's Sustainable Success, as well as of the principles of proper risk management and of the reference regulatory and self-regulatory framework (induction);
- g. the adequacy and transparency of the Self Assessment process, with the support of the Remuneration and Appointments Committee.

The Chairman also proposes to the Board, in accordance with the principles and recommendations of the CG Code:

- a. the appointment and removal of the Secretary of the Board;
- b. the adoption, in agreement with the Chief Executive Officer, of:
 - a policy for managing dialogue with shareholders in general, also taking into account the engagement policies adopted by institutional investors and asset managers, and ensuring that the Board is in any case informed, by the first useful meeting, about the progress and significant content of the dialogue

held with all shareholders;

- a procedure for the internal management and disclosure to third parties of documents and information concerning the Company, particularly with regard to price sensitive information.

During the Financial Year, the Chairman of the Board of Directors ensured:

- that the information provided before the meetings and additional information provided during the Board meetings was adequate to enable the directors to act in an informed manner in carrying out their role. On this point, the Chairman asked the corporate functions involved to prepare the documents to be shared with the Board, ensuring that it is provided with adequate and timely information, in accordance with the Rules. In addition, the Chairman ensured each time that the appropriate information on the items on the agenda and any overviews were provided;
- that the work of the Board Committees (with fact-finding, proposal-making and advisory functions) was coordinated with the work of the Board. During the Financial Year, the Chairman requested, at each Board meeting, that the Board committees provide a report on the most recent activities carried out, reserving adequate space during the Board meetings, in order to enable reporting by the committee Chairs;
- in agreement with the Chief Executive Officer, that the managers of the Issuer and its group companies that head the relevant corporate departments attended the Board meetings, also at the request of individual directors, in order to provide any necessary information on the items on the agenda. During the Financial Year, people from within the Company (including, in particular, the Chief Financial Officer, the HR and Organisation Director, the Chief Strategy and Control

Officer, the Internal Audit Manager, the General Counsel and the Group Sustainability, Corporate Affairs & Corporate Communication Manager) attended the meetings of the Board of Directors as guests with regard to specific matters being discussed by the Board of Directors;

- that the members of the administrative and control bodies participated, after their appointment and during their term of office, in initiatives aimed at providing them with adequate knowledge of the business sectors in which the Issuer operates, the corporate dynamics and their evolution, also in the context of the Issuer's Sustainable Success, as well as of the principles of proper risk management and the reference regulatory and self-regulatory framework. On this point, on 11 February 2021, the Board of Directors and the Board of Statutory Auditors took part in a training course on *'E-commerce: yesterday, today, tomorrow'*. *De' Longhi's path in the digital world'*, which represents a central issue for the Group. The induction session saw the involvement of Federico Barbieri, Omni-channel Masters Program Scientific Director at H-Farm, who guided participants through an illustration of the main issues concerning the world of e-commerce;
- the adequacy and transparency of the Board's Self Assessment process, with the support of the Remuneration and Appointments Committee (reference is made to section 7 of this Report).
- that the Board was in any case informed, by the first useful meeting, about the progress and significant content of the dialogue held with all shareholders. On this point, during the Financial Year - upon the request of the Chairman - the Chief Strategy and Control Officer (to which Investor Relations reports) provided the Board with constant updates in this respect, most recently at the Board meeting held on 27 January 2022.

Secretary of the Board

Article 11 of the Articles of Association states that the Board may elect a secretary, who need not be a member of the Board.

Article 6 of the Rules of the Board of Directors defines the methods for appointing the secretary of the Board of Directors (hereinafter, the 'Secretary'), establishing that this role is appointed by the Board, upon the proposal of the Chairman, normally at the beginning of each Board's term of office and for the duration of that term, unless the secretary is removed and/or resigns.

The Secretary is selected from among those persons possessing the appropriate requirements of professionalism, experience and independence of judgment and who have no conflicts of interest. More specifically, the Secretary must:

- a. have earned a university degree in a legal and/or economic subject;
- b. have an appropriate background in corporate governance, having gained prior significant professional experience within industrial groups and/or companies, preferably listed on the stock exchange, of a size and/or complexity and with an international profile comparable to those of De' Longhi;
- c. have the necessary skills to effectively participate in the works of the Board and its Committees: to this end, skills acquired in the technical/commercial and/or economic/financial and/or legal and/or corporate governance fields are deemed relevant.

The Secretary reports hierarchically and operationally to the Board and, on its behalf, to the Chairman and supports the work of the latter, assists the Chief Executive Officer in his dealings with the Board and provides impartial judgment, assistance and advice to the Board on any aspect relevant to

the proper functioning of the corporate governance system.

More specifically, the Secretary of the Board:

- a. assists the Chairman (i) in preparing Board meetings and annual general meetings, (ii) in preparing the related resolutions, (iii) in ensuring the adequacy, completeness and clarity of information flows towards the Board, (iv) in communicating with the Directors, (v) in organising inductions, (vi) in supervising the adequacy and transparency of the Self Assessment process;
- b. takes the minutes of the Board meetings and, if provided for by the rules of the individual committee, those of the Committees;
- c. coordinates the secretariat of the Committees in order to streamline and simplify the information flows between the Committees themselves and the Board, as well as managing the respective calendars effectively and consistently;
- d. assists the Chief Executive Officer in his dealings with the Board;
- e. provides independent (with respect to management) legal assistance and advice to the Board and the Directors on corporate governance matters and on their powers, rights, duties and obligations, to ensure the proper exercise of their powers, protect them from liability and ensure that the interests of shareholders and other stakeholders considered in the Company's corporate governance system are taken into account.

The Secretary may perform other duties within the Company so long as they do not compromise his or her independence of judgment with respect to the Board or the proper performance of his or her duties.

In cases of necessity or urgency, the Secretary may be replaced for individual meetings by the person



identified by the Board at the opening of the meeting, upon the proposal of the Chairman.

The Board, in agreement with the Chairman, may remove the Secretary of the Board.

On 30 June 2021, upon the approval of the Rules of the Board of Directors, the administrative body, upon the proposal of the Chairman, appointed Marco Piccitto, the Company's General Counsel, as Secretary of the Board of Directors for the entire duration of the term of office, first verifying that he met the requirements laid down by the Rules in order to take on the position.

During the Financial Year, the Secretary supported the work of the Chairman of the Board, assisted the Chief Executive Officer in his dealings with the Board and provided impartial judgment, assistance and advice to the Board on any aspect relevant to the proper functioning of the corporate governance system.

4.6 Executive Directors

Delegated Officers

The Board of Directors performs its duties not only directly and jointly, but also through:

- the Chairman,
- the Vice-Chairman,
- the Chief Executive Officer.

In the current composition of the Board of Directors, these roles are held by Giuseppe de' Longhi (Chairman), Fabio de' Longhi (Vice-Chairman) and Massimo Garavaglia (Chief Executive Officer, and General Manager), all of whom are vested with management powers.

The powers attributed by the Board of Directors to the Chairman, the Vice-Chairman and the Chief Executive Officer are listed below.

- The **Chairman, Giuseppe de' Longhi**, is granted all powers for ordinary and extraordinary administration, to be exercised with the authority to

sign individually, and with the power to delegate single actions or categories of actions to Company managers or attorneys, with the sole exception, in addition to those that may not be delegated under the law and under the Articles of Association, of the following powers:

- subscription, purchase, sale of shares, even minority shareholdings and creation of secured rights on them above €10,000,000.00 (ten million euros/zero cents) per transaction;
- purchase, sale, lease of a business or business unit; purchase, sale or licensing of company trade marks above €10,000,000.00 (ten million euros/zero cents) per transaction;
- purchase or transfer of real estate property with a value of over €10,000,000.00 (ten million euros/zero cents) per transaction;
- allocation of contributions or sponsorships to third parties and non-profit organisations and/or associations above the maximum limit of €50,000.00 (fifty thousand euros/zero cents);
- operations falling under the exclusive responsibility of the Board of Directors in accordance with the Significant Transactions Guidelines;
- The **Chief Executive Officer and General Manager, Massimo Garavaglia** - who, as the person chiefly responsible for company management qualifies, under the CG Code as Chief Executive Officer (CEO) - is granted all powers for ordinary and extraordinary administration, to be exercised with the authority to sign individually, and with the power to delegate single actions or categories of actions to Company managers or attorneys, with the sole exception, in addition to those that may not be delegated under the law and under the Articles of Association, of the following powers:
 - subscription, purchase, sale of shares, even minority shareholdings and creation of secured rights on them above €10,000,000.00 (ten million euros/zero cents) per transaction;
 - purchase, sale, lease of a business or business unit; purchase, sale or licensing of company trade marks above €10,000,000.00 (ten million euros/zero cents) per transaction;
 - purchase or transfer of real estate property with a value of over €10,000,000.00 (ten million euros/zero cents) per transaction;
 - allocation of contributions or sponsorships to

business unit; purchase, sale or licensing of company trade marks above €10,000,000.00 (ten million euros/zero cents) per transaction;

third parties and non-profit organisations and/or associations above the maximum limit of €50,000.00 (fifty thousand euros/zero cents);

- operations falling under the exclusive responsibility of the Board of Directors in accordance with the Significant Transactions Guidelines;
- the task of managing inside information in accordance with the law.

In view of his position as Chief Executive Officer, Massimo Garavaglia, in compliance with the principles and recommendations of the CG Code, the functions and powers relating to the Company's internal control and risk management system laid down for the CEO in Article 5.1 of the *'Guidelines for the Internal Control and Risk Management System of the De' Longhi Group'* have also been assigned to him (see section 9.1 of this Report).

Massimo Garavaglia has also been identified by the Board of Directors as the employer, within the meaning and for the purposes of Article 2(1)(b) of Legislative Decree No. 81/2008, with the related obligations. In particular, Massimo Garavaglia has been granted, in his capacity as employer, all the powers, none excluded, concerning the organisation, management and control of the company in relation to health and safety at work, occupational disease and, in particular, the powers of organisation and choice of health and accident prevention measures, in order to ensure complete fulfilment of the Company's obligations to implement health and accident prevention measures and the related control, guaranteeing the full and timely compliance and scrupulous observance by the Company and its employees of the rules on health and safety at work, duly informing and training the personnel in charge and all those involved in the work, and assiduously monitoring the facilities, offices and external sites with full and absolute autonomy and independence, as well as with full and unlimited spending power in relation to everything that is

necessary to provide the company, the offices and the external sites with all suitable means to protect the health and safety of workers and third parties. In his capacity as employer, Massimo Garavaglia may in turn delegate specific functions, from among those attributed to him as regards health and safety at work, to persons who are duly trained and qualified in accordance with Article 16 of Legislative Decree No. 81/2008.

Chairman of the Board of Directors

The Chairman of the Board of Directors is not the person chiefly responsible for managing the Issuer, who is instead the Chief Executive Officer, Massimo Garavaglia. Also in consideration of specific management powers granted to the Chairman, the Board of Directors has decided to adhere to Recommendation no. 13 of the CG Code regarding the appointment of a Lead Independent Director (LID) to whom the functions recommended by the same Code.

It should also be noted, in relation to Recommendation no. 4 of the CG Code, that the granting of management powers also to the Chairman, in addition to the Chief Executive Officer and Vice-Chairman, is justified in view of the fact that Giuseppe de' Longhi is the founder of the De' Longhi Group and that his role is not limited to institutional and representative functions, but is fully operational and in this respect is important for the best performance of the Company.

It should also be noted that the Chairman of the Board of Directors is the settlor and falls under the category of beneficiaries of The Long E Trust (a discretionary and irrevocable trust) which, through De Longhi Industrial S.A., controls the Issuer.

Information to the Board provided by Delegated Officers

The delegated bodies, complying with its obligations under law and under the Articles of Association and the implementing provisions of the CG Code, have always reported to the Board of Directors on the activities performed in exercising the powers attributed to them, at differing intervals depending on the importance of the powers delegated and the frequency they are exercised, but still not less than quarterly, reasonably in advance of the meeting - except in cases where, owing to the nature of the resolutions, the need for confidentiality and/or the promptness with which the Board has had to adopt decisions, grounds of need and urgency were recognised - providing the necessary documentation and information for the Board of Directors to make fully informed decisions on matters submitted to their consideration and approval.

In accordance with the Consob Related Parties Regulation and the RPT Procedure, the delegated bodies are required to provide full disclosure, at least on a quarterly basis, to the Board of Directors and the Board of Statutory Auditors on the execution of transactions with related parties.

Other Executive Directors

The director Silvia de' Longhi also qualifies as 'executive director' within the meaning of the CG Code, in consideration of her position as Chief Corporate Services Officer in the Issuer.

4.7 Independent Directors and Lead Independent Director

Independent Directors

Independent Directors are non-executive directors who do not have, nor have recently had, directly or indirectly, any relationship with the Company or with persons linked to the Company such as to influence their current independence of judgment.

In accordance with Article 9 of the Articles of Association, at least two candidates, always indicated at least at the second and seventh place of each slate, must possess the requirements of independence established by Art. 147-ter of the Consolidated Law on Finance (i.e. those provided for in the combined provisions of Articles 147-ter(4) and 148(3) of the CLF).

Since the Company adheres to the Corporate Governance Code, the Rules of the Board of Directors approved on 30 June 2021 therefore envisage that at least one-third of the Directors meet the independence requirements recommended by the Corporate Governance Code.

The Board of Directors appointed by the Annual General Meeting of Shareholders on 30 April 2019, as integrated by the Annual General Meeting of 27 April 2020, and in office at the end of the Financial Year and at the date of the approval of this Report, is composed of 12 (twelve) directors, 5 (five) of whom possess the independence requirements laid down by the combined provisions of Article 147-ter(4) and Article 148(3) of the CLF, as well as those established by Art. 2, Recommendation no. 7 of the Corporate Governance Code.

The Board of Directors, at the meeting held on 30 April 2019 after the appointment of the administrative body currently in office, verified that its members possess independence requirements provided for by the Articles of Association and by criterion

3.C.1 of the Corporate Governance Code in force at the time (now replaced by Art. 2, Recommendation no. 7 of the CG Code).

As a result of these assessments, based on the information given by each director, the Board of Directors has decided that the above independence requirements exist for the directors: Maria Cristina Pagni, Stefania Petruccioli, Luisa Maria Virginia Collina, Massimiliano Benedetti and Ferruccio Borsani. The Board also found that the director Renato Corrada, having served as a director of the Company for over 9 years, met the independence requirements of the CLF, as required by the Articles of Association, but did not meet the requirements of the Corporate Governance Code.

During the same board meeting, the Board of Statutory Auditors verified and acknowledged that the criteria and procedures adopted by the Board to assess the independence of its members had been applied correctly.

The result of the above assessments was made public immediately after their appointment by means of a press release issued on 30 April 2019.

A similar review was carried out by the Board of Directors on 27 April 2020 with reference to Massimo Garavaglia who was appointed by resolution of the Annual General Meeting of 22 April 2020, which - in line with the statement issued by him - was found not to meet the independence requirements either under the Articles of Association and the CLF or under the Corporate Governance Code.

The Board of Directors most recently verified the existence of the independence requirements provided for by the Articles of Association, by the law and by the CG Code for the aforementioned directors at the meeting held on 10 March 2022, during which the Board of Statutory Auditors verified and acknowledged that the criteria and procedures adopted by the Board to assess the independence

of its members had been applied correctly.

During the discussion on the results of the board evaluation held on 27 January 2022, the Board assessed that the number of Independent Directors and their skills are appropriate for the needs of the business and the functioning of the Board, as well as the establishment of the relevant committees.

