



2022 REMUNERATION REPORT AND COMPENSATION PAID

Issuer: Falck Renewables S.p.A.

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Executive Summary

Guidelines of the 2022 Remuneration Policy

	CHAIRMAN	CHIEF EXECUTIVE OFFICER	KMP
FIXED REMUNERATION <i>Remunerates the skills, experience and contribution required by the role</i>	€ 340,000	€ 600,000 annual <i>pro rata temporis</i> as from February 24, 2022 ¹	Fixed remuneration is related to the role covered and the responsibilities attributed to said role, as well as the experience and strategic importance of the staff member
SHORT-TERM VARIABLE INCENTIVE (MBO) <i>It incentivises the achievement of annual financial and non-financial objectives</i>	Not applicable	Target = € 600,000 <i>pro rata temporis</i> as from February 24, 2022 ² Parameters 2022: <ul style="list-style-type: none"> ▪ EBITDA (weight 40%) ▪ System Energy Availability NET (35%) ▪ Community engagement (15%) ▪ Gender balance (10%) Entry Gate: NFP/EBITDA	MBO system parameters from a minimum of 3 to a maximum of 4 quantitative and/or project parameters diversified depending on the organisational role and the areas of responsibility of each KMP, to which a corrective factor is applied connected with the Group's results.
LONG-TERM VARIABLE INCENTIVE (LTI) <i>It is targeted at aligning, in the long-term, Management's actions with Shareholders' interests</i>	Not applicable	New LTI Plan: taking into account the transaction that led to the change of control of FKR, the BoD will start a process to prepare a new LTI Plan based on performance targets Target= € 900,000 <i>pro rata temporis</i> as from February 24, 2022	New LTI Plan: taking into account the transaction that led to the change of control of FKR, the BoD will start a process to prepare a new LTI Plan based on performance targets
SEVERANCE PAYMENT <i>Indemnities aimed at protecting the interests of the company, preventing any disputes</i>	Not applicable	Indemnity for early termination of the directorship relationship: € 1,800,000 in the event of Good Leaver and € 900,000 in the event of Medium Leaver Indemnity for the end of mandate for non-renewal: € 1,800,000 (Good Leaver o Medium Leaver) Non-competition agreement: it is valid for 6 months from the date of termination of office: € 100,000 for each month of duration of the Non-competition agreement	Not envisaged ex ante

¹ For the period prior to February 24, 2022, the fixed compensation provided for in the Chief Executive Officer's previous compensation package of €500,000 per year will continue to apply *pro rata temporis*.

² For the period prior to February 24, 2022, the short-term variable remuneration envisaged by the previous remuneration package of the Chief Executive Officer will continue to apply *pro rata temporis*, with a target incentive of €270,000.

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INTRODUCTION

The remuneration of the Directors, particularly those holding executive positions, Managing Directors, Key Management Personnel and members of the Board of Statutory Auditors represent a fundamental incentive and control mechanism for ensuring the integrity and effectiveness of corporate governance mechanisms. The company Falck Renewables S.p.A. ("**Company**"), in drafting the Annual Report on the Remuneration Policy and Compensation Paid ("**Report**"), intends to increase Shareholders' involvement in defining remuneration policies and strengthening the transparency of the contents of these policies and their effective implementation, allowing investors to access information on the incentive system in force, promoting a more accurate evaluation of the Company and making it easier for said Shareholders to exercise their rights in an informed manner.

With this document, the Company intends to present to the Shareholders' Meeting a report describing the general remuneration policy for the year 2022 and highlighting the effective application of that relating to 2021.

The Report is structured into the following sections:

❖ Remuneration Policy (Section I)

It contains information about the Annual Remuneration Policy ("**Remuneration Policy**" or even just "**Policy**") with reference to the members of the Administration and Control Bodies and to the Key Management Personnel for the year 2022. Therefore, this section has a forward-looking value.

In particular, the first section outlines:

- the Company's policy on the remuneration of the members of the Administration and Control Bodies and of the Key Management Personnel with reference to the year 2022;
- the procedures used to adopt and implement said policy.

❖ Compensation paid (Section II)

It provides a representation of each item that make up the remuneration and analytically reports the compensation paid in the reference year 2021, for any reason and in any form, by the Company and its subsidiaries and associates.

REGULATORY REFERENCES

This document is prepared in accordance with art. 123-*ter* of the TUF (Consolidated Law on Finance), which sets forth that "at least twenty-one days before the date of the Shareholders' Meeting [...] companies with listed shares must provide the public with a report on the Remuneration Policy and Compensation Paid, at the company's registered office, on its website, and with the other methods established by the CONSOB regulation".

The Report was drafted in accordance with the aforementioned art. 123-*ter* of Italian Legislative Decree no. 58 of 24 February 1998 and in compliance with Annex 3A, schedules 7-bis and 7-*ter* of CONSOB regulation no. 11971 of 14 May 1999 and subsequent amendments.

Art. 123-*ter*, paragraph 3-bis of the Consolidated Law on Finance requires companies to submit the Remuneration Policy to a shareholders' vote according to the frequency required by the Policy itself (i.e. Section I of this document). This resolution is binding. If the Shareholders' Meeting does not approve the Remuneration Policy, the company continues to pay remuneration in compliance with the most recent Remuneration Policy approved by the Shareholders' Meeting or, in the absence of the latter, may continue to pay remuneration in compliance with the procedures in force.

In defining the Remuneration Policy contained in this document, account was also taken of the principles and recommendations identified by art. 5 of the Code of Corporate Governance issued by Borsa Italiana in January 2020, which the Company subscribes to.

In addition, art. 123-*ter*, paragraph 6 of the Consolidated Law on Finance, requires companies to submit the section of the Report, which indicates the compensation paid (i.e. Section II of this document), to a shareholders' vote. This resolution is of an advisory nature.



PURE POWER TO GROW

SECTION I (REMUNERATION POLICY)

Through the definition of the Remuneration Policy, the Company identifies the principles and guidelines that allow it to determine and monitor the Remuneration Policy and its implementation within the Group, as regards Directors, Key Management Personnel and Statutory Auditors.

PROCEDURES FOR THE ADOPTION AND IMPLEMENTATION OF THE REMUNERATION POLICY

Entities involved

The Company's Remuneration Policy is developed and implemented with the involvement of the following entities.

Remuneration Committee

In compliance with the provisions contained in the Code of Corporate Governance of Borsa Italiana, which Falck Renewables S.p.A. subscribes to, the Company's Board of Directors established an internal "Remuneration Committee" ("**RemCo**") composed of non-executive and independent Directors, defining their tasks and powers in accordance with the recommendations of the Code of Corporate Governance.

The Remuneration Committee approved its Regulation, which, in addition to regulating the terms and procedures for calling and holding meetings (by defining, in this regard, the responsibilities of the Chairperson of the RemCo), requires the Committee to have investigative, advisory and proposal-making functions on all aspects relating to the organisational structure, the remuneration policies and the development of the Group's human resources.

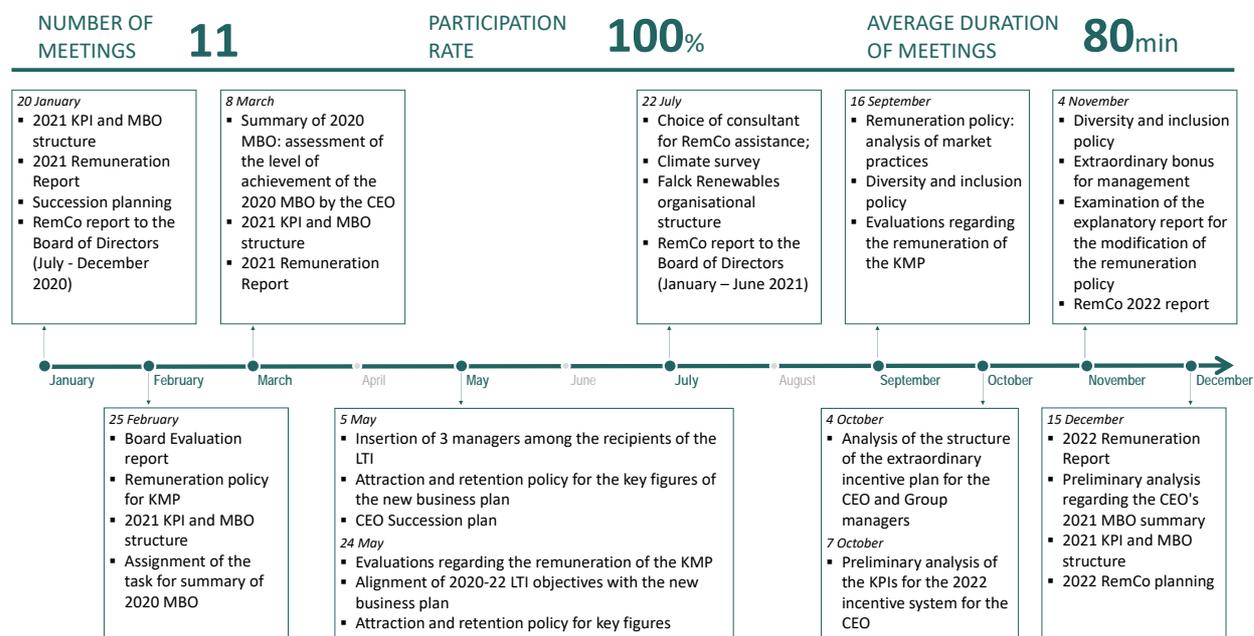
At the date of this report, the members of the Remuneration Committee are:

- ❖ Elisabetta Caldera, Chairperson⁴
- ❖ Paolo Pietrogrande, Member²
- ❖ Nicoletta Giadrossi, Member².

