

DēLonghi Group

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Corporate  
governance and  
shareholding  
structure report

2022



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**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.

**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/FY:** the financial year 2022.

**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 Telemati-

co 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 2022 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 and top management.



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## 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](http://www.delonghigroup.com)

Financial year to which the Report  
refers: 2022

Date of Report approval: 13 March 2023



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.

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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 2022 marked the beginning of a new chapter in the Group's sustainability path; more specifically, in FY 2022 the Company, in this regard:

- drafted the Group's first Sustainability Plan - a key moment in a company's sustainability path - which was approved by the Board of Directors at the meeting held on 28 July 2022;
- identified the Group's Sustainability targets in order to give substance to its commitment in this area, which were approved by the Board of Directors at the above meeting held on 28 July and made public to the market on the same day with the presentation to analysts 'De' Longhi S.p.A.: first half 2022 results' (available on the website [www.delonghigroup.com](http://www.delonghigroup.com), in the section 'Investors' - 'Press Releases and Presentations' - '2022');
- oversaw the development of specific projects in the pursuit of Sustainability targets;
- continued the promotion and establishment of strategic partnerships with leading universities;
- drafted and made public the Group's Sustainability Manifesto (available on the website [www.delonghigroup.com](http://www.delonghigroup.com), in the section 'Sustainability

- 'Documents'), which expresses its renewed commitment in terms of sustainability and is aimed at creating a common commitment throughout the internal community and making the issues on which the Group intends to work, with a view to continuous improvement, known outside the company.

The above Manifesto summarises De' Longhi's commitment to making its own contribution to global efforts for a sustainable future. The Group's sustainability strategy is structured around the following pillars:

- **Products**, the pillar that focuses on constant product innovation to ensure durability and efficiency and promote a healthy lifestyle;
- **Processes**, the pillar that encompasses the whole value chain and focuses on responsible and efficient management of resources, combatting climate change, promoting sustainability with suppliers and encouraging sustainable lifestyles;
- **People**, the pillar that focuses on the Group's employees, all those who choose to share the De' Longhi philosophy by purchasing its products, local communities and the Group's suppliers and partners.

There are eight areas of commitment that gravitate around these three pillars and they in turn encompass multiple underlying themes.

It should be noted that, with respect to the sustainability targets contained in the above Plan:

- all the targets set for 2022 have been achieved, and more specifically:



- 100% of the Group's factories have obtained ISO 14001 environmental certification;
- the '*Supplier Code of Conduct*' has been adopted which describes the ethical, social and environmental requirements that suppliers who wish to interact with the Group must meet. The document has been made public and is available on the website [www.delonghigroup.com](http://www.delonghigroup.com), in the section '*Sustainability*' - '*Documents*';
- the '*Responsible Sourcing Guidelines*' have been adopted which contain the ethical, social and environmental requirements that the Purchasing Department uses to evaluate the Group's suppliers;
- 2 targets that were set for 2023 have been achieved one year earlier than scheduled in the Plan, namely:
  - the expansion of the GHG inventory has been completed by also mapping the Group's Scope 3 emissions (in addition to Scope 1 and Scope 2 already reported - see the 2022 Non-Financial

Disclosure, available on the website [www.delonghigroup.com](http://www.delonghigroup.com), in the section '*Sustainability*' - '*Documents*'). Completion of this project is an important milestone in De' Longhi's sustainability path, providing the Company with key data that form the basis on which future developments can be built. This allows us to understand the impacts in terms of climate-altering emissions associated with the entire value chain, from the purchase of raw materials to the disposal of the product at the end of its life, including the impact of logistics and consumer use of the product. The GHG inventory may be the first step towards making internal processes more efficient by setting goals and targets to reduce emissions in the long term that encompass Scope 1, Scope 2 and Scope 3;

- the '*Eco-Design Guidelines*' have been adopted. This document is prepared in cooperation with the Polytechnic University of Milan and describes the guidelines to apply in all the stages of a product's life, from conception and drafting of

the design to approval and then its sale. On this point, De' Longhi has identified several strategies, including: reducing energy consumption during use and transport, optimising the duration of products and their components, increasing the durability and renewability of materials, facilitating disassembly and reducing the toxicity and harmfulness of resources.

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 is currently working on two other important sustainability activities. In particular, during the Financial Year, the Group took part in a call for proposals issued by the Ministry of Universities and Research (MUR) as part of the National Recovery and Resilience Plan (PNRR). The call envisages the creation of at least 12 extended partnerships, including *Models for Sustainable Nutrition* in collaboration with the University of Parma. The targets to be



achieved include: waste prevention, supply chain sustainability and circularity, improved nutrition and food sustainability in densely populated areas.

Furthermore, in 2022, De' Longhi took part in the Italian Green New Deal, a national call for contributions and financial facilities to support ecological and circular transition projects. The initiatives identified by the Group mainly concern the sustainability of coffee machines, from components to packaging.

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](http://www.delonghigroup.com), in the section 'Sustainability' - 'Documents'.

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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.

As of FY 2021, 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 business 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.

During the Financial Year, the Company fell within the definition of 'large company' provided by the CG Code, since the capitalisation it recorded on the last day of trading in the three previous calendar years (2019, 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. held during the Financial Year (and holds at the date of approval of this Report) 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.



## Information on the shareholding structure (pursuant to art. 123-bis, para. 1, CLF) at 13 march 2023

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 (13 March 2023) 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 2022, the share capital subscribed and paid up was €226,590,000 divided into 151,060,000 shares with a par value of €1.50 each, represented exclusively by ordinary shares, of which 82,011,810 with increased voting rights (see point (d) of this section).

The total number of voting rights that can be exercised at the Annual General Meeting was therefore 233,071,810. 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 - that could be subscribed by the end of 31 December 2022 - was for an equity based incentive plan called the 'Stock Options Plan 2016-2022' that ended on 31 December 2022 and was 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.delonghi-group.com](http://www.delonghi-group.com), section 'Governance' - 'Corporate Bodies' - 'AGM Archive' - 'Annual General Meeting 2016'. After the end of the Stock Options Plan 2016-2022, which occurred on 31 December 2022, the Company published a press release on 9 January 2023 announcing the updated share capital and voting rights in light of the total options exercised by the beneficiaries within the end of the Plan.

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, paras. 4, second subparagraph, and 8 of the Civil Code, and Art. 5-bis, para. 3 of the Articles of Association. The share capital increase - which can be exercised by 31 December 2027 - is for the additional equity based incentive plan called the 'Stock Options Plan 2020-2027' which is set to end on 31 December 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.delonghi-group.com](http://www.delonghi-group.com), section 'Governance' - 'Corporate Bodies' - 'AGM Archive' - 'Annual General Meeting of 22 April 2020'.

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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 2022, 82,011,810 shares (out of a total of 151,060,000) 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 151,060,000 to 233,071,810.

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 approval 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)	151,060,000	233,071,810	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	82,011,810	164,023,620		

### 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	53.594%	69.472%
Apg Asset Management N.V.	Apg Asset Management N.V. *	9.546%	6.187%
Mawer Investment Management LTD.	Mawer Investment Management LTD.	7.736%	5.014%

\* APG ASSET MANAGEMENT N.V. is the subject with voting rights, while ownership of the financial instruments representing the shareholding is held by: (i) Stichting Pensioenfond for 8.631% of the ordinary capital and 5.594% of the voting capital; (ii) Stichting Depository APG for 0.885% of the ordinary capital and 0.574% of the voting capital; (iii) Stichting Bedrijfstakpensioenfond voor de Bouwnijverheid for 0.029% of the ordinary capital and 0.019% of the voting capital.

### 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](http://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](http://www.delonghigroup.com), 'Governance' - 'Increased voting rights'.

As of 31 December 2022, 82,011,810 shares, out of 151,060,000 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 name of the single major shareholder (namely, the holder of more than 3% of the voting rights) which, at the date of approval of this Report, obtained the increased voting rights; it should be noted that, on 28 September 2022, APG Asset Management N.V. announced that it waived the increased voting rights in relation to 10,000,000 ordinary shares resulting on that date from the Company's register of increased voting rights. It should also be noted that, as of the date of approval of this Report, increased voting rights have also been obtained by other shareholders with interests of less than 3% (who hold a total of 1,052,150 shares which, as a result of the increase, give the right to a total of 2,104,300 votes).

Shareholder	No. ordinary shares	% of capital	No. voting rights	% of voting rights	Maturity date
De Longhi Industrial S.A.	80,959,660	53.594	161,919,320	69.472	30.06.2019

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 approval 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 loan agreements underlying the bond placed with US institutional investors (so-called *US Private Placement*) for the total amount of €257 million, 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 loan agreements with banking institutions for a total of approximately €828 million, in which provision is made, as is customary, for the lender to request early repayment in the event that the current ownership of the controlling interest held by De Longhi Industrial SA falls below 51%;
- iii.** 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;
- iv.** 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;
- v.** 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.