The independence criteria applied by the Company for the Financial Year and for the assessment carried out on 10 March 2022 are those laid down by the law in force and by Art. 2, Recommendation no. 7 of the CG Code. With particular regard to the latter, in conducting its own evaluation, the Board of Directors considered and applied all the relevant circumstances indicated in Recommendation no. 7 of the CG Code deciding, as regards the quantitative and qualitative criteria for assessing the significance of the commercial, financial or professional relationships and of the additional remuneration, within the meaning of points c) and d) of the same Recommendation ('Significance Criteria'), to postpone its definition in time to allow its application when verifying the independence of the members of the Board who will be appointed at its next renewal scheduled for the Annual General Meeting that will be called to approve the financial statements for the year ending 31 December 2021. This decision of the Board - supported by the proposal formulated on this by the Remuneration and Appointments Committee - was justified in consideration of the forthcoming expiry of the Board's term of office.

At the Board meeting of 27 January 2022 - upon the proposal of the Remuneration and Appointments Committee and having consulted the Board of Statutory Auditors - the Board of Directors defined the Significance Criteria that will be applied for the purposes of assessing the independence, within the meaning of the CG Code, of the new directors (also applicable for assessing the

independence of the statutory auditors - see section 11 of this Report), and at the same meeting it established the definition of 'close family members' to be considered for the purposes of applying the circumstances referred to in Recommendation no. 7 of the CG Code.

The above Significance Criteria approved by the Board of Directors are indicated below.

- **Significance of commercial, financial or professional relationships**

The significant commercial, financial or professional relationships (the 'Significant Relationships') to be taken into account when assessing the independence of a director or statutory auditor of De' Longhi (the 'Candidate') are those that the Candidate has or has had in the previous three financial years, directly or indirectly (for example through subsidiaries or through companies in which the Candidate is an executive director, or through a professional or consulting firm in which the Candidate is a partner) with the following subjects (the 'Relevant Subjects'):

- De' Longhi, its subsidiaries and their executive directors and top management, and
- a subject who, also together with others through a shareholders' agreement, controls the Company; if control is held by a company or entity, its executive directors or top management.

In particular, without prejudice to the possibility of assessing the specific situation taking into account the best interests of the Company and its ability to actually affect the independence of the Candidate, the Significant Relationships with Relevant Subjects shall, as a rule, be considered significant, and therefore capable of compromising the independence of the Candidate, if the value of these Significant Relationships in the financial year in which the verification of the

independence requirement is carried out or in one of the three previous financial years, exceeds a total of €100,000.00.

With regard to professional relationships, if the Candidate is a partner in a professional or consulting firm, the significance of the relationship shall also be assessed with regard to the effect that the relationship might have: (i) on his or her position and role within the professional or consulting firm, the company he or she controls or in which he or she is an executive director, and (ii) in consideration of the importance of the operation that is the subject of the professional relationship for De' Longhi and for the De' Longhi Group, regardless of whether the aforementioned quantitative criteria apply.

The independence of the Candidate appears to be compromised even if it is one of his or her Close Family Members who has had a Significant Relationship within the meaning of Recommendation no. 7, point (h) of the CG Code.

- **Significance of additional remuneration**

The significant remuneration to be considered when assessing the independence of a Candidate includes the sum of any significant remuneration paid by De' Longhi, by one of its subsidiaries or by the parent company other than the remuneration established for the office and that envisaged for the participation in the committees recommended by the CG Code or provided for by the regulations in force (the 'Additional Remuneration').

In particular, without prejudice to the possibility of assessing the specific situation taking into account the best interests of the Company and its ability to actually affect the independence of the Candidate, the Additional Remuneration to be considered significant as a rule, and therefore capable of compromising the independence of

the Candidate, if - in the current financial year or in one of three previous financial years - the additional remuneration received that year exceeds 150% of the value of the annual fixed remuneration received by the Candidate for the office and for any participation in the committees (or bodies) recommended by the Code or provided for by the regulations in force.

The independence of the Candidate appears to be compromised even if it is one of his or her Close Family Members who has had received Additional Remuneration within the meaning of Recommendation no. 7, point (d) of the CG Code.

For the purposes of applying the circumstances referred to in Recommendation no. 7 of the CG Code, the 'close family members' of a Candidate are those family members who are expected to influence, or be influenced by, that person in their dealings with the company, normally including: (a) parents; (b) children; (c) spouse who is not legally separated and (d) cohabiting partners.

When verifying the independence of the Candidates in application of the above Significance Criteria and of the definition of 'close family member', the Board of Directors will assess the specific situation, taking into account its suitability to concretely affect the independence of the Candidate.

Most recently, the Board of Statutory Auditors held that the criteria and procedures adopted by the Board at the meeting held on 27 January 2022 to assess the independence of its members had been applied correctly.

It should be noted that, in implementing Recommendation no. 5 of the CG Code, the independent directors met, without the other directors and with the coordination of the Lead Independent Director, on 9 March 2021 and 25 June 2021. For more information, reference should be made to section 6 of this Report.

Lead Independent Director

In consideration of the specific management powers granted to the Chairman, the Board of Directors has decided to identify a Lead Independent Director. In the meeting held on 30 April 2019, after its renewal, the Board appointed the independent director, Maria Cristina Pagni, as Lead Independent Director.

In compliance with the CG Code and Rules of the Board of Directors, the Lead Independent Director is entrusted with the task of coordinating the requests and contributions of the Independent Directors and coordinating the meetings of only the Independent Directors. To this end, the Lead Independent Director:

- works with the Chairman to ensure that Directors receive complete and timely information flows and to define the initiatives aimed at enabling Directors and Statutory Auditors to gain a better knowledge of the Company and the Group and of the corporate dynamics;
- convenes, independently or at the request of other Directors, special meetings of the independent Directors only, in order to discuss the matters deemed of interest with regard to the functioning of the Board or corporate management;
- reports to the Chairman on any matters to be submitted to the Board for review and assessment.

During the Financial Year, the Lead Independent Director gave the Chairman her full cooperation in order to ensure the completeness and timeliness of the information flows to all the directors and called the two meetings of the independent directors mentioned above.

5

Management of corporate information

In accordance with the provisions laid down for 'inside information' and the related public disclosure obligations by Regulation (EU) No. 596/2014 and by the related implementing provisions - including Delegated Regulations (EU) 2016/522 and 2016/960 and Implementing Regulations (EU) 2016/959 and 2016/1055 - as well as national regulations on 'information regulated' by the Consolidated Law on Finance and Issuers' Regulation, at the meeting held on 30 July 2019, upon the proposal of the Chief Executive Officer and having heard the Control and Risks, Corporate Governance and Sustainability Committee, the Company adopted the new versions of the '*Procedure for the internal management and disclosure to the market of corporate information*' and of the '*Procedure for setting up, managing and updating the MAR Registers*'. The updated versions of these Procedures - adopted by the Company for the first time in 2006 - have been approved by the Board of Directors also in order to align the contents to the recommendations of Guidelines no. 1/2017 '*Management of Inside Information*', published by Consob on 13 October 2017, as also amended and supplemented by regulatory provisions after their publication.

Both the aforementioned procedures are available on the Company's website www.delonghigroup.com, section '*Governance*' - '*Company Documents*'.



6

Board committees (pursuant to Art. 123-bis(2)(d) of the CLF)

In accordance with Recommendation no. 16 of the CG Code and in compliance with the regulations in force concerning transactions with related parties, the Board of Directors has set up three internal committees with proposal-making and advisory functions and tasked with carrying out appropriate fact-finding activities, more specifically:

- the Control and Risks, Corporate Governance and Sustainability Committee ('Control and Risks Committee' for short); and
- the Remuneration and Appointments Committee;
- the Independent Committee.

After its last renewal by the Annual General Meeting of 30 April 2019, the Board of Directors set up three internal Committees that are currently in office and which will expire on the date of the Annual General Meeting that will be called to approve the Financial Statements at 31 December 2021.

Control and Risks Committee and Remuneration and Appointments Committee

During the Financial Year, in compliance with the principles and recommendations of the CG Code:

- the two Committees were composed of 3 members, all non-executive and the majority independent. The members of the Control and Risks Committee as a whole possess adequate experience in accounting and finance and those of the Remuneration and Appointments Committee as a whole possess adequate knowledge and experience in financial matters or remuneration policies;

- the Chair of each Committee was chosen from among its independent members;
- the meetings of each Committee have been minuted;
- in performing their functions, the Committees had the authority to access the information and company departments necessary for the execution of their functions, and to use external consultants, subject to the authorisation of the Board of Directors;
- people who were not members of the Committees were able to participate in their meetings, subject to invitation by the Committee itself and limited to specific items on the agenda.

Furthermore, on 30 June 2021, the Board of Directors approved, upon the proposal of each Committee, the Rules for the Committees themselves (the Control and Risks Committee and Remuneration and Appointments Committee). More specifically, each set of Rules in question regulates:

- composition and appointment;
- tasks and functions;
- functioning;
- powers and means;
- duties of the members.

With regard to the functioning of the Committees, their Rules state that:

- the committee's activities are planned and coordinated by the Chair, who convenes, chairs and conducts the meetings and then informs the

Board of Directors at the first useful Board meeting about the matters discussed, as well as the observations, recommendations and opinions expressed by the Committee during each single meeting. In the event that the Chair is absent or unavailable, the Chair's functions are carried out by the most senior member in terms of age, if he/she possesses the independence requirements or, otherwise, by the other independent member;

- the Secretary of the committee (the 'Secretary') assists the Chair in carrying his or her activities and, in particular, supports him or her in carrying out the following activities: (a) scheduling of meetings and drafting of the agenda (ensuring coordination of the proposals to be submitted to the Committee with the activities of the other Board committees and the Board of Directors itself); (b) convening the meetings; (c) collecting the documents supporting the discussion of the items on the agenda and forwarding them to the other Committee members; (d) taking the minutes of the Committee meetings; (e) preparation of the Chair's communications to the Board of Directors. The role of Secretary of the Control and Risks Committee is carried out by the Secretary of the Board of Directors, while for the Remuneration and Appointments Committee it is carried out by the Group's Human Resources and Organisation Director;
- the Chair of the Board of Statutory Auditors, or a statutory auditor appointed by him/her, attends the committee's meetings. At the invitation of the Chair of the Committee, the Chairman of the

Board of Directors, the Chief Executive Officer, the other directors and, providing the Chief Executive Officer is informed, the representatives of the corporate departments that deal with the relevant subjects can also participate to provide information and assessments falling within their remit, with reference to individual items on the agenda. The following people may also attend: (i) as regards the meetings of the Control and Risks Committee, the Financial Reporting Officer, the Internal Audit Manager, as well as external consultants, whose presence is deemed appropriate or useful in relation to the items on the meeting's agenda; (ii) as regards the meetings of the Remuneration and Appointments Committee, the 'Human Resources and Organisation' and 'Corporate Affairs' departments which support the committee itself in relation to their respective remits, in carrying out the fact-finding activities concerning the matters that fall within the committee's remit;

- the committee meets as often as necessary to carry out its functions, according to the calendar defined by the committee upon the proposal of the Chair, and in any case whenever the Chair of the Committee deems it appropriate or is requested in writing by at least one of the other members, indicating the items to be included in the agenda, or by the Chief Executive Officer. In any event, the committee must meet before each meeting of the Board of Directors whose agenda includes items relating to any of the matters within its remit;
- the committee meets at the Company's

registered office or elsewhere, when convened by the Chair of the Committee or, if he or she is unable to do so, by the other member acting as chair, in a call notice sent to all the members of the Committee at least 3 (three) business days prior to the meeting, or in cases of necessity or urgency at least 24 (twenty-four) hours prior to the meeting, by uploading the call notice in the section reserved for the Committee on the digital platform adopted by the Company to manage board documentation (the 'Platform'). In the event that the Platform cannot be used, the call notice is sent - as an exceptional case - by email or other electronic means of communication to the addresses indicated by each recipient. A copy of the call notice is sent to the Chairman of the Board of Statutory Auditors and to the other statutory auditors, again by uploading it to the section of the Platform reserved for the Committee. The call notice must state the items on the agenda, the date, time and place of the meeting (usually the Company's registered office). In the event that the meeting will be held exclusively using telecommunication devices, the call notice does not need to indicate a physical location for the meeting but must indicate how to access it. Except in this latter case, the meeting is deemed as being held at the place where the Chair and the Secretary are in attendance. In any case, a meeting shall be considered validly convened if all the members of the Committee are present, even in the absence of a formal call notice pursuant to the preceding paragraph. The committee may meet via videoconference or teleconference, even exclusively, and participation via telecommunication devices is permitted, provided that all the participants are able to be identified, follow the discussion, intervene in real time in the discussion of the items on the agenda, express their opinion verbally, view, receive or transmit documentation, and that simultaneous

examination of the items on the agenda and deliberation are guaranteed;

- the Secretary makes any documentation relating to the items on the agenda available to the members of the committee by uploading it to the section of the Platform reserved for the committee at least 2 (two) business days prior to the date of the meeting, except in cases of necessity or urgency in which the documentation must in any case be forwarded at least 24 (twenty-four) hours prior to the meeting and the recipients must be notified by e-mail that the documentation has been uploaded to the Platform. A copy of any documentation is made available to the Chair of the Board of Statutory Auditors and the other statutory auditors, as well as to the Chairman of the Board of Directors and the Chief Executive Officer - if necessary and in any case limited to the meetings in which they take part - in the manner described above.
- committee meetings shall be validly convened in the presence of a majority of the members in office, and its decisions shall be taken with the majority vote of the members present. In the case of an equal number of votes, the Chair has the casting vote;
- the minutes of each meeting are drawn up by the Secretary. The draft minutes are submitted to the Chair and to the other members of the Committee, as well as to the statutory auditors who took part in the meeting, for any observations, after which the minutes are considered approved by all the members. The minutes are transcribed in a special register kept at the Company's registered office and signed by the Chair (or by the member acting as chair) and by the Secretary. If, during a meeting, the Committee expresses a reasoned opinion about a transaction with related parties, the opinion is attached to the minutes of the meeting.

The Rules of the Control and Risks Committee also states that each member of the committee who has personal interest, or an interest on behalf of others, as regards the matters under discussion must disclose this to the committee and, if this interest is in conflict with that of the Company, that member must abstain from taking part in the vote. In all other cases, this member abstains from voting when, upon verifying the voting intentions by the Chair (or by the member acting as chair), the vote of this member would be decisive for the Committee's decision (this abstention is not considered for the calculation of the resolution quorum). If the Committee is called upon to express a reasoned opinion on a transaction with related parties, all the members of the Committee must be unrelated pursuant to the Procedure for Related Party Transactions. Failing this, the principles indicated in paragraph 4.4 of the Procedure for Related Party Transactions apply.

The Rules of the Remuneration and Appointments Committee also state that no director takes part in the meetings where the proposals to be submitted to the Board of Directors regarding that director's compensation are prepared. Each member of the Committee who has personal interest, or an interest on behalf of others, as regards the matters under discussion must disclose this to the Committee. This member abstains from voting when, upon verifying the voting intentions by the Chair (or by the member acting as chair), the vote of this member would be decisive for the Committee's decision (this abstention is not considered for the calculation of the resolution quorum).

At the meeting held on 30 April 2019, the current Board of Directors (appointed that day by the Annual General Meeting) considered - as permitted by the principles and recommendations of the Corporate Governance Code present also in the CG Code and in consideration of the Company's characteristics

- to set up a single committee and to attribute it the functions regarding the appointment of directors and their remuneration which has, therefore, adopted the name Remuneration and Appointments Committee. The Remuneration and Appointments Committee is currently vested with the functions indicated by Articles 4 and 5 of the CG Code.

It should also be specified that, at the date of this Report, the Board of Directors did not reserve itself the performance of any function that the CG Code attributes to committees with functions concerning appointments, remuneration, control and risks.

When establishing the committees, the Board of Directors determined the composition of the committees by giving priority to the competence and experience of their members.

The Board, following the forthcoming renewal of the administrative body (the first under the CG Code), will take into consideration Recommendation no. 17 of the CG Code, with the aim of avoiding excessive concentration of tasks with regard to the composition of Board committees.