During 2021, the Remuneration Committee met 11 times (with an attendance rate of 100%).

⁴ Independent according to the Consolidated Law on Finance and the Code of Corporate Governance.

The activities carried out by the RemCo during the year are summarised below:



At the date of approval of this Report, 4 meetings of the RemCo had been held during 2022, dedicated, among other things, to the finalisation of the new MBO system, to the acceleration of the long-term incentive plans, in both cash and shares, relating to the three-year period 2020-2022 in view of the completion of the extraordinary transaction that led to the change of control of the Company, as well as to the examination of this Report for subsequent approval by the Board of Directors.

Board of Directors

Falck Renewables S.p.A.'s Board of Directors is composed, at the date of drafting of this Report, of 12 Directors.

The Board, among other tasks:

- ❖ defines, on the proposal of the Remuneration Committee, the Remuneration Policy of Directors and Key Management Personnel;
- ❖ determines, having examined the proposals of the Remuneration Committee and after hearing the opinion of the Board of Statutory Auditors, the remuneration of the Chief Executive Officer and of the other Directors vested with special duties (in particular the Chairman and any Deputy Chairmen); as well as determines, if the Shareholders' Meeting

has not already done so, the allocation of the overall remuneration due to the members of the Board.

Shareholders' Meeting

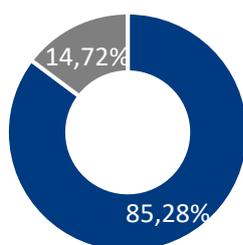
Pursuant to applicable law and the Articles of Association, the role of the Shareholders' Meeting (limited to the issues of interest for this Report), is mainly to:

- ❖ determine the compensation of the Directors and the Statutory Auditors;
- ❖ approve compensation plans based on financial instruments in favour of members of the Board of Directors, employees or collaborators of the Company (or parent or subsidiary companies);
- ❖ express an opinion on the Report itself.

For the sake of completeness, the report of the latest votes on Section I (14 December 2021, the date on which the Shareholders' Meeting was called to vote on the proposed amendment to the "Remuneration Policy for the year 2021" contained in Section I of the Annual Report on the remuneration policy and compensation paid, approved by the Shareholders' Meeting on 29 April 2021, pursuant to art. 123-ter, paragraph 3-bis, of Italian Legislative Decree no. 58/98) and on Section II of the 2021 Remuneration Report (29 April 2021):

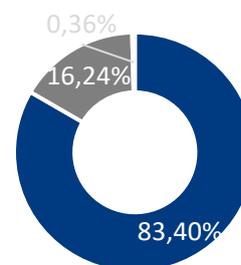
	Section 1 (% of share capital present)	Section 2 (% of share capital present)
Shares in favour	85.28%	83.40%
Shares against	14.72%	16.24%
Shares abstained	0.00%	0.36%

Vote on Section 1 of the Report
(% of share capital present),
14 December 2021



■ Shares in favour ■ Shares against
■ Shares abstained

Vote on Section 2 of the Report
(% of share capital present),
29 April 2021



■ Shares in favour ■ Shares against
■ Shares abstained

Process of defining and approving the policy

The Remuneration Policy is subject to approval by Falck Renewables' Board of Directors on the proposal of the Remuneration Committee, which, for the part regarding Key Management Personnel, in turn conducts a preliminary assessment of the proposals of the Chief Executive Officer.

In addition, pursuant to the Articles of Association, as regards the Remuneration Policy of the Executive Directors, the Board of Directors takes the opinion of the Board of Statutory Auditors into consideration. The Policy, once examined and approved by the Board of Directors, must be approved by the Shareholders' Meeting, making it available at least 21 days before the date of the calling of the Shareholders' Meeting through publication of the Remuneration Report.

The full text of the Report was previously examined by the Remuneration Committee and then approved by the Board of Directors on 22 March 2022.

DURATION OF THE REMUNERATION POLICY

In order to ensure continuous dialogue with shareholders and make it easier for them to be involved in defining the guidelines of the Company's remuneration policy and, at the same time, maintain the necessary flexibility to quickly respond to future needs in an extremely dynamic market context, this Remuneration Policy has an annual duration.

Therefore, the Company will present the Remuneration Policy to the Shareholders' Meeting for approval year on year.

This Remuneration Policy (hereinafter the "2022 Remuneration Policy" or, simply, "2022 Policy") is valid for the year 2022.

If the Shareholders' Meeting does not approve the remuneration policy, the Company shall pay compensation in compliance with the latest Policy approved by said Shareholders' Meeting.

PURPOSE OF THE REMUNERATION POLICY

The Company's Remuneration Policy is defined in accordance with the recommendations formulated by the Code of Corporate Governance and aims to strengthen the values, skills and behaviours consistent with the company culture and strategy through recognition of the responsibilities attributed, the results achieved, the quality of the professional contribution and the growth potential of the employee.

Therefore, the objective of the Remuneration Policy is to:

- ❖ motivate Management to reach the Company's strategic objectives;
- ❖ align Management and Shareholders interests, by pursuing the priority objective of creating sustainable medium/long-term value by establishing strong links between remuneration and results, in order to ensure respect for the *Pay for Performance* principle;
- ❖ attract, retain and motivate people with the professional attributes needed to pursue the company objectives;
- ❖ recognise merit in order to adequately value employees' individual contributions.

GENERAL PRINCIPLES OF THE REMUNERATION POLICY

The Remuneration Policy adopted by Falck Renewables for members of the Board of Directors and of the Board of Statutory Auditors and for Key Management Personnel of the Group is aimed at pursuing the sustainable success of the Company and attracting, retaining and motivating people with the expertise and professional skills required by the role covered in the Company.

This Policy is defined so as to align the interests of the aforementioned parties with the priority objective of creating medium/long-term value for Shareholders, at the same time by taking into consideration also the interests of the other categories of Company stakeholders. The Remuneration Policy is also targeted at creating sustainable value by the Company and ensuring that remuneration is based on the results actually achieved by the interested parties and by the Group as a whole (*Pay for Performance*).

The Remuneration Policy is based on the principles described below:

- ❖ Meritocracy
Falck Renewables, in defining the compensation of the Directors, Statutory Auditors and Key Management Personnel - but, more generally, of all people who work at the company

- adopts criteria for aligning the remuneration with the business results based on a meritocratic and selective approach.

❖ Fairness

Falck Renewables applies the principles of fair pay, maintaining consistency between remuneration and the responsibilities held, committing to ensuring our people receive equal opportunities, in a context of development of diversity and a culture of inclusion.

❖ Objectivity

In recent years Falck Renewables has launched a path to improve its remuneration policies, which led in 2021 to the introduction of tools aimed at objectively ensuring continuous comparison with current market practices and supporting the Company in objectively defining a remuneration policy that has such practices as a reference benchmark, against which to define the expected positioning.

❖ Transparency

Falck Renewables chose to share with its people the criteria adopted to define the remuneration policy and the main terms of the policies that allow its application.

LINK BETWEEN STRATEGY, REMUNERATION AND SUSTAINABILITY

Falck Renewables' Remuneration Policy contributes to the pursuit of the long-term interests and sustainability of the company through the identification of performance parameters connected with the Company's strategic objectives. The Policy is prepared so that the incentive systems are consistent with the company's strategic priorities, also through the appropriate balancing between the fixed and variable components of remuneration, and the parameters used as part of these systems gear FKR's management towards achieving the Company's long-term goals.

In addition, Falck Renewables' Policy attributes a greater weight to the variable long-term component than the short-term one, both for the Chief Executive Officer and Key Management Personnel, taking account of the objective of pursuing the creation of sustainable medium/long-term value and the relevance of the Group's 2025 strategic-business plan.

In fact, FKR's business plans have a 5-year time horizon, in order to allow longer range visibility in this dynamic phase of the energy industry. Full integration with sustainability issues underpins

the strategic-business plan, which makes provision for four sustainability targets at 2025, one for each of the four capital elements:

- ❖ **economic capital:** the value added distributed to our stakeholders;
- ❖ **social and relational capital:** the quality of the involvement of the local communities in our plants;
- ❖ **environmental capital:** greenhouse gas emissions avoided thanks to the production of green energy from wind and solar power;
- ❖ **human capital:** constant training of our people.