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 20 April 2022 resolved to renew - by revoking the annual general meeting resolution adopted on 21 April 2021 - 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 20 October 2023) 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.delonghi-group.com](http://www.delonghi-group.com) section 'Governance' - 'Corporate Bodies' - 'AGM Archive' - 'Annual General Meeting of 2022', and on the 1Info authorised storage mechanism ([www.1info.it](http://www.1info.it)).

The Board did not initiate any share buy-backs during the Financial Year and, as at 31 December 2022, 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 13 March 2023, 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.

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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 3.8), published on the Issuer's website [www.delonghi-group.com](http://www.delonghi-group.com), section 'Governance' - 'Corporate Bodies' - 'Annual General Meeting 2023';

- 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.



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

In FY 2022, 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 departments 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: i) 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; ii) on 28 July 2022, the Board of Directors approved the Group's first Sustainability Plan, which also includes the related targets, for which reference is made to section 1 of this Report.

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 on the subject, including the analysis of 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. 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 De' Longhi Group, in line with the pursuit of Sustainable Success, and monitors their implementation. 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 departments 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 (last updated during the FY in alignment with the new GRI 2021 standards) - has identified the Group's significant stakeholders, providing listening/communication channels dedicated to each of them, as well as highlighting the main issues that emerged (information available on the Issuer's website [www.delonghigroup.com](http://www.delonghigroup.com), in the section '*Sustainability*' - '*Stakeholders*'). 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 (see section 9 of this Report);
  - 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 (see section 5 of this Report);
- 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 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 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 report 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 28 February 2023, 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 13 March 2023, the overall management performance based on the information received from the delegated officers, 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 officers 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 13 March 2023, 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 10 March 2022 and, most recently, at the meeting on 13 March 2023, 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 every six months - during the Board meetings for approving the annual report and the half-year report - a favourable opinion on its adequacy and effectiveness.

It should be noted that the Board of Directors has identified, most recently at the board meeting held on 10 November 2022, those subsidiaries with strategic importance and identifies them as 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. 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; De' Longhi France S.A.S. with registered office in France.

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 (the latter updated on 28 February 2023), 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.

It should be noted that, in relation to Recommendation no. 2 of the CG Code, during the year, the Board did not deem it necessary or appropriate to draw up reasoned proposals for defining a corporate governance system that is more in line with the company's needs to be submitted to the Annual General Meeting.

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-undicies.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 composition of the corporate bodies, renewed by the Annual General Meeting held on 30 April 2019, reflected 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 intro-

duced 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 application of the new gender distribution criterion to renewals after 1 January 2020;
- c.** the application of this gender distribution criterion for six consecutive terms.

In light of the above, it was necessary to further adapt Articles 9 and 14 of the Articles of Association, in view of the renewal of the company bodies that took place on 20 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 to Articles 9 and 14 of the Articles of Association 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 current composition of the Board of Directors and the Board of Statutory Auditors, renewed by the Annual General Meeting held on 20 April 2022, 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.

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. 76 dated 30.01.2023 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 Board of Directors in office on the date this Report was approved was appointed by the resolution of the Annual General Meeting held on 20 April 2022 and will expire with the Annual General Meeting's approval of the financial statements at 31 December 2024.

The composition of the Board of Directors in office as of 31 December 2022, the closing date of the FY, is shown in Table 1 of the Appendix to this Report. This composition corresponds to that of the Board of Directors in office on the date this Report is presented and, since 1 September 2022, following the resignation of Massimo Garavaglia, includes the following people: (1) Giuseppe de' Longhi (Chairman); (2) Fabio de' Longhi (Vice-Chairman and

CEO); (3) Silvia de' Longhi; (4) Massimiliano Benedetti; (5) Ferruccio Borsani; (6) Luisa Maria Virginia Collina; (7) Carlo Garavaglia; (8) Carlo Grossi; (9) Micaela Le Divelec Lemmi; (10) Maria Cristina Pagni; (11) Stefania Petruccioli.

The term of office of the Board of Directors appointed by the Annual General Meeting of Shareholders on 30 April 2019 for the three-year period 2019-2021 until the AGM called to approve the financial statements at 31 December 2021, which was held on 20 April 2022, expired during the FY.

Until that date, the Board of Directors was composed of the following people: (1) Giuseppe de' Longhi; (2) Fabio de' Longhi; (3) Massimo Garavaglia; (4) Silvia de' Longhi; (5) Massimiliano Benedetti; (6) Ferruccio Borsani; (7) Luisa Maria Virginia Collina; (8) Renato Corrada; (9) Carlo Garavaglia; (10) Maria Cristina Pagni; (11) Stefania Petruccioli; (12) Giorgio Sandri.

It should be remembered that Massimo Garavaglia's appointment as Director was resolved by the Annual General Meeting of Shareholders held on 22 April 2020, which first resolved to increase the number of members of the Board of Directors from 11 to 12 and then appoint him as a Company director.

For information on the Board of Directors in office until the Annual General Meeting held on 20 April 2022, reference is made to section 4.3 of the Report on Corporate Governance and Shareholding Structure for FY 2021, available on the Company's website [www.delonghigroup.com](http://www.delonghigroup.com) (section 'Governance' - 'Corporate Bodies' - 'AGM Archive' - 'Annual General Meeting 2022').

The renewal of the Board of Directors in office at the date of approval of this Report took place at the Annual General Meeting held on 20 April 2022, which set the total number of directors at 12 and then appointed its members for the three-year

period 2022-2024 (therefore until the date of the Annual General Meeting to approve the financial statements at 31 December 2024).

The current Board of Directors was elected on the basis of two slates:

- i. the slate submitted on 25 March 2022 by the majority shareholder De Longhi Industrial S.A., owner at the time of 80,959,660 shares corresponding to 53.653% of the share capital of De' Longhi S.p.A., containing, in order, the candidates (1) Giuseppe de' Longhi; (2) Micaela le Divelec Lemmi; (3) Fabio de' Longhi; (4) Massimo Garavaglia; (5) Silvia de' Longhi; (6) Carlo Garavaglia; (7) Carlo Grossi; (8) Maria Cristina Pagni; (9) Stefania Petruccioli; (10) Luisa Maria Virginia Collina; (11) Massimiliano Benedetti (12) Laura Acquadro ('Slate no. 1');
- ii. the slate submitted on 25 March 2022 by a group of asset management companies and financial intermediaries that were holding a total of 4,741,672 shares, corresponding to 3.14234% of the share capital of De' Longhi S.p.A., containing, in order, the candidates (1) Ferruccio Borsani and (2) Barbara Ravera ('Slate no. 2').

As a result of the vote, the following candidates were elected: (1) Giuseppe de' Longhi; (2) Micaela le Divelec Lemmi; (3) Fabio de' Longhi; (4) Massimo Garavaglia; (5) Silvia de' Longhi; (6) Carlo Garavaglia; (7) Carlo Grossi; (8) Maria Cristina Pagni; (9) Stefania Petruccioli; (10) Luisa Maria Virginia Collina; (11) Massimiliano Benedetti - from Slate no. 1 - and (12) Ferruccio Borsani, from Slate no. 2.

Given a voting capital represented by 133,362,047 ordinary shares equal to 88.380054% of the share capital and 224,321,707 votes equal to 92.420751% of the voting rights attributed to the capital, the election of the aforementioned Directors occurred with 194,647,641 votes in favour, equal to

86.771648% of the voting rights present at the Annual General Meeting and 80.195008% of total voting rights) for the slate submitted by the shareholder De Longhi Industrial S.A. (Slate no. 1) and with 29,527,212 votes in favour (equal to 13.162887% of the voting rights present at the Annual General Meeting and 12.165239% of the total voting rights) for the slate submitted by the group of asset management companies and financial intermediaries (Slate no. 2).

On 17 June 2022, the Chief Executive Officer, Massimo Garavaglia, resigned from his position as member of the Board of Directors of the Company with effect from 1 September 2022 and, after a succession process, at the meeting held on 14 December 2022, the Board decided not to co-opt a new director to replace him, leaving it to the Annual General Meeting to decide whether to proceed with the appointment of a replacement or to reduce the number of Board members from 12 to 11.

At the close of the FY and at the date this Report was approved:

- the Board of Directors is composed of 11 (eleven) members of whom 3 (three) are 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; it should also be noted that another 2 Non-Executive Directors possess the independence requirements established by the Articles of

Association and by the law, but not those established by the CG Code, having held the office of director of the Issuer for more than 9 out of the last 12 financial years.

The following section contains the personal and professional details of each director in office 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 CEO, 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. He resumed the position of CEO of the Group in September 2022. Currently, he holds other executive positions in the Group's companies.

**3. Silvia De' Longhi**, executive director, in office since 12 July 2007, was born 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.

**4. 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, LuisaViaRoma, 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.

**5. 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. He is currently the Chief Operating Officer of Fiera Milano. 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.

**6. 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.

**7. 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 of Milan. 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.