Independent Committee

In addition to the committees established and operating in accordance with the Code, the Board of Directors also set up the Independent Committee.

The Committee performs the duties which the Procedure for Related Party Transactions in force at the time has assigned to it with regard to transactions with related parties and, in particular, those that the Consob RPT Regulation assigns to the committee composed exclusively of independent directors. The Committee also makes recommendations and provides advice to the Board of Directors in order to support its assessments and decisions regarding matters of interest with regard to the functioning of the Board itself and corporate

management.

Within the scope of its responsibilities, the Committee performs the following duties:

- a. examines the RPT Procedure and its subsequent amendments, formulating its own reasoned opinion on the subject to the Board of Directors;
- b. examines, by assessing the management process, the transactions carried out by the Company, directly or through its subsidiaries, with its Related Parties, if they qualify pursuant to the RPT Procedure as 'Transactions of Greater Significance', carrying out the activities expressly indicated in the Procedure for Related Party Transactions and issuing reasoned binding opinions on the Company's interest in carrying out the individual transaction, as well as on the advantages and substantial correctness of the associated conditions;
- c. assesses, together with the other Independent Directors of the Company, periodically and in any case at least once a year, those matters deemed of interest with regard to the functioning of the Board of Directors and of the committees set up within the Board, as well as corporate management;
- d. performs any additional duties assigned to it by the RPT Procedure or by the Board of Directors with regard to transactions with related parties, as well as any additional duties that the Board may deem necessary to entrust to it within the scope of the Committee's own remits.

During the Financial Year, the operation of this Committee was in compliance with the Rules of the Independent Committee, approved by the Board of Directors on 30 June 2021.

The Independent Committee in office at the date of this Report was appointed during the Board of Directors meeting held on 30 April 2019. This

committee is composed of five independent directors of the Issuer: Maria Cristina Pagni (who serves as Chair), Stefania Petruccioli, Luisa Maria Virginia Collina, Massimiliano Benedetti and Ferruccio Borsani.

During the Financial Year, the Independent Committee met without the other directors on:

- 9 March 2021 - during this meeting, the independent directors, based on the analysis of the Report on Corporate Governance and Shareholding Structure for FY 2020, examined the overall functioning of the Board of Directors and company management; and
- 25 June 2021 - when the independent directors analysed, discussed and then expressed their favourable opinion on the proposed updating of the Procedure on transactions with related parties of the De' Longhi Group (approved by the Board on 30 June 2021).

It should also be noted that:

- the work of the Independent Committee is coordinated by its Chair, the meetings are duly minuted and the committee chair reports on the activities carried out at the first useful Board meeting;
- over the Financial Year, the Independent Committee's meetings lasted 1 hour on average;
- there have been no changes in the composition of the Independent Committee since the end of the Financial Year;
- 1 meeting of the Independent Committee is scheduled for the current financial year, however to date new meetings have not yet been held.

Lastly, it should be noted that the Board of Directors provides its internal committees with the necessary resources to carry out the tasks assigned to them.

For more information on the composition of the three Committees during the Financial Year and on the participation of its members at the meetings they held during the Financial Year, reference is made to Table 2 in the Appendix to this Report.

7

Self Assessment and succession of directors - Remuneration and Appointments Committee

7.1 Self Assessment and succession of directors

At the meeting held on 27 January 2022, the Board analysed and discussed the results of the self assessment carried out internally on the size, composition and functioning of the Board itself and its committees (Self Assessment or Board Review). It should be noted that the board review has to date been carried out by the Company on an annual basis and the Remuneration and Appointments Committee has been identified as the board entity called upon to supervise the board review process.

This committee, supported by the Corporate Affairs department, has: (i) considered the board review method by giving a questionnaire to each director that allows for the possibility of expressing comments and suggestions on each question; (ii) defined the contents of the Self Assessment questionnaire (adjusted according to the year of the board's respective term of office), then submitted to the Board of Directors for its prior approval on 10 November 2021; (iii) collected, analysed and discussed the questionnaire results; and, lastly, (iv) reported the results of the Self Assessment questionnaire to the Board.

As regards the questions on the questionnaire, these cover the following subjects: (i) the adequacy of the Issuer's corporate governance rules aimed at ensuring the Company and the Group are run in accordance with national and international best practices; (ii) the adequacy of the size and composition of the board and the committees set up within it for the Company's operation; (iii) adequacy of representation of the different professional skills

within the Board of Directors; (iv) the completeness of the information provided to the Board by the Company with regard to the situation in which the Group operates; (v) the adequacy and timeliness of the information and documentation sent to the Board and Committee members before their respective meetings.

During the self assessment that was carried out within the board at the meeting on 27 January 2022 regarding its size, composition and functioning, as well as those of its Committees, the Board of Directors confirmed the adequacy of the size of the Board itself in its current composition (of 12 members) and the composition of the board Committees. In addition, the self assessment process revealed that the rules adopted by the Board for its own functioning had been essentially observed, also with reference to the deadlines for sending documents before meetings.

In view of its renewal at the Annual General Meeting to approve the financial statements at 31 December 2021 (scheduled for 20 April 2022), the outgoing Board formulated at the meeting on 10 March 2022, with the support of the Remuneration and Appointments Committee, its recommendations on the composition (in terms of quality and quantity) deemed optimal, taking into account the results of its self assessment and referring to the content of the Diversity Policies of the corporate bodies updated by the Board on 23 February 2022 (see section 4.3 of this Report). Since the Issuer qualifies, for the purposes of application of the CG Code, as a 'company with concentrated ownership' and is not therefore subject to Recommendation no. 23 of the CG

Code, the outgoing Board set out these recommendations to the Shareholders in the Directors' Report on the items on the agenda of the Annual General Meeting scheduled for 20 April 2022 which will be made available on the Company's website www.delonghigroup.com (section 'Governance' - 'Corporate Bodies' - 'Annual General Meeting 2022'), and on the 1Info authorised storage mechanism (www.1info.it) at the same time as the publication of the call notice for said Annual General Meeting.

In compliance with the requirements of Art. 4, Recommendations no. 19, point (e) and no. 24 of the CG Code, the Company has adopted the 'Succession Plan Policy of De' Longhi S.p.A.' This document was prepared by the Remuneration and Appointments Committee with the support of the Human Resources Department and having consulted the Chief Executive Officer for the part regarding other subjects holding 'key roles', observing equal treatment and opportunities between genders within the entire company organisation as recommended by the Code (see Recommendation no. 8) and was then submitted to the Company's Board of Directors which approved it at the meeting on 23 February 2022.

The aim of this Policy is to provide a description of the principles adopted by De' Longhi in preparing plans aimed at ensuring an orderly succession in the top executive positions (namely the Chief Executive Officer and General Manager), in the event of termination of office or for any other reason, in order to ensure continuity in line with the company's strategic plans and to avoid economic or reputational repercussions.

Similarly, a succession planning process is also defined for individuals holding 'key roles' for the Company and the Group.

The Company's Board of Directors, with the support of the Remuneration and Appointments Committee, assisted by the Human Resources Department, is responsible for updating and implementing the Policy.

7.2 Remuneration and Appointments Committee

At the meeting held on 30 April 2019, the current Board of Directors (appointed that day by the Annual General Meeting) considered - as permitted by the principles and recommendations of the Corporate Governance Code present also in the CG Code and in consideration of the Company's characteristics - to set up a single committee and to attribute it the functions regarding the appointment of directors and their remuneration which has, therefore, adopted the name Remuneration and Appointments Committee. The Remuneration and Appointments Committee is currently vested, among others, with the functions regarding appointment indicated by Article 4 of the CG Code.

For information on this section, please refer to the part regarding the Remuneration and Appointments Committee in Section I of the 'Annual Report on the remuneration policy and compensation paid' published on the Issuer's website www.delonghigroup.com, section 'Governance' - 'Corporate Bodies' - 'Annual General Meeting 2022'.

8

Directors' compensation - Remuneration and Appointments Committee

8.1 Compensation of directors

For information on this section, please refer to Sections I and II of the *'Annual Report on the remuneration policy and compensation paid'* published on the Issuer's website www.delonghigroup.com, *'Governance' - 'Corporate Bodies' - Annual General Meeting 2022'*.

8.2 Remuneration and Appointments Committee

For information on this section, please refer to Section I of the *'Annual Report on the remuneration policy and compensation paid'* published on the Issuer's website www.delonghigroup.com, section *'Governance' - 'Corporate Bodies' - Annual General Meeting 2022'*.



9

Internal control and risk management system - Control and Risks, Corporate Governance and Sustainability Committee

Since 14 February 2013, the Board of Directors has adopted, upon the proposal of the Chief Executive Officer (formerly the Director responsible for the Internal Control and Risk Management System) and with the assistance of the Control and Risks Committee, the 'Guidelines for the Internal Control and Risk Management System' (hereinafter referred to as the 'Internal Control Guidelines') that were later amended by the Board, most recently on 30 June 2021, in order to adapt the content to the principles and recommendations of the CG Code.

The Internal Control Guidelines in force during the Financial Year identify the powers and duties attributed to the various parties involved in the Issuer's internal control and risk management system, including the Chief Executive Officer and the Internal Audit Manager.

The same Guidelines attribute ultimate responsibility for the adequacy of the Internal Control and Risk Management System to the Board of Directors, and more specifically set out the related duties (see section 4.1).

The Internal Control and Risk Management System of the Issuer and of the Group is a set of rules, procedures and organisational structures having the purpose of monitoring observance of the corporate strategies and achievement of the following objectives, based on the principles of the CG Code and the reference model COSO (Committee of sponsoring organizations of the Treadway Commission) Report:

a. effectiveness and efficiency of the company processes (administration, production, distribution, etc.);

- b.** reliability, accuracy, trustworthiness of the information provided to corporate bodies and disclosed to the market, including economic and financial and non-financial information;
- c.** observance of the laws and regulations, the Articles of Association and company rules and procedures in force at the Company;
- d.** effective and efficient identification, measurement, management and monitoring of the main risks in order to contribute to Sustainable Success;
- e.** safeguarding the value of the company assets and protecting against losses.

The controls involve, under their different roles and respective responsibilities: the Board of Directors (as the body at the top of the Company), the Control and Risks Committee, the Chief Executive Officer, the Board of Statutory Auditors, the Chief Financial Officer/Financial Reporting Officer, the Internal Audit Manager, the Supervisory Board and all the De' Longhi staff as well as the Directors and Statutory Auditors of the Issuer's subsidiaries: all of whom comply with the indications and principles contained in the Internal Control Guidelines.

The Internal Control and Risk Management System, which is subject to periodic review and verification, taking into account the evolution of the company's operations and the context of reference as well as existing national and international best practices, must allow the different types of risk the Issuer and the Group are exposed to over time to be dealt with reasonably promptly and the identification, measurement and control of the level of exposure of the

Issuer and all the other companies of the Group - and in particular, among others, companies with strategic importance - to the different risk factors, and manage the overall exposure, considering:

- i.** possible correlations existing between the different risk factors;
- ii.** the significant probability that the risk will actually occur;
- iii.** the impact of the risk on company operation and on value generation in the long term;
- iv.** the entity of the risk on the whole.

During the Financial Year, the Board of Directors assessed, at the meeting on 11 March 2021 and, most recently, at the meeting on 10 March 2022, the adequacy of the Company's internal control and risk management system and that of its subsidiaries, in relation to the company features and risk profile and on its effectiveness with the assistance of the Control and Risks Committee which, during its own meetings - attended by the Internal Audit Manager - has been able to continuously check the effective functioning of the Issuer's and Group's Internal Control and Risk Management System, particularly with regard to subsidiaries with strategic importance, and giving a favourable opinion on its adequacy and effectiveness every six months during the Board meetings for approving the annual report and the half-year report.

In application of Recommendation no. 33, point (c) of the CG Code and the Internal Control Guidelines, the Board of Directors approved, on an annual

basis and most recently at the meeting on 10 March 2022, the work schedule prepared by the Internal Audit Manager, after consulting the Control and Risks Committee and having heard the Board of Statutory Auditors and the Chief Executive Officer.

In application of Recommendation no. 33, point (a) of the CG Code and the Internal Control Guidelines, during the Financial Year, and in particular in the meeting held on 11 March 2021, and most recently in the meeting held on 10 March 2022, the Board verified the adequacy of the Internal Control and Risk Management System, with regard to the company's characteristics and risk profile, and its effectiveness in particular, ensuring - with the support of and after consulting the Control and Risks Committee - that:

- a.** the duties and responsibilities are allocated clearly and appropriately
- b.** the control functions, including the Internal Audit Manager, the Financial Reporting Officer and the Supervisory Board, are provided with adequate resources to perform their duties and have been given the appropriate level of autonomy within the structure. The independence of the Internal Audit Manager from each operational area manager has been ensured.

9.1. Chief Executive Officer

In compliance with the principles of the CG Code and the Internal Control Guidelines, on 11 February 2021, the Board noted that the position of Chief Executive Officer was held by Massimo Garavaglia, since - in his capacity as Chief Executive Officer - he was primarily responsible for managing the company.

Pursuant to the Internal Control Guidelines, the Chief Executive Officer:

1. deals with the identification of the principal company risks, considering the characteristics of the activities performed by the Issuer and its subsidiaries, paying particular attention to companies having strategic importance, and submits them to the examination of the Board of Directors at least once a year, and as a rule at the meeting of the Board of Directors to approve the annual report;
2. implements the Internal Control Guidelines, dealing with the planning, realisation and management of the Internal Control and Risk Management System and constantly monitoring its adequacy and effectiveness, as well as adapting it to changes in the operating conditions and the legislative and regulatory scenario. In particular:
 - a. identifies the risk factors for the Issuer or other companies of the De' Longhi Group, with particular attention to companies having strategic importance - without prejudice to the primary responsibility of the respective chief executive officers of the individual companies - also in light of the changes in the internal and external conditions in which they operate, and in management performance, deviations from the forecasts and the legislative and regulatory situation in force at the time, including all the elements that may be relevant to the Sustainable Success of the Company and the De' Longhi Group;
 - b. defines the duties of the operating units dedicated to the control functions, ensuring that the various activities are directed with effectiveness and impartial judgment by qualified personnel who possess experience and specific knowledge. In this respect, the areas of potential conflict of interest are identified and reduced to a minimum;
 - c. establishes effective communication channels in order to ensure that all the personnel are aware of the policies and procedures regarding their own duties and responsibilities;
 - d. defines the information flows aimed at ensuring full knowledge and governability of the company actions; and ensures that the Board of Directors identifies the significant transactions of the Group - concluded by the Issuer or its subsidiaries - which must be submitted to the prior examination of the Issuer's Board of Directors;
3. at least once a year, and as a rule at (or before) the meeting of the Board of Directors held to approve the annual report - and all the times it is considered necessary or appropriate with regard to the circumstances, as in the case in which new important risks arise or there are considerable increases in the possibilities of risk - submits to the examination and assessment of the Board of Directors the company risks (including those that may be relevant to the Sustainable Success of the Company and the De' Longhi Group) and the set of control processes implemented and planned for their prevention, their reduction and their effective and efficient management, in order to allow the Board of Directors to make an informed and cognisant decision with regard to the strategies and management policies for the principal risks of the Issuer and the De' Longhi Group, with particular attention to companies having strategic importance;
4. proposes to the Board of Directors, also informing the Control and Risks Committee, the appointment, removal and remuneration of the Internal Audit Manager and ensures the latter's independence and operational autonomy from each operational area manager, checking that he/she has the appropriate means to effectively perform the duties assigned to him/her;
5. submits the annual work schedule prepared by the Internal Audit Manager, after consulting with the Control and Risks Committee and the Board of Statutory Auditors, to the Board of Directors;
6. may entrust the internal audit department with performing audits on specific operational areas and on observance of the internal rules and procedures in performing company operations, giving notice of this to the Chair of the Control and Risks Committee and to the Chair of the Board of Statutory Auditors, and, where appropriate, in relation to those issues under examination, also to the Chairman of the Board of Directors;
7. promptly reports to the Control and Risks Committee (or to the Board of Directors) with regard to issues and problems that emerge during his work or which he receives information about, so that the Committee (or Board) can take appropriate action.