THE MAIN CHANGES OF FALCK RENEWABLES' REMUNERATION POLICY

1. Review of the remuneration package of the Chief Executive Officer

Following the completion on 24 February 2022 of the extraordinary transaction which led to the Change of Control of the Company, the Board of Directors deemed it appropriate to consider a review of the remuneration package of the Chief Executive Officer.

This review provides that the new remuneration package is mainly composed of:

- i. Fixed remuneration of € 600,000 (of which € 500,000 for his role as Director and Chief Executive Officer and € 100,000 for the role as General Manager);
- ii. Target short-term variable remuneration equal to 100% of the fixed remuneration, with a maximum ceiling of 150% with respect to the target incentive;
- iii. Target long-term variable remuneration equal to 150% of the fixed remuneration, with a maximum ceiling of 166,7% with respect to the target incentive;
- iv. A package of benefits including information and communication devices, company car for mixed use, housing, D&O policies, insurance and health policies and the provisions of the national collective labour agreement (CCNL) applicable to the executive role of the Chief Executive Officer;
- v. Indemnity for early termination of the role of director, termination indemnity for non-renewal, non-competition agreement after termination of contract, severance pay (TFM) and termination fees related to the executive relationship;

One-off extraordinary bonus in the amount of EUR 300,000 in the event of a positive outcome of the Company's delisting and refinancing of the financial debts existing as at 24 February 2022 (the payment of the one-off extraordinary bonus cannot, however, take place before the month following the occurrence of the Company's delisting) and one-off extraordinary bonus in the event of exit of the Company's current controlling shareholder, in an amount to be agreed in good faith between the Company and the Chief Executive Officer. The remuneration package was determined in accordance with the assigned delegations and powers granted to the Chief Executive Officer and taking into consideration the subordinate employment relationship of executive level (*livello dirigenziale*) between the Company and the Chief Executive Officer, in which he/she also holds the role of General Manager.

2. Review of the parameters of the MBO System of the Chief Executive Officer.

The Company's Remuneration Policy ensures a direct link between the corporate strategy and the remuneration and incentive mechanisms. For this reason, the Remuneration Committee deemed it appropriate to review the parameters of the MBO system of the Chief Executive Officer, in order to incorporate the changes dictated by the current situation of uncertainty and volatility of the entire Energy sector. On a proposal from the RemCo, this led the Board of Directors to make some changes to the incentive parameters and their weights. In particular, taking into account the above, it was deemed necessary to replace the parameter linked to the Gross Pipeline with an indicator linked to the plant efficiency. In fact, in light of the context in which Falck Renewables operates, it is of primary importance to ensure that the focus of the Chief Executive Officer for 2022 is to guarantee the best performance levels of the Company's portfolio. The System Energy Availability Netted from all the not controlled losses (SEA NET) parameter was introduced to the company several years ago, is continuously monitored by the FKR management and represents a crucial aspect in achieving the results defined in the industrial plan. The introduction of the SEA NET parameter led to a revision of the KPI weights of the CEO's MBO, as indicated in the previous paragraph of this document.

INFORMATION ON THE COMPANY'S REMUNERATION POLICY

The Policy, summarised in this Section of the Report, establishes the overall remuneration packages of the Directors in detail, including the executive Directors and the Key Management Personnel.

The guidelines of the 2022 Policy have been defined in line with the aims and general principles set out and have been assessed by the Remuneration Committee as being consistent with the applicable market references.

For Directors who are to be assigned management powers or who carry out, also only in practice, functions relating to the management of the company as well as for Key Management Personnel, a significant part of remuneration is linked to the achievement of specific performance objectives, also of a non-economic nature, previously indicated and determined in accordance with the guidelines in the Remuneration Policy. The remuneration of non-executive Directors is proportional to the commitment required of each of them, also taking into account the possible participation in one or more Committees.

The main features of the Policy are highlighted below, in terms of the elements of the remuneration package and their determination, for the following groups of parties:

1. **Chairman of the Board of Directors:** holder of not only the position of Chairman but also executive powers;
2. **Non-executive directors:** members of the Board of Directors not vested with special duties;
3. **Executive directors:** members of the Board of Directors (other than the Chairman) vested with special duties to whom special powers may also be delegated;
4. **Key Management Personnel:** persons who hold roles, as per the internal organisational provision, involving oversight of the Group's key and strategic departments;
5. **Members of the Board of Statutory Auditors:** members of the control bodies.

The attribution of powers to Directors solely for urgent cases does not, in itself, mean they can be classified as Executive Directors.

As regards the current composition of the Board of Directors, the following can be identified:

- ❖ Executive Chairman of the Board of Directors: Mr. Olov Mikael Kramer;
- ❖ Executive directors: the Chief Executive Officer and General Manager Mr Toni Volpe;

- ❖ Non-executive directors: the Deputy Chairman Mr John Hoskins Foster and the Directors Ms Sneha Sinha, Mr Mark Alan Walters, Ms Elisabetta Caldera, Ms Marta Dassù, Ms Nicoletta Giadrossi, Ms Georgina Grenon, Mr Andrew Lee Ott, Mr Paolo Pietrogrande, Ms Silvia Stefini.

Chairman of the Board of Directors

The remuneration of the Chairman of the Board of Directors is represented by a fixed component, determined on the basis of the commitment required to carry out the assigned activities.

The annual gross remuneration of the Chairman of the Board of Directors was established by the Board of Directors of Falck Renewables in the meeting of February 24, 2022 in an amount equal to € 340,000.

The Chairman is paid exclusively a fixed component, with no provision made for any type of incentive, bonus or other variable compensation for said person.

The remuneration package of the Chairman of the Board of Directors is supplemented, as regards the non-monetary benefits, by a "D&O" (Directors & Officers) insurance cover.

Non-executive Directors

The remuneration of the Non-executive Directors is represented by a fixed component, determined on the basis of the commitment required to carry out the assigned activities, also taking account of any participation in one or more internal committees of the Board of Directors. For the current mandate and, therefore, until expiry, the gross annual compensation of the Directors has been set by the Shareholders' Meeting of Falck Renewables of 7 May 2020 and distributed by the Board of Directors as specified below (also with reference to the remuneration for participation in the Committees, Sustainable Strategy Committee⁵ and Supervisory Body):

⁵ The Chairman of the Board of Directors also covers the role of Chairman of the Sustainable Strategy Committee and does not receive any compensation for fulfilling said position.

Remuneration of Directors not holding particular offices

Deputy Chairman of the Board of Directors	€ 50,000	Member of the Board of Directors	€ 45,000
Remuneration Committee		Control and Risk Committee	
Chairman	€ 45,000	Chairman	€ 45,000
Member	€ 20,000	Member	€ 20,000
Sustainable Strategy Committee		Supervisory Body	
Chairman	€ 0	Chairman	€ 35,000
Member	€ 45,000	Member	€ 25,000

In line with the *best practices* relating to remuneration systems, the Remuneration Policy for non-executive directors provides for compensation appropriate for the competence, professionalism and commitment required by the tasks attributed to them in the administration body and board committees; this compensation is not inked to financial performance targets. Non-executive Directors are not the recipients of share-based incentive plans. They also have the right to the reimbursement of the expenses incurred in fulfilling their roles.

The remuneration package of non-executive directors is supplemented, as regards the non-monetary benefits, by a "D&O" (Directors & Officers) insurance cover.

Executive Directors

In defining the Policy of the Chief Executive Officer, the Board took into consideration the following principles and criteria:

- ❖ the fixed and variable components are adequately balanced based on the strategic objectives and the risk management policy of the issuer, also taking account of the business sector in which it operates and the characteristics of the activities actually carried out by the company, requiring the variable component to represent a significant part of overall remuneration;
- ❖ maximum limits are envisaged for the variable components paid in cash and a maximum number of shares that can be assigned for the variable component of remuneration paid in financial instruments;
- ❖ the fixed component is sufficient to remunerate the performance of the Director in the event in which the variable component is not paid due to non-achievement of the performance objectives indicated by the Board of Directors;