**8. Carlo Grossi**, independent director, in office since 20 April 2022, was born in Lecco (CO, Italy) in 1956. He obtained a degree in Mechanical Engineering from Bologna University and Advanced Management from INSEAD. He has gained significant experience in leading international Italian (COESIA) and German (KORBER) groups in the Packaging sector. From 2001 to 2011, he managed the De' Longhi Group's Professional division. He was CEO of Del Clima, a spin-off from the Professional division, since 2012, the year it was listed on the Milan stock exchange, until it was delisted in 2015. From 2016 to 2020, he was CEO of MITSUBISHI ELECTRIC Hydronics and IT Cooling SpA, and is currently its Chairman. Grossi was chairman of Eurovent (European Association of Air Conditioning and Refrigeration Industry) Brussels from 2011 to 2013 and Vice-Chairman from 2008 to 2010. From 2002 to 2011, he was a Board Member of Eurovent Certita Certification SAS (Paris), a leader in independent certification. Since 2021, he has been an Independent Board Member of Purmo PLC, European leader in domestic heating, listed on NASDAQ Helsinki.

**9. Micaela le Divelec Lemmi**, non-executive and

independent director, in office since 20 April 2022, was born in Florence (Italy) in 1968. After graduating in Economics and Business, specialising in Business Management, in 1992, Micaela le Divelec Lemmi started her career in the Financial area at the audit firm Ernst & Young, following the banking sector. Le Divelec Lemmi joined Gucci in 1998, in the Management Control department, in the period immediately preceding the group's transformation into a multi-brand company and was therefore involved in the integration of the newly acquired brands (YSL, Bottega Veneta, Balenciaga, McQueen and Boucheron, among others). Le Divelec held various roles within the Group, including Group Controller until 2008, before focusing on the Gucci brand from 2008 in the role of Chief Financial Officer and later EVP and Chief Corporate Operations Officer. In March 2015, she was appointed EVP and Chief Consumer Officer, a role she held until April 2018. In 2018, le Divelec Lemmi joined Ferragamo as General Manager, and later acquired the title of Chief Executive Officer in July 2018. Since September 2021, after leaving the Ferragamo Group, le Divelec Lemmi has worked as an angel investor in the development of innovative start-ups and in providing strategic and management advice for the fashion and luxury sector. Le Divelec Lemmi currently holds the position of Independent Director in the companies Aeroporti di Roma SpA, Porsche AG and Pitti Immagine Srl.

**10. Maria Cristina Pagni**, non-executive 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. Dott.ssa Stefania Petruccioli**, non-executive 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 been a partner in Hope Sicaf, a private equity firm, since 2022. She has also worked as a lecturer on the Economics of Industrial Companies course at the Bocconi University.

With regard to the personal and professional details of Massimo Garavaglia, in office until 31 August 2022, reference is made - also pursuant to Art. 144-*decies* of the Issuers' Regulation - to section 4.3 of the Report on Corporate Governance and Shareholding Structure for FY 2021, available on the Company's website [www.delonghigroup.com](http://www.delonghigroup.com) (section 'Governance' - 'Corporate Bodies' - 'AGM Archive' - 'Annual General Meeting 2022').

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, during the Board meeting held on 20 April 2022, after its renewal and, most recently, during the Board meeting held on 13 March 2023 (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 and on 10 November 2022, those De' Longhi Group companies with strategic relevance.

During the board meeting held on 13 March 2023, 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 (see section 4.7 of this Report).

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, ensuring 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](http://www.delonghigroup.com), section 'Governance' - 'Company Documents'.

At the Board meeting held on 28 February 2023, the Board of Directors - supporting the analysis carried out on the matter by the Remuneration and Appointments Committee at its meeting held on 13 February 2023 - 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 over two fifths of the Board is made up of female directors, as the least represented



gender (out of 11 directors in office at the date of this Report, 5 are women and 6 are men). On this point, the Board of Directors noted that the gender balance required by law and by the Articles of Association was also observed when Massimo Garavaglia was on the Board.

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.de-longhigroup.com](http://www.de-longhigroup.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.

Following the re-sharing of the Code of Ethical Conduct with all Group employees during 2021, the Code was distributed to all new employees during the FY. In relation to acknowledgement of the Code of Ethical Conduct, it should be noted that, to date, there are two different procedures. For white collar workers, the first time they log on to the 'Pulse' management system, they are asked to acknowledge and confirm the Code of Ethical Conduct, which is available in the local language. For blue collar workers, the sharing and acknowledgement of the Code of Ethical Conduct is part of the documentation shared when they enter the company; the Code is also available on notice boards and/or company premises, either physically or by scanning a QR code.

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. A new performance appraisal was launched in 2022. This appraisal was designed by a global team of human resource figures, managers and employees in order to capture insights and expectations from different types of employees. This process makes the employee responsible for activating the process, with steps for dialogue with their manager throughout the year and the possibility for both key players in the process to ask for feedback not just from each other but also from other figures within the organisation who have been exposed to the individual employee's work in the course of normal activities or specific projects. It is worth noting that around 80% of the global employee population involved completed the first phase of the appraisal process, confirming interest and pro-activeness in using the tool as an opportunity for personal growth.

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 on the subject of gender equality, in 2022, the Human Resources Department, starting from the activities carried out independently during 2021, made contact with a large number of specialist external companies on the issues of diversity, equity and inclusion, with the aim of launching a collaboration in 2023 that can help the Group to formulate its own strategy and specific action plan on the subject, initially with a

greater emphasis on gender diversity but with the aim of focusing its attention over time on the multiple aspects of diversity.

It should also be noted that, during 2022, 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, having consulted the Control and Risks Committee, decided, as most recently confirmed at the meeting held on 13 March 2023, 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 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>	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
Carlo Garavaglia	Ori Martin S.p.A. <i>(large size)</i>	Director
	Ori Martin Holding S.r.l. <i>(large size)</i>	Director
	Miron S.A. <i>(large size)</i>	Director
Carlo Grossi	Banca Progetto S.p.A. <i>(large size)</i>	Chairman of the Board of Directors
	Purmo PLC	Director
Micaela le Divelec Lemmi	Aeroporti di Roma S.p.A. <i>(large size)</i>	Director
	Porsche AG <i>(listed)</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.

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The Rules of the Board of Directors were observed during the Financial Year; in particular, the procedures concerning the timeliness and adequacy of information provided to directors on items on the agenda of board meetings were observed. It should be noted that, in carrying out the corporate governance duties assigned to it, at the meeting on 20 February 2023, the Control and Risks Committee observed that the deadline of two business days set by the Rules for forwarding documents to the directors and statutory auditors had largely been met during the Financial Year.

During the Financial Year, the Board of Directors met 11 times and 5 meetings have been scheduled

for the current financial year (2 of which have already been held, also considering the one held to approve this Report). As a rule, Board meetings lasted about 2 and a half 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 year, due to the persistence of Covid-19, some of the meetings were held by videoconference or teleconference - in compliance with Art. 13 of the Articles of Association and the Rules set out above.

At the invitation of the Chairman, formulated in agreement with the Chief Executive Officer, the meetings of the Board of Directors were constantly attended by the Chief Financial Officer, the Chief Strategy and Control Officer, the General Counsel and the Group Sustainability, Corporate Affairs & Corporate Communication Manager, each reporting, within their area of competence, on the specific matters being discussed by the Board of Directors. The HR and Organisation Director and the Internal Audit Manager also occasionally attended the Board meetings in connection with the discussion of specific items on the agenda within their area of competence.

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 officers 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

officers 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 20 April 2022, granted the mandate to the Board of Directors currently in office, also 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 departments 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 that head the relevant corporate departments attended the Board meetings, in order to provide any

necessary information on the items on the agenda. During the Financial Year, the meetings of the Board of Directors were constantly attended by the Chief Financial Officer, the Chief Strategy and Control Officer, the General Counsel and the Group Sustainability, Corporate Affairs & Corporate Communication Manager, each reporting, within their area of competence, on the specific matters being discussed by the Board of Directors. The HR and Organisation Director and the Internal Audit Manager also occasionally attended the Board meetings in connection with the discussion of specific items on the agenda within their area of competence.

- 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 27 January 2022, the Board of Directors and the Board of Statutory Auditors took part in a training course on '*Healthy nutrition*', which represents a central theme for the Group, especially in light of the acquisition of the Nutribullet brand. The induction session saw the participation of Walter Bertin (CEO of Labomar) and Francesco Di Piero (biologist), who guided participants through an illustration of the main issues concerning the world of healthy nutrition;
- 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 28 February 2023.

### 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 to be 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 20 April 2022, 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 and
- the Vice-Chairman, as well as 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, as of 1 September 2022, Chief Executive Officer), all of whom are vested with management powers.

During the Financial Year, until 31 August 2022, the role of Chief Executive Officer of the Company was held by Massimo Garavaglia, who also held the role of General Manager.

The powers attributed by the Board of Directors to the

Chairman Giuseppe de' Longhi and the Vice-Chairman and Chief Executive Officer Fabio de' Longhi at the date of approval of this Report are listed below.

- the **Chairman, Giuseppe de' Longhi**, is attributed, in the event the Chief Executive Officer is absent or unavailable, 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 €100,000.00 (one hundred thousand euros/zero cents) per transaction;
  - operations falling under the exclusive responsibility of the Board of Directors in accordance with the 'Guidelines on particularly significant transactions' approved by the Board of Directors;
- the **Vice-Chairman and Chief Executive Officer, Fabio de' Longhi**, is attributed 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 €100,000.00 (one hundred thousand euros/zero cents) per transaction;
- operations falling under the exclusive responsibility of the Board of Directors in accordance with the 'Guidelines on particularly significant transactions' approved by the Board of Directors.