In the execution of the duties and functions assigned to him, as described above, during the Financial Year the Chief Executive Officer identified the main business risks, taking into account the characteristics of the activities carried out by the Company

and its subsidiaries, and implemented the Internal Control Guidelines, constantly checking the overall adequacy, effectiveness and efficiency of the Internal Control and Risk Management System, and adapting the system to changes in the operating conditions and the legislation and regulation in force. The adequacy of the Internal Control and Risk Management System with regard to the legislation and regulations in force was most recently reported to the board at the meeting held on 10 March 2022. The Chief Executive Officer has also submitted a summary document concerning the identification and management of the main business risks to the Board of Directors. In the performance of the above activities carried out during the Financial Year, no situations arose that required the Chief Executive Officer: (i) to entrust the Internal Audit Manager with carrying out checks on specific operational areas and on compliance with internal rules and procedures in the execution of corporate transactions, or (ii) to report to the Control and Risks Committee regarding problems and critical issues.

9.2 Control and Risks, Corporate Governance and Sustainability Committee

In line with the recommendations of the CG Code, the Board of Directors, meeting on 30 April 2019, following its renewal decided by the Annual General Meeting held on the same date, set up internally, pursuant to Art. 10 of the Articles of Association, the 'Control and Risks, Corporate Governance and Sustainability Committee', to which the following functions are attributed, including supporting it in analysing issues relevant for the generation of long-term value to the benefit of shareholders, taking into account the interests of other stakeholders relevant to the Company, with a view to pursuing Sustainable Success for the Company and the Group.

Composition and functioning of the Control and Risks Committee (pursuant to Art. 123-bis(2)(d) of the CLF)

The Committee in office at the date of this Report was appointed - after checking the non-executive and independence requirements in compliance with the law, the Articles of Association and the Principles and Recommendations of the CG Code - during the meeting of the Board of Directors held on 30 April 2019 and is composed of three non-executive directors: Stefania Petruccioli (who serves as Chair), Maria Cristina Pagni and Renato Corrada. Stefania Petruccioli and Cristina Pagni possess the independence requirements laid down by the Consolidated Law on Finance and those of the CG Code.

During the Financial Year the Committee met 6 times and 6 meetings are scheduled for the current financial year (of which 3 have already taken place). As a rule, the Committee meetings last about 2 and a half hours on average.

The committee members have attended the meetings regularly and consistently (the percentage of each member's attendance at the meetings is indicated in Table 2 in the Appendix to this Report).

Over the Financial Year, the Committee meetings were duly minuted and the Committee's work was coordinated by its Chair, who regularly updated the Board on the activities carried out.

For a description of the rules on the Committee's functioning, reference is made to section 6 of this Report.

During the Financial Year, the Control and Risks Committee was found to be composed of three non-executive directors, the majority of whom are independent. It should be noted that there have been no changes in the composition of the Committee since the end of the Financial Year.

The professional experiences of the members of the Committee ensure adequate knowledge of accounting and financial matters and risk management and were considered adequate by the Board of Directors at the time of their appointment.

People who are not members of the Committee have participated in the Committee meetings held during the Financial Year, at the invitation of the Chair of the Committee itself and with regard to specific items on the agenda.

For more information on the composition of the Committee during the Financial Year and on the participation of its members at the meetings it held during the Financial Year, reference is made to Table 2 in the Appendix to this Report.

Functions attributed to the Control and Risks Committee

The Control and Risks Committee makes recommendations and provides advice to the Board of Directors in order to support, by means of adequate fact-finding, its assessments and decisions concerning the Internal Control and Risk Management System (ICRMS), as well as those concerning corporate governance and sustainability. The Committee also performs the duties which, in compliance with the Consob RPT Regulation in force at the time, are assigned to it with regard to transactions with related parties by the Procedure for Related Party Transactions.

Within the scope of its responsibilities, the Committee performs the following duties:

a. supports and issues opinions to the Board of Directors regarding the identification and updating of the principles and indications contained in the 'Guidelines on the Internal Control and Risk Management System of the De' Longhi Group', approved by the Board of Directors;

b. supports and issues opinions to the Board of Directors on the adequacy of the Internal Control and Risk Management System in relation to the company's characteristics and the risk profile adopted, as well as its effectiveness, with the purpose of ensuring that the principal company risks are correctly identified and adequately managed. With regard to which it informs the Board of Directors:

– at least once every six months, as a rule at (or before) the meetings of the Board of Directors held to approve the annual report and half-year report, about the activity carried out and about the adequacy and effectiveness of the Internal Control and Risk Management System;

– as a rule at (or before) the Board meeting to approve the annual report, on the state of the Internal Control System in relation to factors which may result in risks to the Company and the Group;

c. issues opinions to the Board of Directors, at least once a year, on the approval of the work schedule prepared by the Internal Audit Manager;

d. supports the Board of Directors with regard to the description, in the 'Annual Report on Corporate Governance and Shareholding Structure', of the main characteristics of the Internal Control and Risk Management System and the procedures for coordinating the various persons involved in the ICRMS, taking into account national and international models and best practices;

e. supports the Board of Directors on the results given by the external auditor in any recommendation letter and in the supplementary report for the Board of Statutory Auditors;

f. supports and issues opinions to the Board of Directors on the appointment and removal of

the Internal Audit Manager, on the definition of the Manager's remuneration in line with company policies, as well as on the check that the Manager is equipped with the necessary resources to perform their duties;

g. supports and issues opinions to the Board of Directors on the appointment and removal of members of the Issuer's Supervisory Board, established and functioning in accordance with Legislative Decree No. 231/2001;

h. expresses opinions on specific aspects concerning the identification of the principal company risks and supports the assessments and decisions of the Board of Directors relating to managing risks arising from harmful events of which the Board of Directors has become aware;

i. assesses, having consulted the Financial Reporting Officer, the External Auditors and the Board of Statutory Auditors, the correct use of the accounting standards and their consistency for the purposes of drafting the consolidated financial statements;

l. supports the Board of Directors in analysing issues relevant for the generation of long-term value to the benefit of shareholders, taking into account the interests of other stakeholders significant for the Company, with a view to pursuing Sustainable Success for the Company and the Group;

m. assesses the correctness of the process of preparing the periodic financial and non-financial reports so that they correctly represent the business model, the Company's strategies, the impact of its activities and the performance achieved, and acknowledges the information provided by the delegated bodies and the Financial Reporting Officer concerning the suitability of the periodic financial and non-financial

reports to correctly represent the business model, the Company's strategies, the impact of its activities and the performance achieved, taking into account the results of the analysis referred to in point l) above;

- n. examines the content of periodic non-financial information relevant to the ICRMS;
- o. examines, among others, the periodic reports and those of particular importance prepared by the Internal Audit department;
- p. monitors the autonomy, adequacy, effectiveness and efficiency of the Internal Audit department;
- q. may task the Internal Audit department with carrying out checks on specific operational areas, at the same time informing the Chair of the Board of Statutory Auditors;
- r. may ask the Internal Audit Manager at any time for a report on the activity carried out and on the state of the Internal Control and Risk Management System; the Control and Risks Committee may also ask the Internal Audit Manager at any moment for a copy of the documentation kept by the latter in accordance with the Internal Control Guidelines;
- s. performs the duties which, in compliance with the Consob RPT Regulation in force at the time, are assigned to it in accordance with the Procedure for Related Party Transactions;
- t. monitors and supports the Company's implementation of the rules also laid down by the regulations in force at the time and the best practices in corporate governance;
- u. supports, with an adequate fact-finding, the further assessments and decisions of the Board of Directors relating to the issue of sustainability;
- v. performs the additional duties that the Board of Directors may assign to it.

At the Board meeting convened on 29 July 2021 to approve, among other things, the Half-Year Report at 30 June 2021 and at the Board meeting convened on 10 March 2022 to approve, among other things, the Annual Report at 31 December 2021, the Chair of the Control and Risks Committee presented the activities carried out by the Committee during the Financial Year to the Board of Directors, explaining to the Board her own assessment of the adequacy of the internal control and risk management system.

During the Financial Year, the Control and Risks Committee performed - in line with the functions and duties assigned to it - essential monitoring and control of the Company's Internal Control and Risk Management System, as well as consulting and recommendation activities for the prescribed corporate governance requirements and on sustainability issues. The Chair of the Committee also informed the Board of Directors, at the first useful meeting, about the relevant activities carried out by the Committee itself.

The committee meetings held during the Financial Year were attended by the Board of Statutory Auditors (in the person of its Chair and/or the other standing auditors) and, at the invitation of the committee chair after informing the Chief Executive Officer, by the Internal Audit Manager, the Financial Reporting Officer, the Group Sustainability, Corporate Affairs & Corporate Communication Manager and the General Counsel (who also acted as secretary for the Committee).

In performing its functions, the committee has the authority to access the information and business departments necessary for the execution of its duties, and to use external consultants, subject to

the authorisation of the Board of Directors.

During the Financial Year, sufficient financial resources were made available to the committee so that it could perform its duties.

9.3 Internal Audit Manager

In accordance with the Principles and Recommendations of the CG Code, the Board of Directors appointed, upon the proposal of the Chief Executive Officer and approved by the Internal Control and Risks Committee, Marco Mantovani as the Company's Internal Audit Manager.

The Internal Audit Manager is not responsible for any operational area, reports hierarchically to the Board of Directors and coordinates with the CEO on the organisational programme, ensuring the information flows to the Control and Risks Committee, the Board of Directors, the Board of Statutory Auditors and to the Financial Reporting Officer.

For the purposes of Recommendation no. 33, point (b) of the CG Code, it is specified that the role of Internal Audit Manager is not entrusted, even partially, to people outside of the Company.

Pursuant to the Internal Control Guidelines, the Internal Audit Manager (who is assured independence and operational autonomy from each operational area manager subject to his monitoring):

- a. extends his audit activity to all the companies of the Group, paying particular attention to companies identified by the Board of Directors as companies with strategic importance, and has access to all their activities and related documentation. The Internal Audit Manager has direct access to all the useful information in order to perform his job;
- b. is also responsible for verifying, among other things, the suitability of the internal procedures

for ensuring the adequate containment of the Issuer's and the Group's risks, and to assist the Group in the identification and assessment of major exposures to risk.

The duties of the Internal Audit Manager are performed by carrying out sample audits on the processes under examination.

Pursuant to the Internal Control Guidelines in force during the Financial Year, the Internal Audit Manager:

- a. prepares the annual work schedule based on a structured process of analysis and prioritisation of the main risks and illustrates it to the Chief Executive Officer, the Control and Risks Committee, the Board of Statutory Auditors and the Board of Directors, in good time for the execution of their respective functions and, in particular, for any suggestions they intend to make;
- b. assists the Chief Executive Officer in planning, managing and monitoring the Internal Control and Risk Management System and in identifying the different risk factors, including all the risks that may be relevant to the Sustainable Success of the Company and the De' Longhi Group;
- c. schedules and carries out, in compliance with the annual work schedule, the direct and specific control activity in the Issuer and in all the other companies in the Group, paying particular attention to companies having strategic importance, in order to verify any deficiencies of the Internal Control and Risk Management System in the different risk areas;
- d. checks, on a continuous basis or in relation to specific needs and in compliance with international standards, the operation and suitability of the Internal Control and Risk Management System;
- e. checks, as part of the audit schedule, the

reliability of the information systems including the accounts recording systems;

- f.** checks that the rules and procedures of the control processes are observed and that all the subjects involved operate in accordance with the set objectives. In particular:
 - checks the reliability of the information flows, including the automatic data elaboration systems and the administrative/accounts recording systems;
 - verifies, as part of the work schedule, that the procedures adopted by the Issuer and the Group ensure the observance, in particular, of the provisions of law and the regulations in force;
- g.** also performs assessment duties with regard to specific aspects, where he deems appropriate or at the request of the Board of Directors, the Control and Risks Committee, the Chief Executive Officer or the Board of Statutory Auditors;
- h.** ascertains, using those methods considered most appropriate, whether the anomalies found in the operation and functioning of the controls have been removed;
- i.** keeps in order all the documentation regarding the activities carried out. This documentation will be made available to the people in charge of the control processes who ask for it;
- l.** prepares periodic reports containing adequate information on its activities, the methods used to perform risk management, and on compliance with the plans defined for their containment. The periodic reports contain an assessment of the Internal Control and Risk Management System's appropriateness; moreover, in light of the results of the audits as well as the analysis of the business risks, he identifies any deficiencies in the Internal Control and Risk Management System and proposes any

necessary action to be taken on the System; the weaknesses identified and proposed actions are included in the related Internal Audit Reports;

- m.** where necessary, also at the request of the Board of Statutory Auditors, promptly prepares reports on events of major importance;
- n.** sends the reports referred to in points l) and m) to the Chief Executive Officer, the Chair of the Board of Statutory Auditors, the Chair of the Control and Risks Committee and, where appropriate in relation to those issues under examination, to the Chairman of the Board of Directors, the Financial Reporting Officer and to the Supervisory Board, when the same Internal Audit Manager has assessed that they contain information that is relevant in terms of 231 compliance and, in any case, limited to these parts, except in cases where the subject of these reports specifically concerns the activity of such persons. When the control activities concern other companies in the Group, if necessary, the reports are also sent to the relevant competent bodies of the company concerned. The Control and Risks Committee ensures that the reports are sent to the other members of the Board of Directors with regard to the issues on the agenda; the Board of Statutory Auditors examines said documents during the meetings of the Control and Risks Committee;
- o.** at least twice a year, in good time to allow the Control and Risks Committee and the Board of Directors, and the Chief Executive Officer to perform their respective duties at (or before) the Board meetings to approve the annual report and half-year report, he prepares a six-monthly summary of the principal findings that emerged in the relevant six-month period and during the whole year. The annual report prepared for the Board meeting to approve the annual financial

report also contains an update of the company risks being monitored that emerged during the year;

- p.** in the presence of critical aspects which suggest urgent action is required, he informs without delay the Chief Executive Officer and the company bodies, and the Chair of the Control and Risks Committee, the Chair of the Board of Statutory Auditors and, where appropriate, the Chairman of the Board of Directors and the Financial Reporting Officer, to update them on the results of their work.

The Board, upon the proposal of the Chief Executive Officer, with the favourable opinion of the Control and Risks Committee, and having heard the Board of Statutory Auditors, defined the compensation for the Internal Audit Manager, in line with the Company's policies, as most recently updated at the meeting held on 23 February 2022.

During the Financial Year:

- the Internal Audit Manager has had access to all the information relevant for performing his duties and has sent reports on his audit activities to the Chair of the Control and Risks Committee and to the Chair of the Board of Statutory Auditors, and to the Chief Executive Officer and the Supervisory Board;
- the Company made the sum of €124,000 available to the Internal Audit Manager to enable him to carry out the duties and functions assigned to him;
- the Internal Audit department was composed of 7 people including the Manager.

It should be noted that, during the Financial Year, there were no particularly significant events that required the Internal Audit Manager to carry out activities in addition to those provided for in the Audit Plan and to prepare the relevant reports.