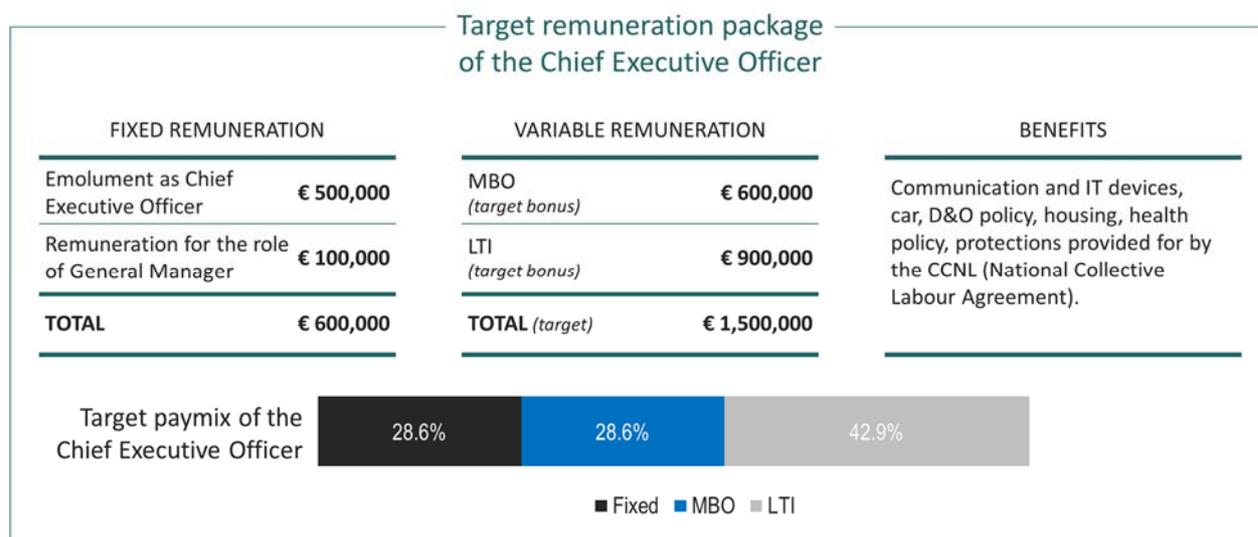
- ❖ the performance objectives (i.e. the economic results and any other specific objectives on which payment of the variable components depends) are predetermined, measurable and related, to a significant degree, to a long-term horizon. They are consistent with FKR's strategic objectives and are targeted at promoting its sustainable success, also through non-financial parameters.

With the support of a specialised company, FKR carried out a benchmark analysis that took into consideration exclusively the CEOs of some non-financial companies of the MID CAP index of the Italian Stock Exchange of comparable size to FKR, which have an external CEO with respect to the reference shareholding structure. These companies were considered representative in terms of the reference market for the Chief Executive Officer.

The panel companies are listed below:



The compensation of the Chief Executive Officer is composed as follows:



The average annual compensation for the Chief Executive Officer is determined on the basis of the following criteria:

- ❖ the fixed component has a weight of 28.6% of the Annual Total Direct Compensation in correspondence with the achievement of the target performance. The total fixed component for the compensation as Director, as Chief Executive Officer and the compensation for the role of General Manager is equal to € 600,000 gross yearly (of which € 500,000 gross yearly for the position of Director and Managing Director and € 100,000 gross yearly for the position of General Manager). In light of the transaction that led to the purchase of the 60% stake held by Falck S.p.A. by Green Bidco S.p.A., designated as the purchaser of the majority stake held by Falck, and the consequent change of control, the Board of Directors deemed it appropriate to revise the fixed compensation;
- ❖ the short-term variable component (MBO) has a weight of 28.6% of the Annual Total Direct Compensation in correspondence with the achievement of the target performance. In light of the transaction referred to in the previous point, the Board of Directors deemed it appropriate to revise the target amount of the short-term incentive system. The maximum incentive is also equal to € 900,000 gross, annually;
- ❖ the long-term fixed component (LTIP) has a weight of 42.9% of the Annual Total Direct Compensation in correspondence with the achievement of the target performance. In light of the transaction referred to in the previous point, the Board of Directors deemed it appropriate to revise the target amount of the long-term incentive system. The maximum incentive is also equal to € 1,500,000, annually;
- ❖ the benefit package includes the provisions of the national collective labour agreement (CCNL) applicable to the executive role of the Chief Executive Officer. The contract as Director also provides for information and communication devices, the company car for mixed use, housing, the "D&O (Directors & Officers)" insurance cover, insurance and health policies.

The amount of the fixed and variable components indicated above constitutes the new remuneration package of the Chief Executive Officer, following the transaction that led to the change of control of Falck Renewables on 24 February 2022. Therefore, for 2022, the fixed component and the short-term (MBO) and medium/long-term (LTI) variable components, as described above, will be applied on *pro rata temporis* basis starting from date of closing of the above-mentioned extraordinary transaction (which took place on February 24, 2022). For the period prior to the date of 24 February 2022, the amounts of the fixed annual remuneration and

of the short-term variable annual remuneration (MBO) provided for in the previous remuneration package of the Chief Executive Officer will be applied, always according to a *pro rata temporis* principle, without prejudice to the application, during the financial year 2022, of the acceleration of the long-term incentive plans, relating to the three-year period 2020-2022.

The benefits provided under the Chief Executive Officer's previous compensation package continue to apply until they are replaced by the benefits provided under the Chief Executive Officer's new compensation package, as described above.

Short-term variable remuneration (MBO)

The MBO system aims to evaluate and reward the annual performance.

The MBO objectives for the Chief Executive Officer are established by Falck Renewables' Board of Directors, on the proposal of the Remuneration Committee, within the first quarter of the reference year and based on the Budget approved by the Board of Directors itself. These objectives are tied to some parameters considered relevant from a management point of view and fundamental for the Business Plan.

KPI	WEIGHT
EBITDA	40%
System Energy Availability NET	35%
Community engagement	15%
Gender Balance	10%
TOTAL	100%

Three performance scenarios have been identified (threshold, intermediate and maximum) in correspondence of which bonuses gradually increase, on an annual basis, comprised between a minimum of € 400,000 gross (if the performance criteria set for the reference year are achieved at levels equal to a certain floor) and a maximum of € 900,000 gross (if the performance criteria set for the reference year are achieved at levels above the approved budget), with a target incentive set at € 600,000 gross (for the assumption that the performance criteria established for the reference year are achieved at levels in line with the approved budget), in line with the incentive strategy reported. In the event that the achievement of the performance criteria by the Chief Executive Officer is of an intermediate nature with respect to the 3 scenarios above, the short-term variable remuneration component (MBO) will be calculated according to the linear

interpolation method.

The system makes provision for an Entry Gate linked to the ratio between the Net Financial Position and EBITDA. It is also a condition for the disbursement of the entire MBO to be in office at the Company at the end of the reference year (except in the case of Good Leaver or Medium Leaver, as indicated below).

Verification of achievement of the objectives will be carried out by the Board of Directors of Falck Renewables, based on a preliminary assessment of the Remuneration Committee.

In the event of early termination of office, the short-term variable compensation (MBO) for the reference year shall be paid (i) *pro rata temporis* to the extent of 100% of the performance objectives achieved, recalculated year to date, in the case of Good Leaver, and (ii) *pro rata temporis* to the extent of 50% of the performance objectives achieved, recalculated year to date, in the case of Medium Leaver. In the case of Bad Leaver, no amount shall be paid as short term variable compensation.

Variable medium/long-term remuneration (LTIP)

In view of the completion, on 24 February 2022, of the extraordinary transaction that led to the change of control of the Company, and considering the importance of the long-term incentive system to ensure the pursuit of sustainable long-term success and the alignment of the interests of management with those of shareholders the Board of Directors will start a preliminary investigation for the preparation of a new medium-long term incentive plan for the Chief Executive Officer, characterized by a time horizon of at least three years and with variable remuneration brackets calculated according to the linear interpolation method in relation to the achievement of certain performance targets. In particular, under the new medium-long term incentive plan, the Chief Executive Officer will be entitled (i) to a target incentive equal to €900,000 gross if the performance criteria established for the reference year are achieved according to levels in line with the approved budget, (ii) to an incentive comprised between a minimum of €900,000 gross and a maximum of €1,500,000 gross if the performance criteria established for the reference year are achieved at levels above the approved budget, and (iii) an incentive ranging from a minimum of €600,000 gross to a maximum of €900,000 gross if the performance criteria established for the reference year are achieved at levels between a certain floor and the approved budget.

The achievement of the targets will be verified by the board of directors of Falck Renewables,

after consultation with the remuneration committee.

In the event of early termination of office, the amounts already accrued as medium/long-term variable remuneration shall be paid in full in the event of Good Leaver or Medium Leaver, while the medium-long term variable compensation for the year of reference will be paid (i) *pro rata temporis* to the extent of 100% of the performance objectives achieved (recalculated year to date) in the case of Good Leaver, and (ii) *pro rata temporis* to the extent of 50% of the performance objectives achieved (recalculated year to date) in the case of Medium Leaver. In the case of Bad Leaver, no amount shall be paid as medium to long-term variable compensation.

During the year 2022, the acceleration of the long-term incentive plans, relating to the three-year period 2020-2022, was also applied, following the Remuneration Committee's assessment. In light of the transaction that led to the change of control of the Company, which took place on February 24, 2022, one of the conditions set out in the Regulations of the LTI 2020-2022 plan for the acceleration of the plan was met.

The Company is expressly granted the right, until the possible delisting of the Company, (i) not to proceed with the payment of the amounts integrating the short term variable remuneration (MBO) or the medium-long term variable remuneration (LTIP) or (ii) if already paid, to obtain the reimbursement of the same, under certain circumstances, such as, purely by way of example and without limitation, the case of an amount paid on the basis of data which subsequently prove to be manifestly incorrect (malus and clawback clause).