The Chief Executive Officer pro tempore, Fabio de' Longhi, is also responsible for managing inside information in accordance with the law.

Until 31 August 2022, the powers attributed on 20 April 2022 by the Board of Directors to the Chairman, Vice-Chairman and the then Chief Executive Officer, following the renewal of the administrative body as resolved by the Annual General Meeting held on the same date, were as follows:

- the Chairman, Giuseppe de' Longhi, was attributed 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 €100,000.00 (one hundred thousand euros/zero cents);
- operations falling under the exclusive responsibility of the Board of Directors in accordance with the Significant Transactions Guidelines.

After the appointment of the new General Manager resolved by the board meeting held on 22 December 2022, the Board of Directors resolved at the same meeting to review the powers of the Chairman, Giuseppe de' Longhi, by providing the attribution only "in the event the Chief Executive Officer is absent or unavailable";

- the Vice-Chairman, Fabio de' Longhi, was attributed the following powers 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:
  - search for possible targets, evaluate and

negotiate extraordinary operations and M&As (for example, but not limited to: mergers, demergers, acquisitions, agreements for the sale of shareholdings or business units and joint ventures) in line with the strategic guidelines defined by the Board of Directors, and to prepare and sign non-binding confidentiality agreements and letters of intent;

- negotiate and sign strategic partnership agreements, including those of a commercial nature, and commercial agreements in line with the strategic directions defined by the Board of Directors and in coordination with the Chairman and Chief Executive Officer;
- contribute to the definition and implementation of corporate marketing strategies also by (i) entering into, amending and terminating sponsorship agreements for the Company and Group brands for a value not exceeding €5,000,000.00 (five million euros/zero cents) per agreement, and (ii) identifying testimonials of the Company and the Group, entering into, amending and terminating agreements with them for a value not exceeding €5,000,000.00 (five million euros/zero cents) per agreement;
- define the strategic lines on innovation and diversification of the Group's activities by entering into cooperation agreements for a value not exceeding €1,000,000.00 (one million euros/zero cents) per agreement, relating to the execution of services and/or activities of research and development, design, co-design, research and cooperation/technical assistance with customers, suppliers, scientific institutions, universities and entities in general.

The Vice-Chairman was also attributed the duty of standing in for the Chairman, in the event the latter is absent or unable, even temporarily, to carry out the corporate governance activities typical of the role of Chairman.

Furthermore, in the event the Chairman or Chief Executive Officer is absent or unavailable, the Vice-Chairman is granted all the powers attributed to them;

- the then Chief Executive Officer and General Manager, Massimo Garavaglia - who, as the person chiefly responsible for company management qualified under the CG Code as Chief Executive Officer (CEO) - was attributed 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 €100,000.00 (one hundred 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.

Until 31 August 2022, the role of *Chief Executive Officer* was held by Massimo Garavaglia. Since 1 September 2022, the Chief Executive Officer of the Company has been Fabio de' Longhi, who has been attributed, 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*' (see section 9.1 of this Report).

During the Financial Year, the employer, within the meaning and for the purposes of Art. 2(1)(b) of Legislative Decree 81/2008 (the 'Employer'), was identified by the Board of Directors as:

- Massimo Garavaglia until 31 August 2022;
- Fabio de' Longhi since 1 September 2022; in particular, at the meeting held on 28 July 2022, the Board of Directors granted Fabio de' Longhi, 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, Fabio de' Longhi had in turn the power to 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.

As of 1 January 2023, the Employer of the Company is the General Manager, Nicola Serafin, appointed by the Board of Directors on 22 December 2022 with effect from 1 January 2023; at that meeting the Board of Directors granted him, in relation to his identification as the 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. The Employer 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. 81/08.

In relation to the appointment of Nicola Serafin as General Manager, at the meeting held on 22 December 2022, the Board of Directors granted him, in his

role as General Manager reporting directly to the Chief Executive Officer and as of 1 January 2023, all powers for ordinary 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 of the following powers:

- allocation of contributions or sponsorships to third parties and non-profit organisations and/or associations;
- sign, amend and terminate sponsorship agreements for the Company and Group brands;
- sign, amend and terminate consultancy agreements for amounts not exceeding €500,000 per agreement;
- sign, amend and terminate agreements for the purchase of capital goods and services for amounts not exceeding €3,000,000 per agreement;
- enter into, amend and terminate agreements relating to advertising campaigns for amounts not exceeding €3,000,000 per agreement;
- sign settlement agreements for amounts not exceeding €300,000 per agreement;
- sign, amend and terminate real estate lease agreements exceeding nine years or for amounts exceeding €1,000,000 per year;
- enter into, amend and terminate agreements relating to ordinary and extraordinary maintenance of real estate property for amounts not exceeding €1,000,000 per agreement;
- deal with all matters related to the employment relationship with managers of the Company with a gross annual remuneration (GAR) above €200,000;
- take out and repay loans and other drawdowns in the various ways provided for (hot money, current account overdrafts or similar) for amounts

above €50,000,000 per transaction, based on short-term credit facilities granted to the Company and accepted by it and aimed at its current operations.

The General Manager's powers do not include the following:

- subscription, purchase, sale of shares, even minority shareholdings and creation of secured rights on them;
- purchase, sale, lease of a business or business unit;
- purchase, sale or licensing of company trade marks;
- purchase or transfer of real estate property.

The General Manager is also responsible for representing the Company in dealings with third parties in relation to the powers attributed to him.

#### **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, Fabio de' Longhi. Also in consideration of management powers granted to the Chairman, albeit limited as of 22 December 2022 only to cases when the Vice-Chairman and Chief Executive Officer is absent or unavailable, the Board of Directors has nevertheless decided to continue to adhere to Recommendation no. 13 of the CG Code regarding the appointment of a Lead Independent Director to whom the functions recommended by the same Code are attributed.

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, had always been attributed until 22 December 2022

in view of the fact that Giuseppe de' Longhi is the founder of the De' Longhi Group and that his role was not limited to institutional and representative functions, but was fully operational and in this respect important for the best performance of the Company. As part of the changes to the Company's governance structure resolved by the Board of Directors on 22 December 2022, which led to the appointment as of 1 January 2023 of Nicola Serafin as General Manager reporting directly to the Vice-Chairman and Chief Executive Officer, Fabio de' Longhi, the Board of Directors re-assessed the Chairman's powers, providing for them to be exercised only in the event that the Vice-Chairman and Chief Executive Officer is absent or unavailable. These powers were attributed to the Chairman in order to ensure the best possible operational management 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**

During the Financial Year, the delegated officers, complying with their 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 officers 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 independence requirements established by the law (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 also meet the independence requirements recommended by the Corporate Governance Code.

The Board of Directors appointed by the Annual General Meeting of Shareholders on 20 April 2022 was 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. At the board meeting held on that date, after its appointment, the Board of Directors verified that its members possess the independence requirements provided for by the combined provisions of Articles 147-ter(4) and 148(3) of the CLF, the Articles of Association and Art. 2, Recommendation no. 7 of the CG Code. As a result of this verification, carried out based on the information given by each director, the Board of Directors has decided that all the above independence requirements exist for the

directors: Massimiliano Benedetti, Ferruccio Bor-sani, Luisa Maria Virginia Collina, Carlo Grossi and Micaela le Divelec Lemmi. At this meeting, the Board also noted that the independence requirements pursuant to the CLF but not pursuant to the CG Code exist for the directors Maria Cristina Pagni and Stefania Petruccioli, since they have both held the office of member of the Board of Directors of the Company for more than 9 out of the last 12 financial years.

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 disclosed to the market by means of a press release issued after the board meeting held on 20 April 2022.

After its appointment, the Board of Directors in office at the date of approval of this Report (composed of 11 members after the resignation of Massimo Garavaglia, effective as of 1 September 2022) verified, at the meeting held on 13 March 2023, the existence of the independence requirements provided for by the Articles of Association, by the law and by the CG Code for its members, confirming the results of the assessment carried out on 20 April 2022; at this meeting the Board of Directors also evaluated that the number of Independent Directors and their competencies are adequate for the needs of the business and the functioning of the Board, as well as the establishment of the relevant committees. As a result of the assessments carried out by the Board, 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 independence criteria applied by the Board of Directors at the assessment of the independence

of its members carried out on 20 April 2022, following the renewal of the Board of Directors, and the assessment last carried out on 13 March 2023 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, 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 to be applied for the purposes of assessing the independence, within the meaning of the CG Code, of the 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 assesses the specific situation, taking into account its potential to materially affect the independence of the Candidate.

It should be noted that, in compliance with 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 6 February 2023. During this meeting, the Independent Directors carried out some assessments on the topics they considered to be of interest with respect to the functioning of the board of directors and corporate management, and drafted proposals for topics to be covered during the board induction.