During the Financial Year, the internal audit activity performed by the Internal Audit Manager focused on:

- i.** compliance with Law no. 262/2005 and, in particular, the updating of the process matrices mapped previously for all the companies with strategic importance and testing their effectiveness based on the approved plan;
- ii.** audit and follow-up activities in Italian and foreign companies; this work was performed by the Internal Audit Manager using checklists and verification, via remote follow-ups, due to the Covid-19 emergency, with the exception of De' Longhi Deutschland GmbH where the follow-up was carried out on site;
- iii.** SoD (segregation of duties) analysis and compensating controls on the Group companies. The activity is designed to monitor the execution of significant activities for the production of financial information within the Group's different SAP systems, in particular with regard to the separation of duties in the drafting of accounts in the Group companies that use SAP;
- iv.** updating of the risk assessment; in this area, during FY 2021, the Group implemented a new integrated risk assessment platform. This platform has been used for risk assessment, also including all the significant companies. In 2022, it will be integrated with the remaining Group companies;
- v.** anti-fraud activities. During the 2021 financial year, anti-fraud activities continued with follow-up of the gaps previously identified on the basis of the three-year anti-fraud programme; other specific controls were also carried out on selected business areas.

The above activities are periodically reported to the Chief Executive Officer, the Chair of the Board of Statutory Auditors, the Chair of the Control and

Risks Committee and the Financial Reporting Officer. In his reports, the Internal Audit Manager also presented his assessments on the adequacy of the Internal Control and Risk Management System.

9.4 Organisational model pursuant to Legislative Decree 231/2001

The Issuer has adopted an organisation, management and control model in accordance with Legislative Decree no. 231 of 8 June 2001 (hereinafter, the 'Organisation Model' or 'Model').

The functions of the supervisory board provided for by Art. 6 of Legislative Decree No. 231 of 8 June 2001 (hereinafter, 'Legislative Decree 231/2001' or the 'Decree') are assigned by the Board of Directors to the Supervisory Board established ad hoc (hereinafter, the 'Supervisory Board'), which was entrusted, in particular, with the task of supervising the efficacy and effectiveness of the Organisational Model and the opportunity to update it after changes to the corporate structure and/or in the reference regulations.

During the Financial Year, the Supervisory Board was composed of Simona Carolo (Chair), Roberta Pierantoni, Marco Mantovani, Marco Piccitto and Claudia Costa. At the board meeting held on 23 February 2022, as the two-year term of the Supervisory Board was ending, the Company's Board of Directors resolved to renew extend the term of the Supervisory Board until the Board of Directors meeting called to approve the first quarter report at 31 March 2022. This is to allow for the renewal of the Supervisory Board by the new Board of Directors that will be appointed at the Annual General Meeting called to approve the financial statements at 31 December 2021 (scheduled for 20 April 2022).

The Organisational Model, adopted by the

Company on 27 March 2006, has since been amended; the version in force at the date of this Report was approved by the Board at the meeting held on 10 November 2021.

In the construction of the Organisation Model the Company has not only complied with the provisions of the Decree and the applicable rules and regulations, but has, with regard to unregulated aspects, also complied with the guidelines issued by Confindustria and with the best practices for audits.

The current Organisational Model is composed of:

- a. a **General Part**, which illustrates the function and principles of the Model, identifies and regulates its essential components, namely the Supervisory Board, the disciplinary system, staff training and the dissemination and application of the Model. Two further documents are enclosed with the General Part: the Group's Code of Ethical Conduct and the Sensitive Processes/Protocols/Crimes Matrix, the text of both have been updated as part of the general review of the Model which was approved by the Board, in the updated version, at the meeting held on 8 November 2018;
- b. a **Special Part** containing the 'Protocols regulating the Sensitive Processes' which contain the controls implemented by the Company with reference to the processes and activities identified as at risk of the commission of the crimes referred to by the Decree.

An extract of the Organisational Model of both the Company and its subsidiary with strategic relevance, De' Longhi Appliances S.r.l., is available on the Company's website www.delonghigroup.com (section 'Governance' - 'Company Documents').

The Supervisory Board performs its own monitoring tasks in accordance with its own rules (updated, most recently, by the Supervisory Board in office

at the date of this Report, in the meeting held on 18 January 2019) and based on an annual Supervision Plan which indicates the ordinary and extraordinary activities that the Supervisory Board is expected to perform and the timeframe for the meetings. In compliance with the Model and its rules, the Supervisory Board is expected to meet at least on a quarterly basis (and in any case every time its Chair deems it appropriate, or whenever even just one of its members requests it), and reports on the implementation of the Model and any critical issues directly to the Board of Directors, including through the Control and Risks Committee. The participation of the Board of Statutory Auditors in the meetings of the Control and Risks Committee and of the Board of Directors also enables reporting to the control body.

During the Financial Year, the Supervisory Board met 10 times, the meetings lasted on average 2 hours.

The Italian subsidiary with strategic importance, De' Longhi Appliances S.r.l., has also adjusted its internal system to the provisions of Legislative Decree No. 231/2001, adopting its own Organisation and Management Model in accordance with the same Decree, periodically updating it with regard to new legislation and organisational changes and appointing a Supervisory Board consisting of 5 members.

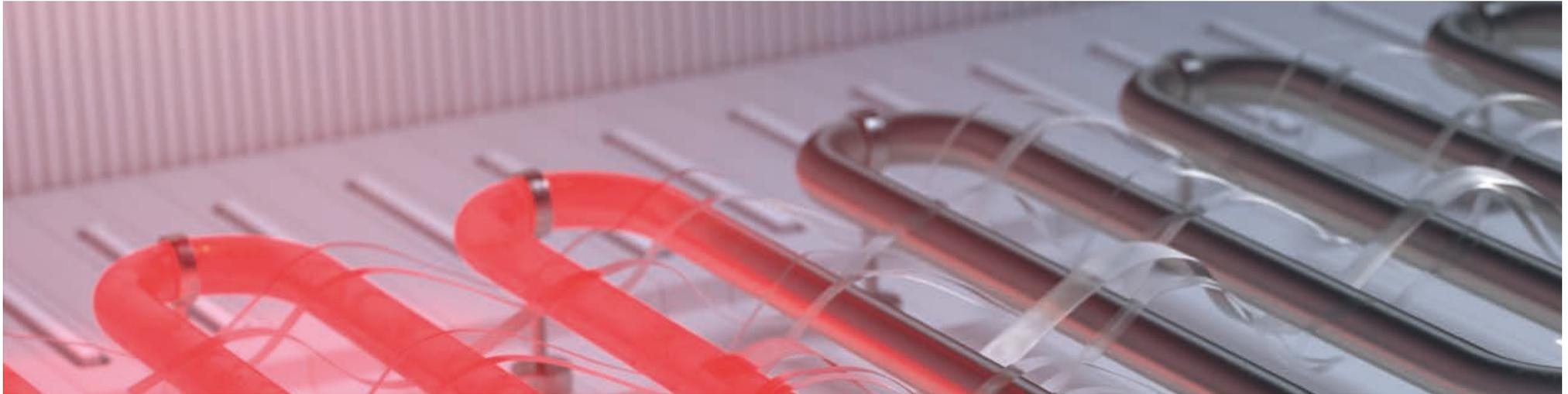
9.5 External Auditors

The company entrusted with the external audit of the De' Longhi accounts for the financial year 2021 is PricewaterhouseCoopers S.p.A. with registered office in Via Monte Rosa 91, Milan and registered in the register of independent auditors. The appointment was granted by the Annual General Meeting of De' Longhi with resolution dated 19 April 2018 and effective from the approval of the financial

statements at 31 December 2018. This appointment will expire with the approval of the financial statements at 31 December 2027.

In particular, following the most usual practice of the main Italian listed companies, during the financial year 2018 the Company deemed it appropriate to submit the granting of the new appointment for an external auditor for the financial years 2019-2027 to the approval of the Annual General Meeting one year before the expiry of the appointment. Consequently, based on the recommendation given on this subject by the Board of Statutory Auditors, in its capacity as 'Internal Control and Account Audit Committee' (hereinafter, the Italian acronym 'CCIRC') pursuant to Art. 19 of Legislative Decree no. 39 of 27/01/2010 as later supplemented and amended, on 19 April 2018 the Company's ordinary Annual General Meeting appointed, with effect from the approval of the financial statements at 31 December 2018, the independent auditing firm PricewaterhouseCoopers S.p.A. as external auditor of the accounts for the financial years 2019-2027. Therefore, at the ordinary Annual General Meeting of 30 April 2019, following approval of the financial statements at 31 December 2018, PricewaterhouseCoopers S.p.A. took over from EY S.p.A. as appointed external auditor of the De' Longhi accounts.

The appointment of PricewaterhouseCoopers S.p.A. took place after the selection procedure carried out by the Company in concert with the Board of Statutory Auditors in its capacity as CCIRC, in accordance with the "Procedure for selecting the company to carry out the statutory audit of the accounts of the De' Longhi Group and granting appointments to it or to entities belonging to its network", approved by the Board of Statutory Auditors, which defines, among other things, the general principles and regulates the operating methods used by De' Longhi to select the entity to carry out the



statutory audit, in compliance with the new national and European regulations regarding the statutory audit of the accounts. For further information on this point, reference is made to the *'Directors' Report for the Annual General Meeting of the Shareholders of De' Longhi S.p.A. convened in ordinary session for 19 April 2018, in a single call'* and the enclosed *'Recommendation of the Board of Statutory Auditors of De' Longhi S.p.A. for the appointment of the statutory auditor of the accounts for the financial years 2019-2027'* available on the Company's website www.delonghigroup.com, section 'Governance' - 'Corporate Bodies' - 'AGM Archive' - 'Annual General Meeting 2018'.

At the board meeting held on 12 May 2021, the Board of Directors was informed by the Board of Statutory Auditors, through its Chair, about the results presented by the external auditor in the additional report, pursuant to Article 11 of Regulation (EU) No. 537/2014, addressed to the Board of Statutory Auditors, containing the suggestions letter, noting that, at the end of the audit, the External

Auditors did not find any significant aspects that deserved to be brought to the attention of the Board of Directors.

The above report was the subject of assessment by the Control and Risks Committee at the meeting on 7 May 2021.

9.6 Financial Reporting Officer and other company roles and functions

According to Art. 13-bis of the Articles of Association, the Financial Reporting Officer is appointed by the administrative body, after the compulsory consultation with the Board of Statutory Auditors, from among those persons with at least three years' experience in accounting or administration in a listed company or in any case one of significant size.

The Board of Directors, in compliance with the Articles of Association, appointed Stefano Biella, the Company's Chief Financial Officer, as the Manager responsible for drafting the company accounts (the

'Financial Reporting Officer') at the board meeting on 21 June 2007.

In the meeting held on 21 June 2007, the Board of Directors granted Stefano Biella, in his capacity as Financial Reporting Officer, all the powers necessary to perform the duties assigned to him by law and by the Company's Articles of Association and by the new Internal Control Guidelines, and more particularly to:

- access directly all the information necessary to produce the accounting data without requiring authorisations, undertaking (as with all the members of his office) to keep the documents and the information acquired during the performance of his duty confidential;
- use internal communication channels that guarantee correct infra-company information;
- autonomously structure his office/department with regard to personnel and technical resources (material, IT resources etc.);
- prepare the Company's (and the De' Longhi

Group's) administrative and accounting procedures autonomously, also with the cooperation of the offices participating in the production of the relevant information;

- propose and/or assess and/or veto all the 'sensitive' procedures adopted by the Company (and by the De' Longhi Group);
- participate in the board meetings in which topics of interest to his department are discussed;
- use external consultants, where particular business needs make it necessary (drawing from the budget assigned to him);
- establish relationships with the other persons responsible for control and flows that guarantee, in addition to the constant mapping of the risks and processes, an adequate monitoring of the correct functioning of the procedures (External Auditors, general manager, Internal Audit Manager, risk manager, compliance officer, etc.);
- delegate some specific activities, duties and/or procedure phases to an external subject/entity

or to internal offices, without prejudice to his general competence and responsibility.

The Internal Control Guidelines attribute to the Financial Reporting Officer, in conjunction with the CEO, the task of also instructing the subsidiaries of the De' Longhi Group, so that they adopt all the remedies, administrative and accounting procedures and every other action and measure to promote the correct preparation of the consolidated financial statements, and any other measure communicated by the same Manager within the meaning and for the purposes of Law No. 262/05 and Legislative Decree No. 303/06, which ensures the maximum feasibility of the information flows towards the Financial Reporting Officer, regarding the drafting of the company accounts.

In compliance with the Internal Control Guidelines, the Financial Reporting Officer also oversees the process of preparing the non-financial statement, ensuring that it provides an understanding of the Group's activities, performance, results and impact.

The risk management and internal control system and the financial reporting process

An integral and essential part of the Group's internal control and risk management system is constituted by the existing risk management and internal control system with regard to the financial and non-financial reporting process (administrative and accounting procedures for the preparation of the balance sheet and consolidated financial statements and all the other reports and communications of an economic, equity and/or financial nature prepared in accordance with the law and/or regulations, and for the monitoring of the effective application of the same), prepared with the coordination of the Financial Reporting Officer.

The Internal Audit Manager, who is responsible for

verifying that the internal control and risk management system is working efficiently and effectively, drafts an annual work schedule which is presented to the Board of Directors which approves it with the prior approval of the Control and Risks Committee and having heard the Board of Statutory Auditors and the Chief Executive Officer, also based on the indications given by the Financial Reporting Officer and the provisions of Legislative Decree 262/05. The Internal Audit Manager reports to the Control and Risks Committee on the results of the activities performed with regard to any problems found, the improvement actions agreed and the results of the testing. Lastly, the Internal Audit Manager also provides a summary report for the Financial Reporting Officer and the administrative body responsible for assessing the adequacy and effective application of the administrative procedures for drafting the consolidated financial statements.

In order to identify and manage the main business risks particularly with regard to corporate governance and adapting to the legislative and regulatory standards (including, in particular, the recommendations of the CG Code), the Issuer implemented a risk management system (ERM) to effectively manage the main risks to which the Issuer and the Group may be exposed.

This ERM has enabled the main business risks to be mapped based on the Group's value chain, identifying the inherent risk, the associated residual risk with particular focus on the possible main risks and a proposed intervention action to resolve them, through a plan of activities for defining the risk management strategy, with a proposal to focus on the high level of risk, as well as plan of actions to continue monitoring and managing these risks also through follow-up activities and meetings with the Control and Risks Committee, the Board of Statutory Auditors and the Chief Executive Officer.

The Internal Control Guidelines identify the duties

and responsibilities of the different people involved through different levels of control:

- i. recognition and identification of the main risks by the operating functions and the subsequent treatment activities;
- ii. control activity by the functions in charge of risk control by defining the tools and methods for managing the risk system.

Description of the main characteristics

The Group uses an internal control and risk management system with regard to the financial reporting system pursuant to Art. 123-bis(2)(b) of the Consolidated Law on Finance, which is integrated in the larger Internal Control and Risk Management System.

The Group has a system of administrative and accounting operating procedures that ensure an adequate and reliable financial reporting system. This system includes the manual of accounting standards and the updating of the new regulations and accounting principles, the consolidation rules and periodic financial reporting, as well as the necessary coordination with its subsidiaries.

The Group's central corporate functions are responsible for managing and disseminating such procedures to the Group companies.

The assessment, monitoring and continuous updating of the internal control system on the financial reporting is performed in line with the COSO model within the activities carried out in accordance with Law 262/2005. In this context, the processes and sub-processes with critical issues have been identified first by finding the significant companies, based on quantitative and qualitative relevance parameters for financial reporting (significant companies in terms of size and significant companies only for some specific risks and processes).

Starting from this significance, the mapping is then carried out by identifying the main manual and automatic controls, and attributing a priority scale (high, medium, low). These controls are then tested.

The scope of companies falling under the aforementioned mapping for the purposes of Law No. 262/2005 has been changed over the years to adapt it to the changes that have occurred in the Group, in quantitative as well as qualitative terms, and to conform said scope to that of the companies deemed strategic.

The general managers and administrative managers of each company in the Group are responsible for maintaining an adequate internal control system and, as managers, they have to issue statements in which they confirm that the internal control system functions correctly.

The Internal Audit Manager, within the department's audit plan, also performs assessments on the internal controls using the self assessment checklist.