Benefits

The remuneration offer of the Chief Executive Officer is complete with different types of benefits. They consist primarily of pension, insurance and welfare plans that reflect, in a consistent and better manner, the social security and welfare protection set out in the National Collective Labour Agreement applicable to the executive role of Chief Executive officer (with reference to Managers of Companies that produce goods and services). Provision is also made for the assignment of information and communication devices, a company car for personal and business use and the assignment of a residential housing unit.

The remuneration package of the Chief Executive Officer is supplemented, as regards the non-monetary benefits, by a "D&O" (Directors & Officers) insurance cover.

Indemnity for early termination or non-renewal of employment

The indemnity that may be provided for the termination of the directorship is so defined that its overall sum is not higher than a determined amount.

The following are currently provided for the Chief Executive Officer:

- ❖ indemnity in case of early termination of the Office of Director and Chief Executive Officer, consisting of a one-off, all-inclusive amount of money equal to € 1,800,000 gross (in case of Good Leaver) or € 900,000 gross (in case of Medium Leaver), nothing in case of Bad Leaver;
- ❖ indemnity for end of mandate, in case of the non-renewal by the Board of Directors of the office of Director and Chief Executive Officer consisting of a one-off, all-inclusive amount of money equal to € 1,800,000 gross, not due in case of Bad Leaver,

save that, the severance indemnity cannot, in any case, be added to the indemnity for early cessation of office.

Both the indemnity relating to the early termination of office of Director and Chief Executive Officer and the severance indemnity also include the termination of the employment relationship relating to the office of General Manager.

The indemnity due was also defined by considering the recommendations of the Code of Corporate Governance as well as, specifically regarding the management employment relationship, taking account of the safeguards set forth in the reference National Collective Labour Agreement.

If, in the event of resignation from the office or from the position of General Manager, the Company exempts the Managing Director from providing adequate notice, an indemnity in lieu of such notice shall be paid to the Managing Director.

Moreover, it is envisaged that, following the termination of the office of Director and Managing Director, of any further appointments and of the executive employment relationship, an amount equal to 7.41% of the fixed remuneration and of the short-term variable remuneration (MBO) actually accrued, for each year in which the office was held, is paid to the Managing Director as "termination benefits" (TFM), in addition to the severance indemnities related to the executive employment relationship.

Finally, the Company signed a non-competition agreement with the Managing Director, which is valid for 6 months from the date of termination of office and provides for a consideration in favour of the Managing Director equal to 100,000 euros gross for each month of the agreement.

Extraordinary bonus approved by the Shareholders' Meeting on 14 December 2021

On 14 December 2021 the Shareholders' Meeting of the Company approved (in accordance with what had been previously resolved by the Board of Directors) the amendment to the Remuneration Policy for the year 2021, making possible the assignment to the Chief Executive Officer (with payment to be made by the pro tempore designated Lead Independent Director, or, if not designated, by the most senior independent Director by age) of an extraordinary bonus of € 18,487,500, subject to the successful outcome of the transaction which provided for the entry into the Company's share capital of a new strategic investor to acquire control of it pursuant to art. 2359, paragraphs 1 and 2, of the Italian Civil Code. In particular, it is envisaged that the right to the payment of this bonus accrues when - following the completion of the acquisition of the controlling interest pursuant to art. 2359, paragraphs 1 and 2, of the Italian Civil Code - this strategic investor and new controlling shareholder publishes the offer document, approved by CONSOB pursuant to art. 102, paragraph 4, of the Consolidate Law on Finance, relating to the promotion of a mandatory public offer on the remaining share capital of the Company at a price per share of at least € 8.81 (as adjusted to take into account any dividends or other distributions to shareholders that took place after 30 June 2021). However, the payment of this extraordinary bonus will not be due if, upon the occurrence of the conditions indicated above, the Chief Executive Officer no longer holds their office in the Company due to their voluntary resignation not agreed with the Company itself; it being understood, however, that in the event of termination of the employment relationship for any other reason, including by way of example the cases of dismissal, death and/or incapacity of the CEO, the latter will retain the right to the payment of extraordinary bonus upon the occurrence of the relevant conditions. The aforementioned amount of € 18,487,500 is to be understood gross of taxes and does not include any welfare and social security contributions due by the Company or any welfare and social security contributions payable by the Chief Executive Officer withheld by the Company.

With reference to the process of defining the extraordinary bonus, it should be noted, in particular, that the Remuneration Committee has:

(i) elaborated its considerations and assessments autonomously, mainly relying on previous experience of its members. In fact, the Remuneration Committee is made up of persons characterised by a high and qualified expertise with respect to transactions similar to those in question, having gained significant experience in HR, management and private equity,

respectively, as well as with reference to the renewable energy industry, which is particularly dynamic also due to the market context;

(ii) for the purposes of supplementing its own evaluations, without relying on them to any great extent, made use of a sample of 6 transactions, the data of which were provided anonymously, also in light of the applicable confidentiality restrictions, by a leading international consultant;

(iii) taking into account the fact that the right to payment of any extraordinary bonus would have accrued exclusively in the event of completion of an extraordinary transaction entailing a change of control of the Company and - consequently - the launch of a mandatory takeover bid for the entire share capital of the Company.

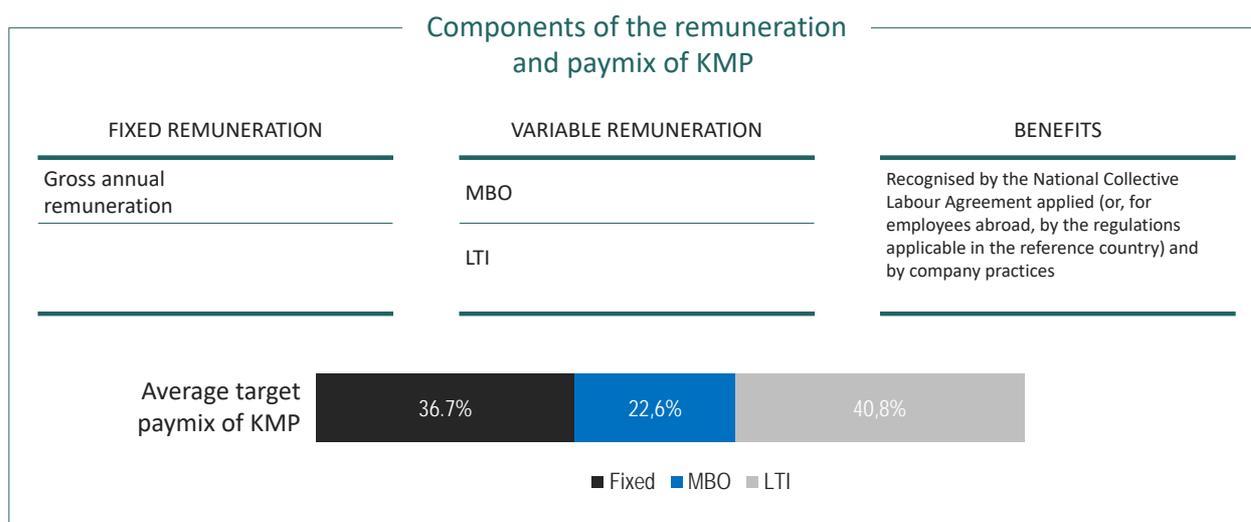
As regards point (ii) above, it should be noted that the transactions included in the above sample all relate to extraordinary transactions involving majority stakes in the share capital of unlisted companies operating at a European level in the energy sector, completed between 2008 and 2021. In this regard, it should be noted that the use of a panel of unlisted entities is due to the absence of transactions comparable to the one in question, such as takeover bids of listed companies active in the renewable energy sector, aimed at their delisting.

Key management personnel

In defining the Policy for Key Management Personnel, the need to link part of the relevant remuneration to the achievement of specific performance objectives is taken into consideration, also of a non-economic nature, previously indicated and determined in accordance with the guidelines in the general remuneration policy defined by the Board of Directors itself.

The principles and criteria described previously for Executive Directors also apply for Key Management Personnel.

The remuneration of Key Management Personnel is composed, until determined otherwise, of the following elements:



The gross annual remuneration includes the amount envisaged for the confidentiality obligation and of all and any compensation resulting from any appointment of the member of Key Management Personnel to the Boards of Directors of subsidiaries of Falck Renewables and the assignment of all and any office, power, proxy or engagement in supervisory bodies; any compensation awarded, as per above, is transferred to the relevant company.

At the date of drafting of this Report, the following Key Management Personnel were identified:

- ❖ Paolo Rundeddu, Group Chief Financial Officer;
- ❖ Marco Cittadini, Global Head of Energy Management & Downstream Services;
- ❖ Carmelo Scalone, Global Head of Business Development and M&A;
- ❖ Scott Gilbert, Global Head of Engineering & Construction.