#### **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 20 April 2022, after its renewal, the Board appointed the independent director, Luisa Maria Virginia Collina, as Lead Independent Director. Following the review of the Chairman's powers, as a result of the changes made to the Company's governance structure resolved by the Board of Directors on 22 December 2022, the Board of Directors nevertheless deemed it appropriate to retain the figure of Lead Independent Director, thus continuing with the adherence to Recommendation no. 13 of the CG Code.

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 convened aforementioned meeting of the independent directors on 6 February 2023.

# 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.

The '*Procedure for internally managing and disclosing corporate information to the market*' is available on the Company's website [www.delonghigroup.com](http://www.delonghigroup.com), section '*Governance*' - '*Company Documents*'.



## 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);
- the Remuneration and Appointments Committee; and
- the Independent Committee.

After its last renewal by the Annual General Meeting of 20 April 2022, 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 2024.

### **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 of the two Committees was chosen from among the members of the Board of Directors who possess the independence requirements pursuant to the Articles of Association and the CG Code;
- the meetings of each Committee have been minuted;
- in performing their functions, the two 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 two Committees, as well as the Chairman of the Board of Statutory Auditors and/or other Statutory Auditors, 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 two 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, the Group Sustainability, Corporate Affairs & Corporate Communication 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 20 April 2022, the current Board of Directors (appointed that day by the Annual General Meeting) decided - as permitted by the principles and recommendations of the CG Code - 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 attributed the functions indicated by Articles 4 (on appointments) and 5 (on remuneration) of the CG Code, for details of which reference is made to subsection 2.1, Section I of the *'Annual Report on the remuneration policy and compensation paid'* published on the Issuer's website [www.delonghigroup.com](http://www.delonghigroup.com), section *'Governance' - 'Corporate Bodies' - 'Annual General Meeting 2023'*. It should be noted that the Remuneration and Appointments Committee is also entrusted with powers in relation to transactions of lesser importance with related parties concerning the compensation of directors and key managers with strategic responsibilities (see section 10 of this Report).

At the meeting held on 20 April 2022, the Board also attributed to the Control and Risks Committee the functions related to the internal control and risk management system that Article 6 of the CG Code envisages for that committee, as well as that of supporting the Board of Directors in the assessments and decisions regarding sustainability, including the analysis of 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 (see section 9.2 of this Report). The Committee also: (i) makes recommendations and provides advice to the Board of Directors to support, by means of adequate due diligence, its assessments and decisions concerning corporate governance and (ii) performs the duties which, in compliance with the Consob Related Parties Regulation in force at the time, are assigned to it with regard to transactions with related parties by the RPT Procedure (see section 10 of this Report).

It should also be specified that, at the date of approval 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.

At the recent renewal of the administrative body (the first under the CG Code), the Board took 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.



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. 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 remit.

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 approval of this Report was appointed during the Board of Directors meeting held on 20 April 2022. This Committee is composed of three independent directors: Luisa Maria Virginia Collina (who serves as Chair), Massimiliano Benedetti and Micaela le Divelec Lemmi.

No meetings of the Independent Committee were held during the Financial Year.

Furthermore, it should be noted that, according to the provisions of the Rules of the Independent Committee:

- the work of the 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;

- no meetings of the Independent Committee were held in the Financial Year;
- there have been no changes in the composition of the Independent Committee since the end of the Financial Year;
- no meetings of the Committee are scheduled in this current financial year.

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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 held during the Financial Year, reference is made to Table 2 in the Appendix to this Report.

## Self assessment and succession of directors - remuneration and appointments committee

### 7.1 Self assessment and succession of Directors

In line with Recommendation no. 22 of the CG Code for companies that, under the Code, qualify as not being large and with concentrated ownership, the self assessment of the Board of Directors on the size, composition and functioning of the Board itself and its committees ('Self Assessment' or 'Board Review') is carried out at least every three years, in view of the renewal of the administrative body.

At the board meeting held on 14 December 2022, the Board of Directors, with the support of the Remuneration and Appointments Committee, decided, in compliance with the recommendations of the CG Code, not to conduct the Self Assessment process internally for FY 2022, given that between the end of 2021 and the start of 2022 the Self Assessment was conducted in view of the renewal of the administrative body and that the new Board only took office on 20 April 2022.

The Board therefore carried out its Self Assessment most recently with reference to FY 2021, analysing and discussing the results at the meeting held on 27 January 2022. On this point it should be noted that the Remuneration and Appointments Committee has been identified as the board component called upon to oversee the self assessment process (see 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](http://www.delonghigroup.com), section 'Governance' -

'Corporate Bodies' - 'Annual General Meeting 2023'.

At the time of the aforementioned Self Assessment, the Remuneration and Appointments 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 (composed, at that date, 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 which was held on 20 April 2022, the outgoing Board formulated for the shareholders 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 was made available on the Company's website [www.delonghi-group.com](http://www.delonghi-group.com) (section 'Governance' - 'Corporate Bodies' - 'Annual General Meeting 2022'), and on the

1Info authorised storage mechanism ([www.1info.it](http://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 Appointments Committee

In accordance with the principles and recommendations of the CG Code, at the meeting held on 20 April 2022, the Board of Directors decided to confirm the establishment of a single committee and to attribute it the functions regarding the appointment of directors and their remuneration and this committee, 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 therefore 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.delonghi-group.com](http://www.delonghi-group.com), section 'Governance' - 'Corporate Bodies' - 'Annual General Meeting 2023'.

## 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](http://www.delonghigroup.com), section *'Governance' - 'Corporate Bodies' - 'Annual General Meeting 2023'*.

### 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](http://www.delonghigroup.com), section *'Governance' - 'Corporate Bodies' - 'Annual General Meeting 2023'*.





## 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 of this Report).

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 Chief Executive Officer, the Control and Risks Committee, Internal Audit Manager, the Chief Financial Officer/Financial Reporting Officer, the Board of Statutory Auditors, the Supervisory Board and all De' Longhi personnel as well as the Directors and Statutory Auditors of the Issuer's subsidiaries: in order to ensure coordination between the various activities performed, all the aforementioned parties involved in the internal control and risk management system comply with the indications and principles laid down, in accordance with the provisions of the law and regulations in force and with the recommendations of the CG Code, in the Internal Control Guidelines (see section 9.7 below).

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 magnitude of the risk on the whole.

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During the Financial Year, the Board of Directors assessed, at the meeting on 10 March 2022 and, most recently, at the meeting on 13 March 2023, 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 (see section 9.2 below).

In application of Recommendation no. 33, point (a) of the CG Code and the Internal Control Guidelines, these assessments were carried out by the Board of Directors, 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.

In compliance with Recommendation no. 33, point (c) of the CG Code and in application of the Internal Control Guidelines, the Board of Directors approved, on an annual basis and most recently at the meeting on 13 March 2023, the work schedule prepared by the Internal Audit Manager, after the opinion of the Control and Risks Committee issued on 20 February 2023 and having heard the Board of Statutory Auditors and the Chief Executive Officer.

### 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 CEO - he was primarily responsible for managing the company. Following the renewal of the corporate bodies, which took place on 20 April 2022, the meeting of the Board of Directors held that same day confirmed Mr Garavaglia as Chief Executive Officer. Following Massimo Garavaglia's resignation as Chief Executive Officer and General Manager of the Company submitted to the Board on 17 June 2022 and effective as of 1 September 2022, at the meeting held on 28 July 2022, the Board appointed Fabio de' Longhi as Chief Executive Officer, effective as of 1 September 2022.

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.

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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 by the CEO at the meeting held on 13 March 2023. 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 20 April 2022, 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 approval 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 20 April 2022 and is composed of three non-executive directors: Luisa Maria Virginia Collina (who serves as Chair), Micaela le Divelec Lemmi and Stefania Petruccioli. Luisa Maria Virginia Collina and Micaela le Divelec Lemmi meet the independence requirements pursuant to the CLF as well as those of the CG Code, while Stefania Petruccioli, having been a member of the Board of Directors of the Company for more than 9 out of the last 12 financial years, does not qualify as independent as per the CG Code, though she does meet the independence requirements under the CLF.

During the Financial Year, the Committee met 8 times and 5 meetings are scheduled for the current financial year (of which 2 have already taken place). As a rule, the Committee meetings last about 2 and a half hours on average.

During the Financial Year, the Committee also carried out an induction session, held on 26 May 2022. The main topics within the Committee's remit were addressed at that meeting, with an in-depth examination of, among other things, the Committee Rules and the structure of the De' Longhi Group.

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.

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For the entire duration of 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, in order to provide information and insights, and usually the Chairman of the Board of Statutory Auditors and/or other Statutory Auditors.

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 (including the analysis of 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). 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 for 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 re-

- sources 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 officers 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.

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At the Board meeting convened on 28 July 2022 to approve, among other things, the Half-Year Report

at 30 June 2022 and at the Board meeting convened on 13 March 2023 to approve, among other things, the Annual Report at 31 December 2022, 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.

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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.

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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), who reported on the specific issues discussed, each for their area of competence.