9.7 Coordination between the parties involved in the internal control and risk management system

The methods for coordinating the various people involved in the Company's Internal Control and Risk Management System are indicated in the Internal Control Guidelines.

In particular, under the above-mentioned Internal Control Guidelines:

- the Board of Directors performs the role of guiding and periodically assessing the adequacy of the Internal Control and Risk Management System. In performing this role it is assisted by the Control and Risks Committee, which performs the functions of fact-finding, consulting and making recommendations which are exercised also (but not only) by issuing opinions to the Board of Directors. The Chief Executive Officer, assisted by the Internal Audit Manager, identifies the main business risks and implements the Internal Control Guidelines, dealing with the planning, realisation and management of the Internal Control and Risk Management System and constantly monitoring its adequacy and effectiveness;
- the Internal Audit Manager is also responsible for verifying, among other things, the suitability of the internal procedures for ensuring the adequate containment of the Issuer's and the Group's risks, and to assist the Group in the identification and assessment of major exposures to risk;
- the Financial Reporting Officer is entrusted with the primary task of designing, managing and monitoring processes concerning, in particular, the financial information flows and with identifying and implementing the appropriate controls - intended to mitigate the possibility that such risks will occur - and monitoring and assessing

the effectiveness of the controls in the context of an internal control and risk management system, with regard to an appropriate and functioning financial reporting process;

- the Supervisory Board is responsible for supervising the efficiency and effectiveness of the Organisational Model, aimed at preventing the crimes indicated in the Model itself, and whether to update it as a result of changes in the corporate structure and/or the regulations;
- lastly, the Board of Statutory Auditors arranges for the autonomous assessment of the effectiveness and functioning of the Internal Control and Risk Management System, and can formulate, whenever it considers it necessary or appropriate, any recommendations to the competent authorities in order to strengthen the Internal Control and Risk Management System.

Under the above-mentioned Internal Control Guidelines, each party involved in the Internal Control and Risk Management System has specific obligations with regard to reporting to each other and, ultimately to the Board of Directors.

The Board of Statutory Auditors and the Control and Risks Committee promptly exchange information relevant to the performance of their duties and, in addition, the Chair of the Board of Statutory Auditors, or other statutory auditor designated by him, takes part in the work of the Control and Risks Committee.

10

Directors' interests and transactions with related parties

The Board of Directors of De' Longhi did not consider it necessary to adopt specific operational solutions for facilitating the identification and adequate management of situations in which a Director has an interest on their own behalf or on behalf of others, believing that the existing coverage under the provisions contained in Art. 2391 of the Civil Code is adequate.

Pursuant to Article 2391 of the Civil Code, Directors who have, on their own behalf or on behalf of third parties, an interest in a particular transaction shall inform the other directors and the Board of Statutory Auditors in advance, specifying the nature, terms, origin and scope of the interest; in the case of Executive Directors, they shall also abstain from carrying out the transaction and refer it to the Board of Statutory Auditors. In such cases, the resolution adopted by the Company's Board of Directors shall adequately motivate the reasons and the benefit for the Company in carrying out the transaction.

In compliance with the provisions of Article 2391-bis of the Civil Code and in accordance with the principles dictated by the Consob Related Parties Regulation, the Board of Directors of De' Longhi adopts rules ensuring the transparency and substantial and procedural correctness of the transactions with related parties carried out by the Company directly or through Subsidiaries, and discloses them in the report on operations. To this end, it assesses whether to seek the assistance of an independent expert, due to the nature, value or characteristics of the transaction. The Board of Statutory Auditors supervises observance of the rules adopted and reports on it in the annual report to the Annual General Meeting.

To this end, the Board of Directors - in compliance with the Consob Related Parties Regulation and Notice no. DEM/10078683 dated 24 September 2010 and after consulting a committee composed exclusively of independent directors - approved, in the meeting held on 12 November 2010, the '*Procedure for Related Party Transactions of the De' Longhi Group*' (the 'RPT Procedure'), effective from 1 January 2011.

The RPT Procedure was subsequently amended by the Board of Directors, after obtaining the favourable opinion of the Independent Committee, most recently on 30 June 2021 in order to adapt its provisions to the Consob Related Parties Regulation, as amended by Consob Resolution no. 21624 of 10 December 2020, aimed at implementing, also in secondary legislation, the contents of Directive (EU) 2017/828, and the amended text entered into force on 1 July 2021. The Procedure is available on the Company's website www.delonghigroup.com, section '*Governance*' - '*Company Documents*'.

The RPT Procedure, in accordance with applicable regulations, (i) identifies transactions with related parties among the transactions defined as such in application of the international accounting standards adopted in accordance with the procedure referred to in Article 6 of Regulation (EC) no. 1606/2002, in force at the moment the negotiations on an RPT are initiated or, if there are no negotiations, at the moment in which the decision is made, and (ii) distinguishes transactions with related parties according to their lesser or greater importance, identifying transactions of greater importance in compliance with the criteria in Annex 3 to

the Consob Related Parties Regulation, and these transactions are the responsibility of the Board of Directors.

The RPT Procedure provides for two different procedures for launching and approving transactions with related parties, graded in relation to their (greater or lesser) importance. In particular, transactions of lesser importance are approved by the relevant body (Board of Directors or CEOs) only after a non-binding reasoned opinion issued by the Control and Risks Committee. Limited to transactions of lesser importance, and concerning the compensation of directors and key managers with strategic responsibilities, the reasoned opinion is issued by the Remuneration and Appointments Committee.

Transactions of greater importance are the exclusive responsibility of the Board of Directors, which makes its resolution after the reasoned favourable opinion of the Independent Committee. The RPT Procedure also envisages that from the start of the negotiations and the preliminary stage of the transaction, the Independent Committee must be assured of receiving a complete, adequate, timely and updated flow of information on the transaction.

The RPT Procedure attributes to: (i) the Control and Risks Committee the role and relevant powers that the Consob Related Parties Regulation attributes to the committee composed of non-executive directors, the majority of whom are independent, excluding those transactions of lesser importance concerning the compensation of directors and managers with strategic responsibility, which is

reserved for the Remuneration and Appointments Committee; (ii) the Independent Committee the role and relevant powers that the Consob Related Parties Regulation attributes to the committee composed exclusively of independent directors.

With regard to the disclosure rules, the RPT Procedure provides for the obligation to draw up and publish, in accordance with the regulations in force, an information document drawn up in accordance with Annex 4 of the Consob Related Parties Regulation for all transactions of greater importance, to which any opinions issued by the independent directors (or, where appropriate, by the Board of Statutory Auditors and/or by the independent experts) must be attached.

The RPT Procedure also contemplates, as permitted by the Consob Related Parties Regulation, exclusion from applying the rules to certain categories of transaction. In particular, transactions 'of small amounts', identified by the relevance criteria set out in Annex 3 to the Consob Related Parties Regulation, to which the absolute thresholds indicated in Art. 10.2 of the RPT Procedure apply; in particular:

- i. for the **countervalue** index, small transactions are those with a countervalue less than or equal to €1,000,000.00, with the exception of transactions carried out with related parties who are natural persons, which qualify as small when their countervalue is less than or equal to €300,000.00;
- ii. for the **asset** index: small transactions are those in which the assets of the entity subject of the transaction are less than €1,000,000.00;
- iii. for the **liability** index: small transactions are those in which the total liabilities of the company or business unit acquired are less than €1,000,000.00.

The transactions concluded with and between subsidiaries, even jointly, by De' Longhi are also excluded from the application of the RPT Procedure as are transactions with companies associated with the Company (provided there are no 'significant' interests of related parties of De' Longhi in these companies), and the other cases permitted by the Consob Related Parties Regulation indicated in detail in Art. 10 of the RPT Procedure to which reference is made.

For more information on the composition, functioning and activities carried out during the Financial Year by the Independent Committee and the Control and Risks Committee, reference is made to sections 6 and 9.2 respectively of this Report. With regard to the Remuneration and Appointments Committee, it should be noted that during the Financial Year and at the date of approval of this report, the Committee has not carried out any activities relating to transactions with related parties. For the composition and functioning of the committee, reference is made to Section I of the *'Annual Report on the remuneration policy and compensation paid'* published on the Issuer's website www.delonghigroup.com, section *'Governance'* - *'Corporate Bodies'* - *'Annual General Meeting 2022'*.

11

Board of Statutory Auditors

11.1 Appointment and replacement

The appointment of Statutory Auditors and the Chair of the Company's Board of Statutory Auditors is the responsibility of the Annual General Meeting.

The method for presenting slates with appointment proposals and voting are governed by the Articles of Association, in accordance with the legislation and regulations in force.

Article 14 of the Articles of Association establishes that the Board of Auditors must be composed of three standing statutory auditors and two alternate auditors who meet the requirements of the applicable laws and regulations and that equality between the genders in the Board of Statutory Auditors must be ensured in observance of the laws and regulations in force on the subject at the time (reference is made to section 4.2 of this Report).

The same article of the company's Articles of Association aims to ensure that the Chair of the Board of Statutory Auditors may be appointed by the minority, drawing from the slate that obtained the second greatest number of votes.

In particular, the number of Shareholders possessing, either individually or together with others, a shareholding equal to at least that determined by Consob in accordance with Art. 144-*septies* of the Issuers' Regulation (most recently set at 1%, with Consob Management Decision No. 60 dated 28.01.2022) can present one slate, which must be submitted at the company's registered office within the term set by Art. 147-*ter*, para. 1-*bis* of the Consolidated Law on Finance and in any case within

twenty-five days before the Annual General Meeting convened to resolve on the appointment of the Board of Statutory Auditors. Each slate must include the information required under the provisions of law and regulations in force at the time.

A shareholder may not submit or vote for more than one slate, even through a third party or trust company; shareholders belonging to the same group and shareholders who are party to a shareholder agreement concerning Company shares may not submit or vote for more than one slate, even through a third party or trust company.

The slates containing a total of three or more candidates must comprise candidates belonging to both genders, so as to ensure that the gender balance within the Board of Statutory Auditors, for both standing members and alternates, is at least equal to the minimum required by the laws and regulations in force at the time.

Each candidate may only be indicated on one single slate or shall be deemed ineligible. Candidates who do not possess the requisites required by the applicable laws or who do not observe the limits to the number of offices held as established by the applicable laws and the related implementation rules in force at the time may not be elected auditors.

Slates which do not observe the provisions contained in Art. 14 of the Articles of Association shall be deemed as not submitted.

In the event that at the date the term expires only one slate has been filed (or slates that are "connected" to each other as per the provisions of law and

regulations in force), further slates may be submitted up to three days later and the threshold for submission is halved.

Appointment of the members of the Board of Statutory Auditors shall be carried out as follows:

- two Standing Auditors and one Alternate Auditor are taken from the slate which has obtained the greatest number of votes;
- one Standing Auditor - who becomes the chair of the Board of Statutory Auditors - and one Alternate Auditor are taken from the second non-connected slate, in accordance with the laws and regulations, with the Shareholders who submitted or voted for the slate with the greatest number of votes, respecting the sequential order of the candidates as they appear on the slate itself;
- in the event that more than one slate has obtained the same number of votes, these slates must be put to a second vote by the Shareholders at the Annual General Meeting, and the candidates on the slate that obtains a simple majority of votes shall be elected.

If, as a result of the slate voting, the composition of the standing members of the Board of Statutory Auditors does not comply with the rules and regulations on gender equality in force at the time, the candidate of the most represented gender elected last in sequential order in the slate which obtained the highest number of votes will be excluded and replaced by the next candidate of the least represented gender, from the same slate and in sequential order.

The Chair of the Board of Statutory Auditors shall be the Standing Auditor taken from the second slate, if submitted, which obtained the greatest number of votes.

Pursuant to Art. 14 of the Articles of Association, if only one slate has been submitted, the Annual General Meeting will vote on it. If the slate obtains the relative majority, the first three candidates indicated in sequential order are elected Standing Statutory Auditors and the fourth and fifth candidates are elected Alternate Auditors. The first candidate on the slate submitted is made chair. If, as a result of the slate voting on the only slate submitted, the composition of the standing members of the Board of Statutory Auditors does not comply with the rules and regulations on gender equality in force at the time, the candidate of the most represented gender the third elected Statutory Auditor in sequential order in the single slate will be replaced by the next candidate, who is elected as Alternate Auditor and who is the opposite gender. The Auditor replaced under this procedure will become Alternate Auditor in place of the Auditor appointed standing member under this same procedure.

In addition to the rules set out in the Consolidated Law on Finance, the Issuer is not subject to further rules on the composition of the Board of Statutory Auditors (in particular with regard to the representation of minority shareholders or the number and characteristics of the auditors).

11.2 Composition and functioning (pursuant to Art. 123-bis, para. 2(D) and (d-bis), CLF)

The Board of Statutory Auditors in office on the date this Report was approved was appointed by the resolution of the ordinary Annual General Meeting held on 30 April 2019 and will expire with the Annual General Meeting's approval of the financial statements at 31 December 2021.

Its current composition is shown in Table 3 in the Appendix to this Report, to which reference is made.

The current Board of Statutory Auditors was elected on the basis of two slates: the slate submitted on 4 April 2019 by the majority shareholder De Longhi Industrial S.A., owner at the time of 85,199,660 shares corresponding to 56.989% of De' Longhi S.p.A.'s share capital ('Slate no. 1') and the slate submitted on 1 April 2019 by a group of asset management companies and financial intermediaries that were holding a total of 3,676,901 ordinary shares in the Company, equal to 2.460% of the share capital with voting rights ('Slate no. 2').

As a result of the vote, the following candidates were elected: (1) Cesare Conti, as Chair, taken from Slate no. 2 (minority slate); (2) Alberto Villani as standing auditor; (3) Paola Mignani as standing auditor; (4) Alberta Gervasio, as alternate auditor, taken from Slate no. 2 (minority slate); (5) Laura Braga as alternate auditor.

Given a voting capital represented by 132,636,193 ordinary shares equal to 88.719862% of the share capital, the election of the aforementioned Auditors occurred with 86,233,316 votes in favour, equal to 65.014921% of the voting capital for the slate submitted by the shareholder De Longhi Industrial S.A. (Slate no. 1) and with 36,157,096 votes in favour, equal to 27.260354% of the voting capital for the slate submitted by the group of asset management

companies and financial intermediaries (Slate no. 2).

During the Financial Year, the Board of Statutory Auditors met 12 times. As a rule, the Board of Auditors meetings last approximately 4 hours on average. The Auditors have attended the meetings regularly and consistently (see Table 3 of the Appendix to this Report). The Board of Auditors has attended all the meetings of the Board of Directors held during the Financial Year and, via the Chair or an Auditor delegated by the Chair, has also attended the meetings of the Control and Risks Committee, the Remuneration and Appointments Committee and the Independent Committee.

The Board of Statutory Auditors expects to hold 12 meetings in the current financial year, 3 of which have already taken place by the date of this Report.

From the end of the Financial Year to the date this Report was approved there have been no changes to the composition of the Board of Statutory Auditors.

The curriculum vitae of the Standing Auditors in office at the date of this Report are given below.

Cesare Conti, Chair of the Board of Statutory Auditors, was born in Bergamo (Italy) in 1963. Professor of Corporate Finance in the Finance Department of the Bocconi University in Milan, where he is director of the 'Master of Science in Finance' and teaches 'Corporate Finance', 'Company Valuations' and 'Financial & Enterprise Risk Management'. Author of publications and speaker at conferences/webinars on: financing and company valuations; extraordinary finance operations (acquisition financing, debt restructuring, M&A, takeovers, etc.); corporate governance and enterprise risk management; use and valuation of derivative products for corporate management of financial risks (interest rate and exchange rate). Independent consultant, court-appointed expert and party-appointed expert for companies, banks, private equity funds, public

entities and legal/professional firms. He holds and has held positions in listed and non-listed companies, as statutory auditor, independent director and member of the control and risks committee. He is registered in the Register of Chartered Accountants of Milan, Register of Statutory Auditors and Register of Technical Consultants for the Court of Milan.