The annual remuneration (in conjunction with the maximum performance scenario) for Key Management Personnel is determined on the basis of the following criteria:

- ❖ the fixed component has a weight of 36.7% of the Annual Total Direct Compensation in correspondence with the achievement of the target performance;
- ❖ the short-term variable component (MBO) has a weight of 22.6% of the Annual Total Direct Compensation in correspondence with the achievement of the target performance;
- ❖ the long-term variable component (LTIP), on an annual basis, has a weight of 40.8% of the Annual Total Direct Compensation in correspondence with the achievement of the target performance;
- ❖ the *benefit* package includes the amount set forth in the National Collective Labour Agreement applied (or, solely for employees hired abroad, the legislation in force in the

reference country); provision is made for additions regarding medical and social security insurance. There is also a car policy and a "D&O" (Directors & Officers) insurance cover.

Short-term variable remuneration (MBO)

The policy for assigning the 2022 annual variable incentive to Key Management Personnel proposes again the structure and calculation mechanisms already illustrated above for the Chief Executive Officer of Falck Renewables S.p.A., in particular with regard to the calculation method and definitions and entry gate to be applied to individually assigned objectives.

The MBO objectives for Key Management Personnel are established by the Chief Executive Officer of Falck Renewables S.p.A. They are defined in line with the strategic priorities of Falck Renewables and of the Group.

The objectives for Key Management Personnel are represented by a minimum of 3 to a maximum of 5 quantitative and/or project targets diversified depending on the organisational role and the areas of responsibility of each KMP, to which a corrective factor is applied connected with the Group's results.

Each individual performance target is assigned a percentage weight not exceeding 40% of the maximum bonus. Each individual performance target will obtain a percentage score based on an incentive curve that envisages a minimum and a maximum value and a result obtained by linear interpolation of intermediate values.

Variable medium/long-term remuneration (LTIP)

In view of the completion, on February 24, 2022, of the extraordinary transaction entailing a change of control of the Company, the Board of Directors will launch a preliminary investigation for the preparation of a new medium/long-term incentive plan for Executives with Strategic Responsibilities, characterized by a time horizon of at least three years and with variable remuneration brackets linked to the achievement of certain performance targets.

During the year 2022, the acceleration of the long-term incentive plans, envisaged in favour of Executives with Strategic Responsibilities in relation to the three-year period 2020-2022 was also applied. In fact, the change of control of the Company, which took place on February 24, 2022, resulted in the fulfilment of one of the conditions set forth in the Regulations of the LTI 2020-2022 plans for the acceleration of the plans themselves.

Benefits

The remuneration offer of Key Management Personnel is completed with different types of benefits. They consist primarily of insurance and welfare plans that reflect, in a consistent and better manner, the social security and welfare protection set out in the National Collective Labour Agreement for Managers of Companies that produce goods and services (or, for employees hired abroad, the legislation in force in the reference country).

Provision is also made for the assignment of a car for personal and business use, according to the provisions of the car policy in force.

The remuneration package of KMP is supplemented, as regards the non-monetary benefits, by a "D&O" (Directors & Officers) insurance cover.

Indemnity for resignation, dismissal or termination of employment

In general, there are no agreements in place for Key Management Personnel regulating *ex ante* the economic aspects relating to the possible early resolution of the employment relationship on the initiative of the Company or of the individual. In such cases the following apply: (i) for Italian employees, the provisions of the National Collective Labour Agreement for Managers of Companies producing goods and services in relation to termination of employment without just cause by the company; (ii) for employees hired abroad, the legislation in force in the reference country or conditions similar to those of Italian Managers.

Extraordinary bonus approved by the Shareholders' Meeting on 14 December 2021

The Shareholders' Meeting of the Company, on 14 December 2021, approved (in accordance with what was previously resolved by the Board of Directors) the amendment to the 2021 Remuneration Policy, making possible the allocation of a total extraordinary bonus of € 19,570,956 (with payment to be made by the Chief Executive Officer Mr Toni Volpe, or, if he is no longer in office, by the pro tempore Chairman) to employees of the Company or the Group, of which up to a maximum of 44% to Key Management Personnel (divided among the recipients to the extent determined by the Chief Executive Officer in consultation with the RemCo and after hearing the competent committee to express its opinion on related-party transactions, following an assignment criterion based on the measure of the individual contribution of each of them to the transaction) conditional on the successful outcome of the transaction which provided for the entry into the Company's share capital of a new strategic investor to acquire control of it pursuant

to art. 2359, paragraphs 1 and 2, of the Italian Civil Code. In particular, it is envisaged that the right to the payment of this bonus accrues when - following the completion of the acquisition of the controlling interest pursuant to art. 2359, paragraphs 1 and 2, of the Italian Civil Code - this strategic investor and new controlling shareholder publishes the offer document, approved by CONSOB pursuant to art. 102, paragraph 4, of the Consolidate Law on Finance, relating to the promotion of a mandatory public offer on the remaining share capital of the Company at a price per share of at least € 8.81 (as adjusted to take into account any dividends or other distributions to shareholders that took place after 30 June 2021). However, the payment of this extraordinary bonus will not be due if, upon the occurrence of the conditions indicated above, the beneficiary no longer holds their office in the Company or Group due to their voluntary resignation not agreed with the Company or the Group; it being understood, however, that in the event of termination of the employment relationship for any other reason, including by way of example the cases of dismissal, death and/or incapacity of the beneficiary, the latter will retain the right to the payment of the extraordinary bonus upon the occurrence of the relevant conditions. The aforementioned amount of € 19,570,956 is to be understood gross of taxes and does not include any welfare and social security contributions due by the Company or any welfare and social security contributions payable by the respective beneficiaries withheld by the Company or by its subsidiaries.

With regard to the process of defining the extraordinary bonus for the management team, reference should be made to the description of the extraordinary bonus for the Chief Executive Officer.

Members of the Board of Statutory Auditors

At the date of drafting of this Report, the Board of Statutory Auditors is composed as follows:

- ❖ Dario Righetti, Chairman;
- ❖ Patrizia Paleologo Oriundi, Standing Auditor;
- ❖ Giovanna Conca, Standing Auditor;
- ❖ Daniela Delfrate, Alternate Auditor;
- ❖ Domenico Busetto, Alternate Auditor.

The Shareholders' Meeting of Falck Renewables of 7 May 2020 set the gross annual compensation due to the Board of Statutory Auditors of Falck Renewables at € 175,000, broken down as follows:

- ❖ € 75,000 for the Chairman of the Board of Statutory Auditors;
- ❖ € 50,000 for each Standing Auditor.

This compensation is consistent with the professional commitment required by the post as well as the related responsibilities.

The remuneration package of the members of the Board of Statutory Auditors is supplemented, as regards the non-monetary benefits, by a "D&O" (Directors & Officers) insurance cover.

EXCEPTION PROCEDURE

In exceptional cases, the Board of Directors may consider it necessary to temporarily derogate from this Remuneration Policy, in order to pursue its long-term interests, guarantee the company's sustainable success and ensure management and shareholders' interests are aligned. These resolutions of the BoD will be subject in full to the Procedure for Transactions with Related Parties and information on them will be provided to the market in accordance with the regulations and the Procedure itself.

Exceptional circumstances are attributable to the case in which, during the reference year, the recognition of especially relevant achievements for the Company is deemed appropriate, or there is a change of a member of Key Management Personnel or - during the course of the mandate - the Chief Executive Officer.

The elements the Company can decide to derogate, in the presence of the aforementioned exceptional and temporary circumstances, regard the mix of the components of remuneration.



PURE POWER TO GROW

SECTION II (COMPENSATION PAID)

This section is structured into two parts and illustrate, on a named basis, through the tables attached to Part II, the compensation of the Board of Directors and the Board of Statutory Auditors and, in aggregate form, the Key Management Personnel.

FIRST PART

Below is the information on the compensation paid during the reference year (2021). The illustration of the items and the additional related information can be found in Section I of the 2021 Report.

In this regard, the 2021 Remuneration Policy was subject to verification by the Remuneration Committee during the periodic assessment required by the Code of Corporate Governance, which confirmed that it was coherent and consistent with the decisions referred to in the resolutions adopted by the Board of Directors.

In particular, the 2021 Remuneration Policy was implemented through the payment of the components envisaged by it, where applicable:

- ❖ emolument as Board of Directors;
- ❖ component as Director vested with special duties;
- ❖ gross annual fixed component;
- ❖ component for participation in Committees;
- ❖ a variable annual component on achievement of predefined company and individual targets (MBO plan);
- ❖ a variable long-term component on achievement of predefined company and individual targets (LTIP plan);
- ❖ *benefits* recognised by the National Collective Labour Agreement applied (or, for employees hired abroad, by the legislation in force in the reference country) and company practices.

Fixed compensation approved by the Board of Directors were paid to Non-executive Directors in 2021, based on the overall remuneration of the Administrative Body resolved by the Shareholders' Meeting.

As regards the Chairman and the Chief Executive Officer, the fixed compensation resolved by the Board of Directors was paid, based on the overall remuneration of the Board of Directors approved by the Shareholders' Meeting.

The amounts relating to the above-mentioned compensation are specified in the respective item of Table 1, the additional amounts attributed are specified in the "Variable non-equity compensation/bonuses and other incentives" item of said Table 1, with the associated detailed indications in Table 3B.