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 delegated officers, 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 work schedule prepared by the Internal Audit Manager for the Financial Year was approved by the Board of Directors on 10 March 2022, after the opinion of the Control and Risks Committee issued on 4 March 2022 and having heard the Board of Statutory Auditors and the Chief Executive Officer.

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 6 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. The processes and controls of the company De' Longhi France S.A.S. were also mapped;
- ii. with regard to audit and follow-up activities in Italian and foreign companies; this work was performed by the Internal Audit Manager using checklists and verification carried using remote and on-site follow-ups;
- 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 2022, the Group implemented a new integrated risk assessment platform. This platform has been used for risk assessment, also including all the significant companies. The roll-out of the project continued during 2022 and is expected to be completed in early 2023;
- v. anti-fraud activities. During FY 2022, 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;

- vi. activities related to ITGC controls and tests and on the monitoring of SAP ALL profiling.

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 held on 12 May 2022 that approved the first quarter report as at 31 March 2022. This was to allow for the renewal of the Supervisory Board by the new Board of Directors that was then appointed at the Annual General Meeting called to approve the financial statements at 31 December 2022 (the AGM held on 20 April 2022). The Board of Directors meeting held on 12 May 2022 appointed the new Supervisory Board for the three-year period 2022-2024 consisting of Maria Cristina Pagni (non-executive member of the Company's Board of Directors who possesses the independence requirements as per the CLF and was appointed Chair of the Supervisory Board), Simona Carolo (external member), Marco Mantovani (Internal Audit Manager), Marco Piccitto (General Counsel) and Claudia Costa (Legal Counsel Insurance - Compliance & Information Security Manager).

The Organisational Model, adopted by the Company on 27 March 2006, has since been amended; the version in force at the date of approval 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:

- g. 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;

- h. 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., containing, among other things, indication of the offences that the model is designed to prevent, is available on the Company's website [www.delonghigroup.com](http://www.delonghigroup.com), section 'Governance' - 'Company Documents'.

The Supervisory Board performs its own monitoring tasks in accordance with its own rules (updated, most recently, 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 schedule of 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 8 times, the meetings lasted on average 1 and a half 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 2022 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 its annex '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](http://www.delonghigroup.com), section 'Governance' - 'Corporate Bodies' - 'AGM Archive' - 'Annual General Meeting 2018'.

At the board meeting held on 12 May 2022, 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 6 May 2022.

## 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 departments 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 the decision on the transaction 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](http://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, the Control and Risks Committee and the Remuneration and Appointments Committee concerning transactions with related parties, reference is made to sections 6 and 9.2 of this Report as regards the Independent Committee and Control and Risks Committee respectively, and, as regards the Remuneration and Appointments Committee, to Section I of the 'Annual Report on the remuneration policy and compensation paid' published on the Issuer's website [www.delonghigroup.com](http://www.delonghigroup.com), section 'Governance' - 'Corporate Bodies' - 'Annual General Meeting 2023'.



# 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. 76 dated 30.01.2022) 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 Annual General Meeting held on 20 April 2022 and will expire with the Annual General Meeting's approval of the financial statements at 31 December 2024.

The composition of the Board of Statutory Auditors in office at 31 December 2022 is shown in Table 3 in the Appendix to this Report, to which reference is made. Since the closing of the Financial Year the composition has not changed and, therefore, at the date of approval of this Report, the Board of Statutory Auditors is composed of the following persons: (1) Cesare Conti (Chair); (2) Alberto Villani (standing auditor); (3) Alessandra Dalmonte (standing auditor); (4) Raffaella Annamaria Pagani (alternate auditor from the majority slate) and (5) Alberta Gervasio (alternate auditor from the minority slate).

The term of office of the Board of Statutory Auditors appointed by the Annual General Meeting of Shareholders on 30 April 2019 for the three-year period 2019-2021 until the AGM called to approve the financial statements at 31 December 2021, which was held on 20 April 2022, expired during the FY.

The Board of Statutory Auditors is composed of the following persons: (1) Cesare Conti (Chair); (2) Alberto Villani (standing auditor); (3) Paola Mignani (standing auditor); (4) Laura Braga (alternate auditor from the majority slate) and (5) Alberta Gervasio (alternate auditor from the minority slate).

For information on the Board of Statutory Auditors in office until the Annual General Meeting held on 20 April 2022, reference is made to section 11.2 of the Report on Corporate Governance and Shareholding Structure for FY 2021, available on the Company's website [www.delonghigroup.com](http://www.delonghigroup.com)

(section 'Governance' - 'Corporate Bodies' - 'AGM Archive' - 'Annual General Meeting 2022').

The Board of Statutory Auditors in office at the date of approval of this Report was elected on the basis of two slates: (i) the slate submitted on 25 March 2022 by the majority shareholder De Longhi Industrial S.A., owner at the time of 80,959,660 shares corresponding to 53.653% of De' Longhi S.p.A.'s share capital containing, in order, the candidates for the office of standing auditor (1) Alberto Villani, (2) Alessandra Dalmonte, (3) Michele Furlanetto, and for the office of alternate auditor (4) Raffaella Annamaria Pagani and (5) Simone Cavalli ('Slate no. 1'); and (ii) the slate submitted on 25 March 2022 by a group of asset management companies and financial intermediaries that were holding a total of 4,741,672 ordinary shares in the Company, equal to 3.142% of the share capital containing, in order, the candidate for the office of standing auditor Cesare Conti and for the office of alternate auditor Alberta Gervasio ('Slate no. 2').

As a result of the vote, the following candidates were elected: (1) Cesare Conti (Chair) from Slate no. 2 (minority slate); (2) Alberto Villani (standing auditor); (3) Alessandra Dalmonte (standing auditor); (4) Alberta Gervasio (alternate auditor) from Slate no. 2 (minority slate); (5) Raffaella Annamaria Pagani (alternate auditor).

Given a voting capital represented by 133,362,047 ordinary shares equal to 88.380% of the share capital and 224,321,707 votes equal to 92.421% of the voting rights attributed to the capital, the election of the aforementioned Directors occurred with 170,021,663 votes in favour, equal to 75.794% of the voting rights present at the Annual General Meeting and 70.049% of total voting rights) for the slate submitted by the majority shareholder De Longhi Industrial S.A. (Slate no. 1) and with 53,590,879 votes in favour (equal to 23.890% of the voting rights present at the Annual General Meeting and 22.079% of the total voting rights) 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 13 times. As a rule, the Board of Statutory 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 Statutory 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 and the Remuneration and Appointments Committee.

The Board of Statutory Auditors expects to hold 12 meetings in the current financial year, 2 of which have already taken place by the date of approval of this Report.

The curriculum vitae of the Standing Auditors in office at the date of approval 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 was director of the 'Master of Science in Finance' (2019-2022) and currently holds the courses 'Corporate Finance', 'Company Valuations' and 'Financial & Enterprise Risk Management', and is the coordinator of the Graduate School's seminar series 'Finance Ethics & Sustainable Finance'. Author of publications and speaker at conferences/webinars on: corporate finance and sustainable finance; extraordinary finance operations; financing and company valuations; corporate governance and enterprise risk management; financial risk management; use, valuation and presentation of derivative products in the financial statements. Independent consultant, court-appointed expert and party-appointed expert for companies, banks, private equity funds, public entities and legal/professional advisory 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.

**Alessandra Dalmonte**, Standing Member, was born in Lugo (Ravenna, Italy) in 1967. She graduated in Business Economics with honours from Bocconi University in Milan. She qualified as a Chartered Accountant in 1995 and is a Statutory Auditor registered in the Register as per Ministerial Decree of 26 May 1999 published in the Official Gazette, 4th Special Series, supplement no. 45 of 8 June 1999. She is partner in Poggi & Associati, where she works as Chartered Accountant dealing mainly with tax and business advisory, international taxation and extraordinary finance operations, and advises on tax litigation. She is a Director and member of the Board of Statutory Auditors in various companies.

**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, 4th Special Series, no. 31-bis 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](http://www.delonghigroup.com), section 'Governance' - 'Company Documents').

At the meeting held on 13 March 2023, 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.

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Following its renewal, as resolved by the Annual General Meeting held on 20 April 2022, the Board of Statutory Auditors 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, and discussed the results at the meeting held on 21 February 2023. 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 above meeting held on 21 February 2023, a special self assessment report that was presented to the Board of Directors at the meeting held on 13 March 2023. 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 21 February 2023, 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 and compliance with current legislation and company regulations on gender diversity.

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It should be noted that, 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 previous term of office, 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 summarised 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](http://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 22 February 2023, 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 and based on the information provided by each Auditor, 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 13 March 2023 for the presentation in this Report.

Furthermore, following the renewal of the control body at the AGM held on 20 April 2022, the Board of Statutory Auditors, in the meeting held on 2 May 2022 ascertained that all its members met the independence requirements of both Article 148(3) of the CLF and the Corporate Governance Code, taking into account, in relation to the latter, the quantitative and qualitative criteria established by the Board of Directors to assess the significance of the circumstances referred to in points c) and d) of Recommendation no. 7 of the CG Code (for identification of these Significance Criteria, refer to section 4.7 of this Report). In accordance with Art 144-novies, para. 1-bis, of the Issuers' Regulation and Recommendation no. 10 of the Corporate Governance Code, the results of this verification were shared with the Board of Directors at the meeting held on 12 May 2022, and made public with a press release published on the same date.