Paola Mignani, Standing Member, was born in Turin (Italy) in 1966. She graduated in Business Economics from the Bocconi University in Milan in 1989, and has been registered in the Register of Chartered Accountants and Accounting Experts of Milan since 1991 and, since 1995, also in the Register of Statutory Auditors. She provides financial and business consulting services at a leading firm in Milan and is a member of the Board of Statutory Auditors and Board of Directors of several companies operating in industrial and financial sectors, including a company listed on the stock exchange. She is lecturer of Business Economics on the degree course Public Relations and Corporate Communication of the Libera Università di Lingue e Comunicazione.

Alberto Villani, Standing Member, was born in Milan (Italy) in 1962. He graduated in Economics and Business from the Luigi Bocconi University of Milan in 1988 and qualified as a Chartered Accountant in 1990. Registered in the Register of Chartered Accountants of Milan since 14/03/1990 and in the Register of Statutory Auditors as per Ministerial Decree 12/4/95 published in the Official Gazette no. 31 bis 4th Series SP of 21.4.95. He practises the profession of Chartered Accountant independently, in the firm of which he is the owner. He was council member of the Association of Chartered Accountants of Milan from 2005 to 2007. As a consultant, he provides tax and corporate advice, statutory audit and auditing services; consultancy for business valuations and

assistance in extraordinary transactions; consultancy and assistance in tax litigation. He usually carries out his professional activity with foreign clients, in international companies and corporate groups. He is a Director and member of the Board of Statutory Auditors in various companies.

Diversity Criteria and Policies

In implementation of Art. 123-bis(2)(d-bis) of the Consolidated Law on Finance, the Board of Directors has adopted a diversity policy in relation to the composition of the Board of Statutory Auditors of De' Longhi S.p.A., relating to aspects such as age, gender composition and the training and professional career path (the 'Policy').

This Policy is contained in the '*Diversity policies for members of the corporate bodies of De' Longhi S.p.A.*' approved by the Board of Directors, in their updated version, at the meeting held on 23 February 2022, upon the proposal of the Remuneration and Appointments Committee, which - with regard to diversity in the composition of the Board of Statutory Auditors - prepared the contents, taking into account the indications provided by the Board of Statutory Auditors (the 'Diversity policies').

The Policies are addressed to Shareholders called upon to submit slates of candidates for the appointment of the Board of Statutory Auditors and to vote on the appointment of auditors of De' Longhi, and to the Board of Statutory Auditors, whenever it deems it should submit its recommendations or guidelines regarding the optimal composition of the Company's control body to the Shareholders.

In defining the Policy's criteria and objectives, the administrative and control bodies of De' Longhi has decided that the optimal composition of the Board of Statutory Auditors must meet the following requirements:



- i. the majority of Standing Auditors must be statutory auditors registered in the appropriate register;
- ii. a balanced combination of different age ranges within the Board of Statutory Auditors is advisable, enabling a balanced plurality of diverse perspectives and experiences;
- iii. the composition of the Board of Statutory Auditors must in any case ensure a gender balance that complies with the provisions of the law and the Articles of Association in force at the time, as well as compliance with the recommendations laid down on this point by the CG Code, both from the moment of appointment and during office;
- iv. at least one Standing Auditor must have acquired adequate experience in listed companies, in complex and/or international contexts;
- v. the presence should be ensured of auditors who, on the whole, are competent in sectors related to the one in which the Company and the De' Longhi Group operate;
- vi. the presence of figures with a managerial and/or professional and/or academic and/or institutional profile should be ensured so as to have a combination of expertise and experiences that are diverse and complementary;
- vii. the Chair should be a person with the authority to ensure that the work of the Board of Statutory Auditors is conducted and coordinated appropriately with any further activities carried out by other persons involved in the internal control and risk management system.

In addition to the above diversity requirements, the Policy also requires that all the members of the Board of Statutory Auditors guarantee that they can dedicate enough time to carry out their tasks properly and conscientiously, taking into account the

number of other offices held in the administrative and control bodies of other companies (in compliance with the law) and the commitment required of them by any other work and professional activities.

The text of the '*Diversity policies for members of the corporate bodies of De' Longhi S.p.A.*' is available on the website www.delonghigroup.com, section '*Governance*' - '*Company Documents*').

At the meeting held on 10 March 2022, taking into account the results of the self assessment conducted by the Board of Statutory Auditors (see above) and the report on the matter by the Chair of the Board of Statutory Auditors, the Board of Directors (with the support of the Remuneration and Appointments Committee) also verified - in compliance with the requirements of paragraph 7 of the '*Diversity policies for members of the corporate bodies of De' Longhi S.p.A.*' - that the current composition of the Board of Statutory Auditors meets the requirements of the Policy.

The Board of Statutory Auditors also carried out self assessment activities, as required by the 'Rules of Conduct for the Board of Statutory Auditors of Listed Companies' issued by the National Council of Chartered Accountants and Accounting Experts. In particular, the Board of Statutory Auditors drew up, completed and discussed a self assessment questionnaire, containing a first section dedicated to the subjective profiles of its members (quantitative and qualitative composition) and a second section focused on the functioning of the Board as a whole (meetings, activities carried out by the Chair, information flows, role and tasks of control and supervision). The Board of Statutory Auditors then prepared, during the meeting on 25 January 2022, a special self assessment report that was presented to the Board of Directors at the meeting held on 10 March 2022. The self assessment report and the summary presented to the Board of Directors did not reveal

any shortcomings either with regard to the individual members or with regard to the composition and functioning of the Board of Statutory Auditors. Lastly, in accordance with Recommendation no. 10 of the CG Code, it should be noted that, at the meeting on 25 January 2022, the Board of Statutory Auditors also verified that each of the standing members of the Board met the requirements of independence, professionalism and integrity, taking into account the characteristics of the company.

In view of its renewal for the three-year period 2022-2024, the Board of Statutory Auditors, on the basis of the experience gained during the term of office that is about to expire, has drafted at the meeting on 22 February 2022 the *'Guidance for shareholders and candidate auditors for the renewal of the Board of Statutory Auditors of De' Longhi S.p.A.'* expressed by the Board of Statutory Auditors (the *'Guidance from the Board of Statutory Auditors'*), in accordance with the rules of conduct of the board of statutory auditors of listed companies issued by the National Council of Chartered Accountants and Accounting Experts in April 2018 and with the aforementioned *'Diversity policies for the members of the corporate bodies of De' Longhi'*. In particular, the Guidance from the Board of Statutory Auditors summarises the activities carried out by the outgoing Board of Statutory Auditors in the three-year period 2019-2021, specifying the number of meetings and the commitment required, so that the Shareholders and the candidate statutory auditors can assess the professional characteristics and commitment required for the office and the adequacy of the remuneration. The Board of Directors, at the meeting on 10 March 2022, took note of the Guidance from the Board of Statutory Auditors, arranging its publication on the website www.delonghigroup.com, section *'Governance'* - *'Corporate Bodies'* - *'Annual General Meeting 2022'*.

Independence

In relation to Recommendation no. 9 of the CG Code, it should also be specified that, at the annual assessment of the existence of the independence requirements for its members, last carried out at the meeting held on 25 January 2022, the Board of Statutory Auditors carried out the checks in application of the criteria dictated not only by the provisions of the law and the Articles of Association in force, but also of the combined provisions of Recommendations no. 7 and no. 9 of the CG Code, finding all the Statutory Auditors in office independent pursuant to law, the Articles of Association and the CG Code. The outcome was communicated to the Board of Directors at the meeting held on 10 March 2022 for the presentation in this Report.

As regards the identification of the quantitative and qualitative criteria for assessing the significance of the circumstances relevant under the CG Code for the purposes of assessing the independence of auditors, reference is made to the considerations set out in section 4.7 of this Report, which apply equally to the Board of Statutory Auditors.

In implementation of Art. 19 of Legislative Decree no. 39/10 and the Internal Control Guidelines, the Board of Statutory Auditors has supervised the independence of the external auditors, verifying both observance of the provisions of law on the matter and the nature and entity of the non-auditing services provided to the Issuer and its subsidiaries by the same external auditor and the entities belonging to its network.

Lastly, it is noted that the Board of Statutory Auditors, in performing its duties, also coordinates with the Internal Audit Manager and with the Control and Risks Committee.

Remuneration

For information on (i) the remuneration policy for members of the Board of Statutory Auditors, and (ii) the compensation paid to Statutory Auditors during the Financial Year, please refer to Section I and Section II, respectively, of the *'Annual Report on the remuneration policy and compensation paid'* published on the Issuer's website www.delonghigroup.com, section *'Governance'* - *'Corporate Bodies'* - *'Annual General Meeting 2022'*.

Managing interests

In compliance with the rules of law and Recommendation no. 37 of the CG Code, the Auditor who, on his/her own behalf or on behalf of others, has an interest in a particular transaction of the Issuer promptly and fully informs the other Auditors and the Chairman of the Board of Directors on the nature, terms, origin and extent of his/her interest.

Access to information

In order to facilitate dialogue with its Shareholders, the Issuer has set up a special section on its website www.delonghigroup.com, 'Investors', where all the financial and corporate information that may be useful for the investor community and, more specifically, for Shareholders (so that they can exercise their rights in an informed manner) is published.

The Company has an Investor Relations department which is responsible for managing relations with Shareholders. This department is managed by Fabrizio Micheli, who holds the position of Director of Mergers & Acquisitions, and is organisationally part of the Strategy and Control area, headed by Marco Cenci (Chief Strategy & Control Officer). The details for contacting the Investor Relations department (also available online on the website www.delonghigroup.com, section 'Media' - 'Contacts') are the following: telephone: +39 0422 4131 - fax: +39 0422 414346 - e-mail: investor.relations@delonghi-group.com.

It should be noted that the Company complies accurately and promptly with the disclosure requirements provided under the laws and regulations in force, and has structured its website so that it is easier for the public to access the information concerning the Issuer.

Dialogue with shareholders

On 12 May 2021, the Board of Directors - upon the proposal of the Chairman formulated in agreement with the Chief Executive Officer - approved its 'Policy for managing dialogue with shareholders as a group' (available on the Company's website www.delonghigroup.com, section 'Governance' - 'Company Documents'). This Policy, also taking into account the engagement policies adopted by the main institutional investors and asset managers of De' Longhi, sets out the general principles, management methods and main contents of the dialogue between De' Longhi and its Shareholders.

In particular, the Policy for managing the dialogue with shareholders lays out:

- the general principles for managing dialogue with the shareholders (transparency, timeliness, equal treatment, promotion of the corporate purpose and compliance);
- the methods for managing dialogue through the following communication channels: the Company website, the publication of press releases and documents, the Annual General Meeting, meetings with the financial community, institutional investors, analysts, also identifying the Investor Relations Department and Corporate Secretary,

as the reference departments for shareholders;

- the main contents of the dialogue between De' Longhi and its shareholders (including: issues related to financial performance, company strategies, extraordinary operations and growth operations for external lines, dividend policy, composition of the shareholding structure, business risks and opportunities in general, corporate governance, issues related to sustainability).

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Annual General Meetings

Pursuant to Art. 7 of the Articles of Association, convening the ordinary and extraordinary Annual General Meeting is governed by reference to the rules provided under the law in force.

The Annual General Meetings are normally attended by all the Directors. For the validity of the constitution and resolutions of the ordinary and extraordinary Annual General Meeting, the provisions of law in force apply.

The Annual General Meeting of Shareholders resolves on matters that fall under its responsibility in accordance with current regulations, since no further specific responsibilities are provided under the Articles of Association. It should be noted that Art. 10 of the Articles of Association, in compliance with Art. 2365, para. 2 of the Civil Code, attributes the Board of Directors with the power to approve mergers in the cases provided for by Articles 2505 and 2505-bis of the Civil Code, the creation or closure of secondary offices, capital reductions in the event Shareholders withdraw from the Company, amendment of the Articles of Association to comply with changes in legislation and the transfer of the registered office within Italy.

With the resolution of 11 April 2017, the Extraordinary General Meeting amended Art. 5-bis of the Articles of Association to introduce increased voting rights in accordance with Art. 127-quinquies of the Consolidated Law on Finance. This institution, introduced with Decree Law No. 91 of 24 June 2014, is intended to enable listed companies to establish an incentivising tool for Shareholders who have chosen to favour a long-lasting investment in the

listed company, strengthening the role in governance by increasing the voting rights.

This institution allows each Shareholder who has held shares continuously for a period of no less than 24 months from their registration in a special list set up by the Company to exercise the right to a double vote for each share.

For more information, please refer to point (d), 'Shares granting special rights', in Section 2 above of this Report, and to the '*Rules for increased voting rights*' adopted by the Board of Directors on 11 April 2017 which can be viewed on the Company's website www.delonghigroup.com, section '*Governance*' - '*Increased voting rights*', where it is available, in compliance with Art. 143-*quater*, para. 5 of the Issuers' Regulation, the list of shareholders with shareholdings above 3% who have requested registration in the above special list (also indicated in section 2(D) of this Report) and those who obtained increased voting rights.

The right to participate and be represented in the Annual General Meeting are governed, in accordance with Art. 7 of the Articles of Association, with reference to the rules provided by applicable law. On this point, it should be noted that Art. 7 of the Articles of Association provides that the proxy for representation in the Annual General Meeting can also be granted electronically in observance of the law and regulations in force at the time, and may be notified to the Company by certified e-mail sent to the address indicated in the call notice, in observance of the applicable provisions and regulations in force.

The regulations contained in Art. 83-*sexies* of the Consolidated Law on Finance apply with regard to participation in the Annual General Meeting.

In compliance with Art. 7-*bis* of the Articles of Association, the Annual General Meeting may also be held - if envisaged in the call notice - by videoconference, with the indication of the audio/video locations connected by the Company, where the attendees may take part. In any case, the following must be permitted:

- the Chair of the Annual General Meeting, also availing him/herself of the chair's office, is able to ascertain the identity and legitimisation of the persons present, verify whether the Annual General Meeting is duly convened and the correct number of shareholders is present to carry a resolution, manage and regulate the discussion, set the order and procedures for the voting and announce the result;
- the person taking the minutes is able to adequately follow the meeting events to be minuted;
- all the attendees are able to participate in the discussion and simultaneously vote on the topics on the agenda, as well as view, receive and transmit documents.

With regard to the rules for ordinary and extraordinary Annual General Meetings, the Annual General Meeting of the Company adopted the '*Regulation for the Annual General Meetings of De' Longhi S.p.A.*' in order to ensure the correct and proper functioning of the same and, in particular, of the right of each Shareholder to intervene, follow the discussion, express their opinion on the matters being

discussed and exercise their right to vote. This regulation - published in the section 'Governance' - 'Company Documents' of the website www.delonghigroup.com - is a valuable tool to protect the rights of all the Shareholders and the correct formation of the annual general meeting.

In compliance with Art. 13 of the Annual General Meeting Rules, all participants of the Annual General Meeting are entitled to speak on any of the matters under discussion, by submitting a written request to the Chair containing details of the subject to which the request refers, that may be submitted until the Chair declares the discussion on the subject, to which the request refers, as closed. The Chair, having taken into account the importance of the individual items on the agenda, may decide the time - no less than eight minutes - available to each speaker at the opening of the meeting. Those who have already taken part in the discussion may ask to take the floor a second time on the same subject, once all reply stage has ended.

During the 2021 financial year, only one Annual General Meeting of Shareholders was held on 21 April 2021, convened in ordinary session.

Pursuant to Article 106 of Decree Law No. 18 of 17 March 2020 (the so-called 'Cura Italia Decree'), converted by Law No. 27 of 24 April 2020 and amended by Article 3(6) of Decree Law No. 183 of 31 December 2020 ('Decree 18/2020') converted with amendments by Law No. 21 of 26 February 2021, participation in the Annual General Meeting by those who have the right to vote is permitted only through the designated representative.