Finally, as also envisaged in the 2021 Remuneration Report, Table 1 shows the value of the benefits recognised in 2021, according to a taxation criterion. In particular, these values refer to the integrated benefits set out in the National Collective Labour Agreement for the Managers of Industrial Companies (or, for employees hired abroad, by the legislation in force in the reference country) regarding medical insurance and a car policy.

How FKR took into account the vote cast on section II by the Shareholders' Meeting in 2021

The Board of Directors approved the Engagement Policy with its shareholders, which was subsequently published on the Company's website. Taking into account the importance of ensuring a continuous dialogue with the market also on remuneration issues, the Executive Compensation is among the issues subject to engagement with its shareholders. In the coming months, therefore, the Company hopes for a consolidation of the dialogue with its shareholders on these issues.

Implementation of the 2021 Remuneration Policy

Fixed remuneration

- ❖ Non-executive Directors: the shareholders' meeting resolved a total amount of € 1,325,000 on 7 May 2020. On 7 May 2020, the Board of Directors resolved to pay the Deputy Chairman a fixed individual compensation of € 50,000 and each Director a fixed individual compensation of € 45,000, excluding the Chairman and the Chief Executive Officer and General Manager. At the same meeting, the Board of Directors also resolved to recognise:
 - to each of the directors called to chair the Remuneration Committee and the Control and Risk Committee ("CRC"), an additional amount of € 45,000 for each chairmanship;
 - to each of the directors called to join the RemCo and CRC, an additional amount of € 20,000 for each participation;

- to each of the directors called to join the Sustainable Strategy Committee (“SSC”), an additional amount of € 45,000 for each participation;
- to the director called to chair the Supervisory Body, an additional amount of € 35,000;
- to each of the directors called to join the Supervisory Body, an additional amount of € 25,000.

A detailed breakdown of the compensation, received on a pro-rata basis in the period in which the Directors held office, is provided in Table 1 of the Second Part of this section.

- ❖ Chairman: fixed remuneration was paid for an amount equal to € 340,000 as Executive Chairman of the Company.
- ❖ Chief Executive Officer and General Manager: fixed compensation totalling € 500,000 was paid as Company Chief Executive Officer and Executive of the Company.
- ❖ Board of Statutory Auditors: the Shareholders' Meeting resolved, on 7 May 2020, an amount of € 75,000 for the Chairman and € 50,000 for each Statutory Auditor. The analytical detail of the compensation received in the 2021 financial year is shown in Table 1 of the Second Part of this section.
- ❖ Key Management Personnel: the aggregate amount corresponding to the Gross Annual Remuneration of Key Management Personnel is € 966,133.

Short-term variable remuneration (2021 MBO)

- ❖ Chief Executive Officer and General Manager: following the verification of the entry gate linked to the ratio between the Net Financial Position and EBITDA, the short-term remuneration of the Chief Executive Officer and General Manager was determined by the achievement of the targets related to Consolidated EBITDA, Gross Pipeline, Community Engagement and Gender Balance:

Scenarios	Weight	Level of achievement of the objective
NFP/EBITDA	ON/OFF	ON
Consolidated EBITDA	35%	↑
Gross Pipeline	45%	↑
Community Engagement	10%	→
Gender Balance	10%	↗
Total		103.2%

The performance targets were achieved:

- above the maximum level in the case of the EBITDA and Gross Pipeline KPIs;
- at the minimum level as regards Community Engagement;
- at an intermediate level between target and maximum in the case of Gender Balance.

Taking this into account, the Chief Executive Officer and General Manager accrued a short-term remuneration of € 278,633. This amount is equal to 56% of the fixed remuneration, or approximately 35% of the total remuneration indicated in the column of Table 1 of this report.

- ❖ Key Management Personnel: following the verification of the entry gate condition related to the ratio between the Net Financial Position and EBITDA, the attainment of the performance targets was verified. Taking into account the results achieved, the Key Management Personnel accrued a total short-term remuneration of € 482,067. This amount is equal to 48% of the fixed remuneration, or approximately 30% of the total remuneration indicated in the column of Table 1 of this report.

Variable long-term remuneration (LTIP 2020-2022)

The LTI Plan 2020 – 2022 is a plan characterised by a three-yearly time horizon (2020-2022), which makes provision for a component based on the payment of cash (Cash Plan) and a component based on the assignment of shares (Share Plan).

- ❖ Chief Executive Officer and General Manager: in light of the extraordinary transaction that led to the change of control of FKR, after completion of the preliminary activities, the Board of Directors, started the process envisaged by the Regulations for the acceleration of the LTI Plan.

- ❖ Key Management Personnel: in light of the extraordinary transaction that led to the change of control of FKR, after completion of the preliminary activities, the Board of Directors, started the process envisaged by the Regulations for the acceleration of the LTI Share Plan and the LTI Cash Plan.

These remuneration components are not explained in Tables 1 and 3A of this Report, because as of 31 December 2021 the conditions set out in the Regulation for acceleration had not been met.

Indemnity for termination of office or employment

During 2021 no indemnity was paid for termination of office or of the working relationship.

Non-monetary benefits

The members of the Board of Directors, the members of the Board of Statutory Auditors and the Key Management Personnel were also granted insurance cover for civil liability (professional risks) known as the D&O (Directors & Officers) policy.

Application of ex-post mechanisms

During 2021, no ex-post correction mechanisms (clawback) were applied.

Derogations applied in 2021 to the remuneration policy

During 2021, no derogations were applied to the remuneration policy

Extraordinary bonus approved by the Shareholders' Meeting on 14 December 2021

On 14 December 2021, in accordance with what had been previously resolved by the Board of Directors, the Company's Shareholders' Meeting approved the amendment to the 2021 Remuneration Policy, making possible the assignment of an extraordinary bonus subject to the successful outcome of the transactions that provided for the entry into the share capital of the

Company of a new strategic investor to acquire control pursuant to art. 2359, paragraphs 1 and 2, of the Italian Civil Code.

Such bonus is meant to recognize the significant role played by the top management in the Company's ambitious development project - in a market situation characterised by a particular dynamism of the renewable energy sector - in order to better seize the opportunities for sustainable growth of FKR in the medium-long term. In particular, the ability of the top management to outline and implement a credible growth project for the Company has made it possible to attract the interest of a primary long-term international investor, who, thanks to its investment in FKR, will generate value for the benefit of all shareholders and stakeholders.

It should also be noted that since the launch of the Company's new industrial cycle in November 2016 (i.e. since the approval of the 2017-2021 Business Plan), following the entry of the current CEO of FKR and the introduction of the current management team structure, FKR achieved (taking as reference the period between 29 November 2016 and 21 October 2021) an exceptional total shareholder return equal to 1208% - a result much higher than that achieved by any other company listed on the FTSE MIB (an index that recorded, in the same period of time, an average increase in value equal to 122%, approximately 10 times lower than the FKR performance) and on the STAR segment of the Mercato Telematico Azionario, now Euronext STAR Milan (which, without considering the extraordinary return of FKR, recorded an average growth of 146% in the same period).

Therefore, with the desire to structure a mechanism capable of being able to adapt to different types of possible extraordinary transactions capable of affecting the ownership structure of FKR and benefiting all its shareholders, the Board of Directors approved ex ante - with effect subject to the prior adoption by the Shareholders' Meeting of a specific amendment to the 2021 Remuneration Policy, which took place at the Shareholders' Meeting of 14 December 2021 - the Extraordinary Incentive Plan, set up, in summary, as follows:

- i. the right to receive the extraordinary bonus accrues to the recipients only if a minimum level of enterprise value recognised to FKR by the aforementioned partner is exceeded in the context of any extraordinary transaction involving the change of control of FKR. This minimum threshold is particularly protective for the Company's shareholders, as it was defined as an amount equal to € 2,752 million, a value equal to the market consensus, expressed by the average of the target price indications provided by the financial analysts at the time the Extraordinary Incentive Plan was drawn up (and equivalent to approximately € 6.7 per share

- a value that does not take into account any conversion of FKR's convertible bonds into Company shares);
- ii. starting from the minimum threshold referred to in point i., the amount of the potential extraordinary bonus increases in direct proportion to the increase in the reference enterprise value, on the basis of different brackets of values. The mechanism was structured with the aim of motivating management to ensure that the enterprise value of FKR, recognised in any extraordinary transaction, is as high as possible. In particular, in correspondence with the aforementioned minimum threshold, equal to € 2,752 million, the recipients are granted a bonus equal to 0.45% of the enterprise value, which can increase up to a maximum of approximately 1.1%; and
 - iii. the right to payment of any extraordinary bonus accrues exclusively in the event of completion of an extraordinary transaction, which involves the purchase of a controlling interest, or other capital transaction that involves the change of control of FKR and - consequently - the launch of a mandatory public offer on the entire share capital (the "Public Tender Offer"). In particular, it is envisaged that this extraordinary bonus will be paid to the beneficiaries upon the publication by the new controlling shareholder of the offer document approved by CONSOB pursuant to art. 102, paragraph 4, of the Consolidated Law on Finance, that is when there is evidence of the launch of the Public Tender Offer and the consequent creation of value for the benefit of all the shareholders of FKR.