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](http://www.delonghigroup.com), section 'Governance' - 'Corporate Bodies' - 'Annual General Meeting 2023'.

### 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.

# 12

## Relations with shareholders

### 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](http://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. The details for contacting the Investor Relations department (also available online on the website [www.delonghigroup.com](http://www.delonghigroup.com), section 'Media' - 'Contacts') are the following: telephone: +39 0422 4131 - fax: +39 0422 414346 - e-mail: [investor.relations@delonghigroup.com](mailto:investor.relations@delonghigroup.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](http://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).

During the Financial Year, the most important topics that were the subject of dialogue with shareholders were: growth, margins, the balance sheet, capital allocation & governance and ESG issues.

Also during 2022, in order to take into account the indications that emerged during the dialogue with shareholders, the Investor Relations department shared the main feedback received from the financial community with both top management and the board committees, each for the matters within their remit. These interactions have stimulated and enriched the internal discussion on the above managerial issues and also enabled information to be shared with financial stakeholders with a high degree of transparency and depth.

### Dialogue with stakeholders

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. With this in mind, the Company - as part of the preparation of its materiality analysis (last updated during the FY in alignment with the new GRI 2021 standards) - has identified the Group's significant stakeholders, providing listening/communication channels dedicated to each of them, as well as highlighting the main issues that emerged (information available on the Issuer's website [www.delonghigroup.com](http://www.delonghigroup.com), in the section 'Sustainability' - 'Stakeholders').



# 13

## 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 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](http://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](http://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.

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During the 2022 financial year, only one Annual General Meeting of Shareholders was held on 20 April 2022, 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 subsequently amended, 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 2021 and the distribution of the related dividend; (ii) the Remuneration Policy for the year 2022 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 2021; (iii) the proposal to authorise the purchase and disposal of treasury shares, after revoking the resolution taken by the Annual General Meeting of 21 April 2021; (iv) the renewal of the Board of Directors and the Board of Statutory Auditors for the three-year period 2022-2024.

At the Annual General Meeting of Shareholders held on 20 April 2022, 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 or appropriate to draw up - from the perspective of defining a corporate governance system that is more in line with the company's needs - 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. breakdown of the administrative and property rights of shares;
- c. percentages established for exercising the prerogatives to protect minority interests.

In anticipation of the renewal of the corporate bodies at the Annual General Meeting held on 20 April 2022, the Board did not draw up reasoned proposals for submission to the AGM concerning the size, composition and appointment of the Board and the duration of office of its members.

## 14 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.



## 15 Changes since the closing of the financial year

On 17 June 2022, Massimo Garavaglia submitted his resignation from his position as Chief Executive Officer and General Manager of the Company and from his position as a member of the Board of Directors, effective as of 1 September 2022. On the same date, the Company also informed the market - through a press release - that a Succession Plan was in progress.

At the meeting held on 28 July 2022, the Board of Directors then appointed Fabio de' Longhi as Chief

Executive Officer (effective as of 1 September 2022), pending the identification of a new CEO.

At the end of the aforementioned process, the Board of Directors meeting held on 22 December 2022 approved the appointment of Nicola Serafin as General Manager, reporting directly to the Chief Executive Officer Fabio de' Longhi (who confirmed his willingness to continue in the position assigned to him on 28 July 2022), thus completing the search for a candidate for the position of Chief Executive Officer.

In his new position, which took effect from 1 January 2023, Nicola Serafin holds the powers of ordinary administration for management of the Group.

Nicola Serafin's curriculum vitae has been published on the Company's website [www.delonghigroup.com](http://www.delonghigroup.com), section 'Governance' - 'Management'.

# 18

## 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 25 January 2023 (hereinafter the 'Recommendations' or 'Recommendation') have been examined by the Board of Directors in the meeting held on 28 February 2023. 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 20 February 2023 and by the Remuneration and Appointments Committee at the meeting held on 13 February 2023.

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** invites companies to *'adopt a policy of dialogue with shareholders that also envisages the possibility of this dialogue being initiated by investors, defining methods and procedures that are graduated, based on the principle of proportionality, according to the company's characteristics in terms of size and ownership structure.'*

Furthermore, the Committee *'invites companies to consider providing information, in their corporate governance report, on the most important issues that have been the subject of dialogue with shareholders and on any initiatives they have adopted to take account of the indications that emerged.'*

On this point, the Board highlights that 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](http://www.delonghigroup.com)).

com, section 'Governance' - 'Company Documents'), described in Section 12 of this Report, to which reference is made. This Policy also envisages the possibility of dialogue with shareholders being initiated by investors. Nevertheless, the Board of Directors will review the Policy during FY 2023, also in light of this recommendation, in order to assess the introduction of any updates.

With reference to the most important issues that have been the subject of dialogue with shareholders and any initiatives adopted to take account of the indications that emerged, reference is made to section 12 of this Report.

With regard to **Recommendation no. 2** in which the Committee *'invites companies to provide, in their Corporate Governance Report, adequate information on the criteria and methods used by the board of directors to promote dialogue with other relevant stakeholders'*, the Board of Directors observes 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 (last updated during the FY in alignment with the new GRI 2021 standards) - has identified the Group's significant stakeholders, providing listening/communication channels dedicated to each of them, as well as highlighting the main issues that emerged (information available on the Issuer's website [www.delonghigroup.com](http://www.delonghigroup.com), in the section 'Sustainability' - 'Stakeholders').

With **Recommendation no. 3** the Committee *'invites companies in which the chairperson is granted significant management powers to provide, in the*

*Corporate Governance Report, adequate reasons for this choice, even if the chairperson is not designated as CEO.'*

On this point, the Board of Directors notes that, during the Financial Year, and until 22.12.22, the Chairman Giuseppe de' Longhi was granted significant management powers in the presence of a CEO with the same powers. Management powers had always been attributed until 22 December 2022 also to the Chairman, in addition to the Chief Executive Officer and Vice-Chairman, in view of the fact that Giuseppe de' Longhi is the founder of the De' Longhi Group and that his role was not limited to institutional and representative functions, but was fully operational and in this respect important for the best performance of the Company.

As part of the changes to the Company's governance structure resolved by the Board of Directors on 22 December 2022, which led to the appointment as of 1 January 2023 of Nicola Serafin as General Manager reporting directly to the Vice-Chairman and Chief Executive Officer, Fabio de' Longhi, the Board of Directors re-assessed the Chairman's powers, providing for them to be exercised only in the event that the Vice-Chairman and Chief Executive Officer is absent or unavailable. These powers were attributed to the Chairman in order to ensure the best possible operational management of the Company.

It should also be noted that, following the aforementioned changes to the Chairman's powers, on 22 December 2022 the Board of Directors nevertheless deemed it appropriate to retain the figure of Lead Independent Director (see section 4.7 of this Report),

thus continuing with the adherence to Recommendation no. 13 of the CG Code.

**Recommendation no. 4** *'invites the board of directors to provide procedures for managing information disclosure before board meetings that do not envisage generic exemptions to the timely disclosure for reasons of confidentiality of data and information and to provide, in the corporate governance report, detailed information on any failure to observe the notice period indicated in the procedures for sending board documentation, explaining the reasons and illustrating how adequate in-depth analyses were ensured during board meetings.'*

In this regard, the Board of Directors would like to note that the Rules governing the functioning of the Board of Directors, including the procedures for managing information disclosure to the directors, were approved on 30 June 2021.

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

- the Board of Directors decided the reasonable notice for sending the documentation to the directors as being at least 2 business days before the meeting (except in emergencies);
- the term set by the Board was largely met in the meetings held during the Financial Year;
- the current Rules of the Board of Directors do not establish that the above time limit of 2 business days prior to the meeting (except in cases of urgency) may be waived for reasons of confidentiality of data and information.



**Recommendation no. 5** *'invites companies to define, in the rules adopted for the functioning of the board of directors and the board committees, the methods with which these bodies can access the competent corporate departments depending on the subject matter, under the coordination of the chairperson of the board of directors or committee, in agreement with or informing the CEO respectively. The Committee also invites companies to provide, in the corporate governance report, information on the actual participation of managers in board and committee meetings, indicating the departments involved and the frequency of involvement.'*

On this point, it should be noted that the rules for the board committees approved by the Board of Directors envisage the possibility that these committees, in performing their functions, have access to the information and company departments necessary for the execution of their duties. During 2023, it will be considered whether a similar provision should also be included in the Rules of the Board of Directors and, if necessary, whether this should be re-assessed for the rules of the Committees, also taking into account the appointment of the General Manager, Nicola Serafin, and the strengthening role he will play in the relationship between the Group's management and the Board of Directors, including the Board Committees. With regard to managers' participation in the meetings of the Board of Directors and the Board Committees, reference is made to sections 4.4 and 9.2 of this Report, as regards the Board of Directors and the Control and Risks Committee respectively, and to subsection 2.2 of Section I of the Report on Remuneration published on the Issuer's website [www.delonghigroup.com](http://www.delonghigroup.com), section 'Governance' - 'Corporate Bodies' - 'Annual General Meeting 2023' as regards the Remuneration and Appointments Committee.