The Company has appointed 'Computershare S.p.A.' as Exclusive Designated Representative for the conferral of proxies and related voting instructions pursuant to the combined provisions of Article 106(4) of the aforementioned Decree 18/2020

and Article 135-*undecies* of the CLF.

All the directors and the Board of Statutory Auditors in its entirety participated in the Annual General Meeting of Shareholders chaired by Giuseppe De' Longhi.

During this meeting the following were approved: (i) the financial statements for the year 2020 and the distribution of the related dividend; (ii) the Remuneration Policy for the year 2021 contained in Section I of the Remuneration Report that the Issuer is required to draft pursuant to Article 123-ter of the Consolidated Law on Finance, and, with the advisory vote, the contents of Section II of the same report concerning the remuneration paid to the Company's directors, statutory auditors and key managers with strategic responsibilities in the year 2020; (iii) the proposal to authorise the purchase and disposal of treasury shares, after revoking the resolution taken by the Annual General Meeting of 22 April 2020, for the portion not executed.

At the Annual General Meeting of Shareholders held on 21 April 2021, the Company did not receive any requests to supplement the AGM's agenda, nor proposed resolutions on topics already on the agenda pursuant to Art. 126-bis of the Consolidated Law on Finance and the Company did not receive any questions pursuant to Article 127-ter of the CLF.

It should be noted that the Board of Directors reported, at that Annual General Meeting, on the activities carried out and planned and has always worked to ensure that the Shareholders have adequate information on the necessary aspects so that they can make informed decisions at the AGM. The Company has reported on the functioning and the activities carried out by each Board committee, via the Remuneration Report (as regards the Remuneration and Appointments Committee) and this Report (with reference to the Control and Risks Committee and Independent Committee) both

made available to the Shareholders at the above Annual General Meeting.

During the year, the Board did not deem it necessary - from the perspective of defining a corporate governance system that is more in line with the company's needs - to draw up reasoned proposals to be submitted to the Annual General Meeting concerning:

- a. choice and characteristics of the corporate model (traditional: one-tier, two-tier);
- b. size, composition and appointment of the Board and the duration of office of its members;
- c. breakdown of the administrative and property rights of shares;
- d. percentages established for exercising the prerogatives to protect minority interests.

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Other corporate governance practices (pursuant to Art. 123-*bis*, para. 2(A), second part, CLF)

The Company has not adopted any other corporate governance practices other than those described in this Report.

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Changes since the closing of the financial year

From the end of the Financial Year to the date this Report was approved there have been no changes to the Company's governance structure.

16

Considerations on the letter from the president of the corporate governance committee

The recommendations formulated by the President of the Corporate Governance Committee in the letter of 3 December 2021 (hereinafter the "Recommendations" or "Recommendation") have been examined by the Board of Directors in the meeting held on 23 February 2022. Considerations on this subject were formulated during this meeting, taking into account the results of the preliminary examination of the above letter by the Control and Risks Committee at the meeting held on 24 January 2022 and by the Remuneration and Appointments Committee at the meeting held on 17 February 2022.

In relation to each recommendation formulated by the Corporate Governance Committee, the following is a summary of the considerations shared by the Board of Directors at the end of these assessments.

Recommendation no. 1 refers to providing adequate and concise information in the 'Report on Corporate Governance and Shareholding Structure' on the methods adopted in order to pursue the objective of Sustainable Success and on the approach adopted in promoting dialogue with relevant stakeholders (providing concise information on the policy of dialogue with shareholders as a group, without prejudice to the possibility of publishing it in full, or at least its key elements, on the company website). The Board of Directors has acknowledged this recommendation and has provided the information requested on the pursuit of the Sustainable Success objective in section 1 of this Report, to which reference is made.

With regard to the approach adopted by the Company in promoting dialogue with relevant stakeholders, the Board of Directors found that De' Longhi has always considered it essential to have a clear and constructive dialogue with its stakeholders. On this point, the Company - as part of the preparation of its materiality analysis - has identified the Group's main stakeholders, together with their respective listening/communication channels and has examined the main issues that have emerged from the dialogue with the stakeholders considered significant (information contained in the Issuer's most recent Sustainability Report, available on the Company's website www.delonghigroup.com, section '*Sustainability - Documents*').

Furthermore, the Company approved its 'Policy for managing dialogue with shareholders as a group' on 12 May 2021 (available on the Company's website www.delonghigroup.com, section '*Governance - Company Documents*'), described in Section 12. On this point, reference should be made to section 12 of this Report.

With regard to **recommendation no. 2** concerning the classification of the Company with respect to the categories of the Code and the simplification options available for 'non-large' and/or 'concentrated' companies, as well as adequately indicating the choices made, reference is made to section 1 of this Report.

Recommendation no. 3 emphasises the importance of indicating in the Corporate Governance Report the criteria used when assessing

independence, for assessing the significance of professional, commercial or financial relationships and additional remuneration, including with reference to the Chairman of the Board of Directors, if the latter has been assessed as independent within the meaning of the Corporate Governance Code.

The Board of Directors has acknowledged this recommendation and has provided the information requested in section 4.7 of this Report, to which reference is made.

Recommendation no. 4 reminds boards of directors to prepare the rules for the board and committees, paying particular attention to the explicit definition of the deadlines deemed appropriate for the submission of documents and to the exclusion of generic confidentiality requirements as possible exemptions to compliance with such deadlines. Also including in the Corporate Governance Report an adequate illustration of the effect of compliance with the defined notice period and the explanation of the reasons for the exceptions in which this deadline has not been met and the illustration of how adequate in-depth studies have been provided to the board in such cases. In this regard, the Board of Directors would like to note that the Rules for the Board of Directors and for each of the Board Committees were approved on 30 June 2021. These documents define the rules of each body's functioning, including the methods for minuting the meetings and the procedures for managing information to directors.

As regards the term considered appropriate for sending board documents, it was also found that:

- the Board of Directors had decided at the time the reasonable notice for sending the documentation to the directors as being at least 2 days before the meeting (except in emergencies);
- on 30 June 2021, the Board decided to extend the term to 2 'business' days before the meeting (except in emergencies);
- the term set by the Board was met in the meetings held during the Financial Year, as shown during the self assessment;
- the Company has not established that the above time limit of 2 business days prior to the meeting (except in cases of urgency) may be waived for mere reasons of confidentiality.

Recommendation no. 5 recommends that companies with non-concentrated ownership adequately consider the recommendations addressed to them by the Code concerning the renewal of the board of directors; the boards of directors of these companies are, in this respect, requested to require those who submit a slate with a number of candidates exceeding half of the members to be elected, to provide adequate information on the documents submitted for the filing of the slates, on compliance with the guidance given by the outgoing board of directors and indicate their own candidate for the office of Chairman.

In this regard, the Board of Directors has found that this recommendation does not apply to the Company, since it qualifies as a company with concentrated ownership for the purposes of application of the CG Code.

Recommendation no. 6 emphasises the importance of adopting all measures to promote equal treatment and equal opportunities between genders throughout the company organisation, monitoring their implementation and ensuring adequate information in the Corporate Governance Report concerning the concrete identification and imple-

mentation of such measures.

As regards the measures adopted by the Company to promote equal treatment and equal opportunities between genders within the company organisation, the Board of Directors found that, in compliance with the principles laid down by the Group's Code of Ethical Conduct (available on the website www.delonghigroup.com, section 'Governance' - 'Company documents'), personnel management conducted by the management of the Company and of the companies it controls is inspired by principles of legality, loyalty and transparency, social equity and valuing the individual, diligence and professionalism, loyalty, fairness and mutual trust, avoiding any discrimination and offering equal opportunities in work and in professional advancement. On this point, reference is made to section 4.3 of this Report.

Recommendation no. 7 emphasises that remuneration policies should adequately consider the coherence of the parameters identified for variable remuneration with the strategic objectives of the business and the pursuit of Sustainable Success, assessing - where appropriate - the provision of non-financial parameters; as regards remuneration parameters linked to the achievement of environmental and social targets, the Corporate Governance Committee recommends that companies ensure that such parameters are predetermined and measurable.

On this point, the Board of Directors noted that in 2021 the Group used financial KPIs (in particular, EBITDA, Revenues, Operating Cash Flow) and non-financial KPIs (represented by Customer Focus and Satisfaction KPIs, Market Share, People Care and Development Projects) for the performance targets related to the accrual and payment of the annual variable remuneration of executive directors and key managers with strategic responsibilities.

In particular, the non-financial KPIs included clear, predetermined and measurable quantitative parameters, such as the 'Service Level' and the 'Forecast Quality' in relation to the value of the Group's Revenues, the increase in GFK shares compared to the previous year, the number and quality of execution of People projects to be developed during the year).

The KPIs envisaged for the accrual of the annual MBO, together with those envisaged for the accrual of the medium-term incentive schemes, as a whole are measurable and consistent with the company's strategy and the objective of Sustainable Success.

This recommendation has been considered by the Remuneration and Appointments Committee and by the Board of Directors in the definition of the 2022 Remuneration Policy contained in Section I of the 'Annual Report on the remuneration policy and compensation paid' published on the Issuer's website www.delonghigroup.com, section 'Governance' - 'Corporate Bodies' - 'Annual General Meeting 2022', to which reference is made.

The recommendations formulated in the above letter by the President of the Corporate Governance Committee have also been submitted, insofar as they fall under its responsibility, to the Issuer's Board of Statutory Auditors.

Treviso, 10 March 2022

Chairman of the Board of Directors

Giuseppe de' Longhi

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Appendix

TABLE 1 - Structure of the Board of Directors at 31.12.2021

TABLE 2 - Structure of the Board Committees at 31.12.2021

TABLE 3 - Structure of the Board of Statutory Auditors at 31.12.2021

Table 1: Structure of the Board of Directors at year end

Office	Members	Year of birth	Date of first appointment (*)	In office since	In office until	Slate (presenters) (**)	Slate (M/m) (***)	Esec.	Non-esec.	Indep. as per Code	Indep. as per CLF	N° other positions (****)	Attendance (*****)
Chairman	Giuseppe De' Longhi	1939	2001	30.04.2019	Approval of Accounts at 31.12.2021	Shareholders	M	X				3	8/8
Director	Fabio De' Longhi	1967	2001	30.04.2019	Approval of Accounts at 31.12.2021	Shareholders	M	X				2	8/8
CEO	Massimo Garavaglia	1966	2020	22.04.2020	Approval of Accounts at 31.12.2021	N/A	N/A	X				2	8/8
Director	Silvia De' Longhi	1984	2007	30.04.2019	Approval of Accounts at 31.12.2021	Shareholders	M	X				1	8/8
Director	Massimiliano Benedetti	1970	2018	30.04.2019	Approval of Accounts at 31.12.2021	Shareholders	M		X	X	X	1	8/8
Director	Ferruccio Borsani	1958	2019	30.04.2019	Approval of Accounts at 31.12.2021	Shareholders	m		X	X	X	1	7/8
Director	Luisa Maria Virginia Collina	1968	2016	30.04.2019	Approval of Accounts at 31.12.2021	Shareholders	M		X	X	X	-	8/8
Director	Renato Corrada	1949	2004	30.04.2019	Approval of Accounts at 31.12.2021	Shareholders	M		X		X	-	8/8
Director	Carlo Garavaglia	1943	2001	30.04.2019	Approval of Accounts at 31.12.2021	Shareholders	M		X			3	6/8
Director ^o	Cristina Pagni	1955	2013	30.04.2019	Approval of Accounts at 31.12.2021	Shareholders	M		X	X	X	-	8/8
Director	Stefania Petruccioli	1967	2013	30.04.2019	Approval of Accounts at 31.12.2021	Shareholders	M		X	X	X	3	8/8
Director	Giorgio Sandri	1944	2001	30.04.2019	Approval of Accounts at 31.12.2021	Shareholders	M		X			-	7/8

Number of meetings held during the financial year: **8**

Quorum required for the presentation of slates by the minority to elect one or more members (pursuant to Art. 147-ter of the CLF): **1% of share capital**

NOTES

^o This symbol indicates the Lead Independent Director (LID).

(*) The date of first appointment of each director means the date on which the director was appointed for the first time (ever) in the Issuer's Board of Directors.

(**) This column shows whether the slate from which each director was taken was presented by shareholders ('Shareholders') or by the Board of Directors ('BoD').

(***) This column shows whether the slate from which each director was taken is 'majority' ('M') or 'minority' ('m').

(****) The number of offices of director or statutory auditor held by the person in other listed companies or large companies is shown in this column. The offices are indicated in full in the Corporate Governance Report.

(*****) This column shows the participation of directors in the meetings of the Board of Directors.

Table 2: Structure of the Board Committees at year end

BoD		Control and Risks, Corporate Governance and Sustainability Committee		Remuneration and Appointments Committee		Independent Committee	
Office/Qualification	Members	(*)	(**)	(*)	(**)	(*)	(**)
Non-executive and independent director as per CLF and Code	Cristina Pagni	6/6	M	10/10	C	2/2	C
Non-executive and independent director as per CLF and Code	Stefania Petruccioli	6/6	C	10/10	M	2/2	M
Non-executive and independent director as per CLF	Renato Corrada	6/6	M	-	-	-	-
Non-executive and non-independent director as per CLF and Code	Carlo Garavaglia	-	-	9/10	M	-	-
Non-executive and independent director as per CLF and Code	Luisa Maria Virginia Collina	-	-	-	-	2/2	M
Non-executive and independent director as per CLF and Code	Massimiliano Benedetti	-	-	-	-	2/2	M
Non-executive and independent director as per CLF and Code	Ferruccio Borsani	-	-	-	-	2/2	M
N° meetings held during the Financial Year:		6		10		2	

NOTES

(*) This column shows the participation of directors in the meetings of the committees.

(**) The position of the director within the Committee is shown in this column: 'C': chair; 'M': member.

Table 3: Structure of the Board of Statutory Auditors at year end

Office	Members	Year of birth	Date of first appointment (*)	In office since	In office until	Slate (M/m) (**)	Indep. as per Code	Participation in the meetings of the Board of Statutory Auditors (***)	N° other positions (****)
Chair	Cesare Conti	1963	2016	30.04.2019	Approval of Accounts at 31.12.2021	m	X	12/12	1
Standing auditor	Paola Mignani	1966	2013	30.04.2019	Approval of Accounts at 31.12.2021	M	X	12/12	6
Standing auditor	Alberto Villani	1962	2013 o	30.04.2019	Approval of Accounts at 31.12.2021	M	X	12/12	30
Alternate auditor	Laura Braga	1984	2019	30.04.2019	Approval of Accounts at 31.12.2021	M	X	N/A	N/A
Alternate auditor	Alberta Gervasio	1965	2016	30.04.2019	Approval of Accounts at 31.12.2021	m	X	N/A	N/A

Number of meetings held during the financial year: 12

Quorum required for the presentation of slates by the minority to elect one or more members (pursuant to Art. 148 of the CLF): 1% of share capital

NOTES

(*) The date of first appointment of each auditor means the date on which the auditor was appointed for the first time (ever) in the Issuer's Board of Statutory Auditors.

(**) The slate from which each auditor was taken is shown in this column ('M': majority slate; 'm': minority slate).

(***) This column shows the participation of auditors in the meetings of the Board of Statutory Auditors.

(****) The number of offices of director or statutory auditor held by the person, pursuant to Art. 148-bis of the Consolidated Law on Finance and the related implementing provisions contained in the Consob Issuers' Regulation, is shown in this column. The full list of offices is published by Consob on its website pursuant to Art. 144-quinquiesdecies of the Consob Issuers' Regulation.

o Alberto Villani was Standing Auditor of the Company in the three-year period 2013-2016. On 30.04.19, Mr Villani was again appointed to this position for the three-year period 2019-2021.

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