With **Recommendation no. 6** the Committee *'stresses the importance for the board of directors, at least in companies other than those with concentrated ownership, to express, in view of its renewal, an opinion on the optimal composition of the board, and invites companies to publish this opinion sufficiently in advance so that those submitting slates of candidates are able to take it into account for the purposes of slate composition.'*

On this point, the Board noted that this recommendation does not apply to the Company since it is controlled by De Longhi Industrial S.A. (see section 2(c)) and therefore qualifies, under the CG Code, as a company with concentrated ownership. It was also noted that, in view of its renewal resolved upon by the Annual General Meeting on 20 April 2020, the outgoing Board nevertheless provided shareholders, in the Directors' Report pursuant to Art. 125-ter of the CLF, with its recommendations on the profiles of candidates to be included in the slates and other characteristics of the candidates, in line with the diversity policy adopted in relation to the composition of the administrative body (for a description of which see section 4.3 of this Report).

With **Recommendation no. 7** the Committee *'stresses the importance of defining in advance the quantitative parameters and qualitative criteria for assessing the significance of any commercial, financial or professional relationships and any additional remuneration for the purposes of the independence of a director and disclosing them in the corporate governance code. The Committee invites companies to assess the appropriateness of quantitative parameters, also defined in monetary terms or as a percentage of the remuneration attributed for the office and for participation in committees recommended by the Code.'*

On this point, the Board notes that the Company adopted these Significance Criteria at the board

meeting held on 27 January 2022, noting that they were defined in accordance with the recommendations of the Corporate Governance Committee (for the description of said Significance Criteria see section 4.7 of this Report).

With **Recommendation no. 8** the Committee *'invites companies to include in the remuneration policy of the CEO and the other executive directors an executive summary, in table form, showing the composition of the pay package, specifying the characteristics and weighting of the fixed, short-term variable and long-term variable components with respect to the total remuneration, at least with reference to the achievement of the target objective of the variable components.'*

On this point, the Board of Directors highlights that the Remuneration Policy drafted for FY 2023 contains, in continuity with the 2022 Remuneration Policy, a table of the pay mix, i.e. the pay package of the executive directors and key managers with strategic responsibilities that highlights the weight of the different components in relation to total remuneration, with reference not only to the target objectives but also to the weights at the maximum entry points and stretch targets.

With **Recommendation no. 9** the Committee *'invites companies to include in their remuneration policies a variable component with a multi-year horizon, consistent with the company's strategic goals and the pursuit of sustainable success.'*

On this point, the Board of Directors notes that the Group already has two long-term incentive plans for executive directors and key managers with strategic responsibilities, one cash incentive plan linked to the achievement of business objective and one equity incentive plan that rewards the appreciation of the De' Longhi share value, called the *LTI Cash Plan 2021-2023* and *Stock Options Plan 2020-2027* respectively. For a description of these

plans see section 3.6 of the Report on Remuneration published on the Issuer's website [www.delonghigroup.com](http://www.delonghigroup.com), section 'Governance' - 'Corporate Bodies' - 'Annual General Meeting 2023', as regards the Remuneration and Appointments Committee.

With **Recommendation no. 10** the Committee *'invites companies with incentive mechanisms for the CEO and other executive directors linked to sustainability objectives to provide a clear indication of the specific performance objectives to be achieved.'*

The Board of Directors highlights how the objectives set for the variable remuneration of the Chief Executive Officer, General Manager and other Key Managers with Strategic Responsibilities by the 2023 Remuneration Policy include ESG objectives, detailing - unlike the 2022 Remuneration Policy - specific KPIs.

The Board of Statutory Auditors also participated in the review of the recommendations by the Committees and the Board of Directors.

Treviso, 13 March 2023

Chairman of the Board of Directors

Dott. Giuseppe de' Longhi

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# Appendix

**TABLE 1** - Structure of the Board of Directors at 31.12.2022

**TABLE 2** - Structure of the Board Committees at 31.12.2022

**TABLE 3** - Structure of the Board of Statutory Auditors at 31.12.2022

**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) (***)	Exec.	Non-exec.	Indep. as per Code	Indep. as per CLF	N° other positions (****)	Attendance (*****)
Chairman	Giuseppe De' Longhi	1939	2001	20.04.2022	Approval of Accounts at 31.12.2024	Shareholders	M	X				3	11/11
CEO	Fabio De' Longhi	1967	2001	20.04.2022	Approval of Accounts at 31.12.2024	Shareholders	M	X				2	11/11
Director	Silvia De' Longhi	1984	2007	20.04.2022	Approval of Accounts at 31.12.2024	Shareholders	M	X				1	11/11
Director	Massimiliano Benedetti	1970	2018	20.04.2022	Approval of Accounts at 31.12.2024	Shareholders	M		X	X	X	1	10/11
Director	Ferruccio Borsani	1958	2019	20.04.2022	Approval of Accounts at 31.12.2024	Shareholders	m		X	X	X	1	11/11
Director <sup>o</sup>	Luisa Maria Virginia Collina	1968	2016	20.04.2022	Approval of Accounts at 31.12.2024	Shareholders	M		X	X	X	-	11/11
Director	Carlo Garavaglia	1943	2001	20.04.2022	Approval of Accounts at 31.12.2024	Shareholders	M		X			4	11/11
Director	Carlo Grossi	1956	2022	20.04.2022	Approval of Accounts at 31.12.2024	Shareholders	M		X	X	X	-	8/8
Director	Micaela le Divelec Lemmi	1968	2022	20.04.2022	Approval of Accounts at 31.12.2024	Shareholders	M		X	X	X	2	7/8
Director	Maria Cristina Pagni	1955	2013	20.04.2022	Approval of Accounts at 31.12.2024	Shareholders	M		X		X	-	11/11
Director	Stefania Petruccioli	1967	2013	20.04.2022	Approval of Accounts at 31.12.2024	Shareholders	M		X		X	3	11/11
<b>Directors who left during the financial year</b>													
CEO	Massimo Garavaglia	1966	2020	20.04.2022	31.08.2022	Shareholders	M	X				2	7/7
Director	Renato Corrada	1949	2004	30.04.2019	Approval of Accounts at 31.12.2021	Shareholders	M		X		X	-	3/3
Director	Giorgio Sandri	1944	2001	30.04.2019	Approval of Accounts at 31.12.2021	Shareholders	M		X			-	3/3

Number of meetings held during the financial year: 11

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**

<sup>o</sup> 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	Luisa Maria Virginia Collina	5/5	C	-	-	0/0	C
Non-executive and independent director as per CLF and Code	Micaela le Divelec Lemmi	5/5	M	-	-	0/0	M
Non-executive and independent director as per CLF and non-independent as per Code	Stefania Petruccioli	8/8	M	-	-	-	-
Non-executive and independent director as per CLF and Code	Carlo Grossi	-	-	10/10	C	-	-
Non-executive and independent director as per CLF and Code	Ferruccio Borsani	-	-	10/10	M	-	-
Non-executive and non-independent director as per CLF and Code	Carlo Garavaglia	-	-	14/14	M	-	-
Non-executive and independent director as per CLF and Code	Massimiliano Benedetti	-	-	-	-	0/0	M
<b>Directors who left during the financial year</b>							
Non-executive and independent director as per CLF and non-independent as per Code	Renato Corrada	3/3	M	-	-	-	-
Non-executive and independent director as per CLF and non-independent as per Code	Maria Cristina Pagni	3/3	M	4/4	C	0/0	C
Non-executive and independent director as per CLF and non-independent as per Code	Stefania Petruccioli	-	-	4/4	M	0/0	M
<b>N° meetings held during the Financial Year:</b>			<b>8</b>	<b>14</b>		<b>0</b>	

**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	20.04.2022	Approval of Accounts at 31.12.2024	m	X	13/13	1
Standing auditor	Alessandra Dalmonte	1967	2022	20.04.2022	Approval of Accounts at 31.12.2024	M	X	8/8	1
Standing Auditor	Alberto Villani	1962	2013 o	20.04.2022	Approval of Accounts at 31.12.2024	M	X	13/13	34
Alternate auditor	Raffaella Annamaria Pagani	1971	2022	20.04.2022	Approval of Accounts at 31.12.2024	M	X	N/A	N/A
Alternate auditor	Alberta Gervasio	1965	2016	20.04.2022	Approval of Accounts at 31.12.2024	m	X	N/A	N/A
<b>Auditors who left during the financial year</b>									
Standing auditor	Paola Mignani	1966	2013	30.04.2019	Approval of Accounts at 31.12.2021	M	X	5/5	6
Alternate auditor	Laura Braga	1984	2019	30.04.2019	Approval of Accounts at 31.12.2021	M	X	N/A	N/A

Number of meetings held during the financial year: 13

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, and this was renewed on 20.04.22 for the following three-year period 2022-2024.



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