In light of the enterprise value attributed by the Partner, the corresponding maximum extraordinary bonus accrued by the beneficiaries is therefore equal to € 38,058,4563, equal to approximately 1.06% of said enterprise value, divided as follows:

- ❖ a total of € 18,487,500 to the Chief Executive Officer of FKR, an amount corresponding to approximately 0.51% of FKR's enterprise value. The aforementioned amount of € 18,487,500 is to be understood to be gross of taxes and does not include any welfare and social security contributions due by the Company or any welfare and social security contributions payable by the Chief Executive Officer withheld by the Company;
- ❖ a total of € 19,570,956 to other managers, employees and/or collaborators of the Company or its subsidiaries identified by the Chief Executive Officer of FKR (divided among the recipients to the extent determined by the same Chief Executive Officer), an amount corresponding to approximately 0.54% of the enterprise value of FKR - of which up to a maximum of 44% to Key Management Personnel (as defined in the Remuneration Policy) and

the residual amount corresponding to approximately 56% to the company population eligible on 30 June 2021 other than Key Management Personnel, according to criteria established by the Chief Executive Officer. The aforementioned amount of € 19,570,956 is to be understood gross of taxes and does not include any welfare and social security contributions due by the Company or any welfare and social security contributions payable by the respective beneficiaries withheld by the Company or by its subsidiaries.

These remuneration components are explained in Tables 1 and 3A of this Report, since at 31 December 2021 the conditions set out in the Plan for the accrual of the bonus were not met.

The amount set aside (cost provision for extraordinary bonus) is indicated in the Company's 2021 financial statements and submitted for approval of the Shareholders' Meeting, as the accrual of this extraordinary bonus.

SECOND PART

Table 1: Compensation paid to members of the Administration and Board of Statutory Auditors, General Managers and other Key Management Personnel

TABLE 1												
Compensation paid to members of the Administration and Board of Statutory Auditors, General Managers and other Key Management Personnel												
A	B	C	D	1	2	3		4	5	6	7	8
Name and Surname	Office	Period for which office was held	Expiry of office	Fixed compensation	Compensation for participation in Committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Indemnity for termination of office or employment
						Bonuses and other incentives	Profit sharing					
Enrico Falck	Chairman	01.01.2021 - 31.12.2021	approval of 2022 financial statements	340,000				14,504		354,504		
Guido Corbetta	Deputy Chairman	01.01.2021 - 31.12.2021	approval of 2022 financial statements	50,000						50,000		
Toni Volpe	Chief Executive Officer and General Manager	01.01.2021 - 31.12.2021	approval of 2022 financial statements	500,000 (1)		278,633 (2)		26,645		805,278	2,642,317 (3)	
Federico Falck	Director	01.01.2021 - 31.12.2021	approval of 2022 financial statements	45,000				19,612	110,000 (4)	174,612		
Filippo Marchi	Director	01.01.2021 - 31.12.2021	approval of 2022 financial statements	45,000					70,000 (4)	115,000		
Elisabetta Caldera	Director	01.01.2021 - 31.12.2021	approval of 2022 financial statements	45,000	65,000 (5)					110,000		

TABLE 1

**Compensation paid to members of the Administration and Board of Statutory Auditors,
General Managers and other Key Management Personnel**

A	B	C	D	1	2	3		4	5	6	7	8
Name and Surname	Office	Period for which office was held	Expiry of office	Fixed compensation	Compensation for participation in Committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Indemnity for termination of office or employment
						Bonuses and other incentives	Profit sharing					
Georgina Grenon	Director	01.01.2021 - 31.12.2021	approval of 2022 financial statements	45,000	45,000 (6)					90,000		
Paolo Pietrogrande	Director	01.01.2021 - 31.12.2021	approval of 2022 financial statements	45,000	65,000 (7)					110,000		
Marta Dassù	Director	01.01.2021 - 31.12.2021	approval of 2022 financial statements	45,000	45,000 (6)					90,000		
Andrew Lee Ott	Director	01.01.2021 - 31.12.2021	approval of 2022 financial statements	45,000	45,000 (8)					90,000		
Nicoletta Giadrossi	Director	01.01.2021 - 31.12.2021	approval of 2022 financial statements	45,000	65,000 (9)					110,000		
Silvia Stefini	Director	01.01.2021 - 31.12.2021	approval of 2022 financial statements	45,000	20,000 (10)					65,000		
Giovanni Maria Garegnani	Chairman of SB	01.01.2021 - 31.12.2021	approval of 2022 financial statements	35,000						35,000		

TABLE 1												
Compensation paid to members of the Administration and Board of Statutory Auditors, General Managers and other Key Management Personnel												
A	B	C	D	1	2	3		4	5	6	7	8
Name and Surname	Office	Period for which office was held	Expiry of office	Fixed compensation	Compensation for participation in Committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Indemnity for termination of office or employment
						Bonuses and other incentives	Profit sharing					
Luca Troyer	SB	01.01.2021 - 31.12.2021	approval of 2022 financial statements	25,000						25,000		
Dario Righetti	Chairman of the Board of Statutory Auditors	01.01.2021 - 31.12.2021	approval of 2022 financial statements	75,000						75,000		
Patrizia Paleologo Oriundi	Standing Auditor	01.01.2021 - 31.12.2021	approval of 2022 financial statements	50,000						50,000		
Giovanna Conca	Standing Auditor	01.01.2021 - 31.12.2021	approval of 2022 financial statements	50,000						50,000		
Key Management Personnel (11)		01.01.2021 - 31.12.2021		996,133		482,067 (12)		119,549	5,965	1,603,713	1,206,658 (3)	
Total				2,526,133	350,000	760,701	0	204,933	185,965	4,027,730	3,848,974	0

- (1) Compensation as Director, as Chief Executive Officer and General Manager.
- (2) Amounts referring to the 2021 MBO Programme with disbursement in 2022.
- (3) Calculated pursuant to IFRS 2 with reference to the year 2021.
- (4) Compensation relating to "special offices" as per resolution of the Board of Directors of Falck Renewables S.p.A. of 7 May 2020.
- (5) Compensation as Chairman of the Human Resources Committee and member of the Control and Risk Committee.
- (6) Compensation as a member of the Sustainable Strategy Committee
- (7) Compensation as member of the Human Resources Committee and Chairman of the Control and Risk Committee.
- (8) Compensation as a member of the Sustainable Strategy Committee

(9) Compensation as a member of the Human Resources Committee and of the Sustainable Strategy Committee

(10) Compensation as member of the Control and Risk Committee.

(11) Key Management Personnel for the period considered are:

- ❖ Paolo Rundeddu

- ❖ Marco Cittadini

- ❖ Scott Gilbert, employee of Falck Renewables Wind Ltd. The amounts referred to him have been converted at the average sterling-euro exchange rate €/£ 0.8596

- ❖ Carmelo Scalone, Employee of Vector Cuatro S.L.U.

(12) Amounts referring to the 2021 MBO Programme with disbursement in 2022.

Table of comparison of the changes in the last few years between the annual variation in the total remuneration of members of the Board and of the Board of Statutory Auditors, the company's results and the annual gross average remuneration of the employees

It should be noted that the remuneration reported refers to the period in which the member of the BoD. or of the Board of Statutory Auditors was actually in office.

	2019	2020	2021
EBITDA	6.5%	-3.3%	6.6%
Megawatt	15.8%	6.5%	+14.6%
Enrico Falck	+2.7%	+26.5%	+10.8%
Toni Volpe	+89.4%	-34.6%	-1.8%
Federico Falck	+1.5%	+17.2%	+5.1%
Filippo Marchi	-	+234.1%	+37.7%
Elisabetta Caldera	-	+19.1%	+8.6%
Marta Dassù	-	+41.4%	+15.7%
Georgina Grenon	-	+41.4%	+15.7%
Guido Corbetta	-	+27.9%	+11.7%
Paolo Pietrogrande	-	+65.0%	+21.2%
Andrew Lee Ott	-	-	+53.8%
Nicoletta Giadrossi	-	-	+53.8%
Silvia Stefini	-	-	+53.8%
Dario Righetti	-	-	+53.8%
Giovanna Conca	-	-	-
Patrizia Paleologo Oriundi	-	-	+53.8%
Average remuneration of employees	-7.5%	-2.5%	+7.5%

Table 3A - Incentive plans based on financial instruments other than stock options in favour of members of the administration body, general managers and other key management personnel

A	B	1	Financial instruments assigned in previous years not vested during the year		Financial instruments assigned during the year					Financial instruments vested in the year and not attributed	Financial instruments vested in the year and attributable		Financial instruments pertaining to the year
			2	3	4	5	6	7	8		9	10	
Name and Surname	Office	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at assignment date	Vesting period	Assignment date	Market price at assignment	Number and type of financial instruments	Number and type of financial instruments	Value at vesting date	Fair value (2)
Toni Volpe	CEO GM	2020-2022 Share Plan	Ordinary shares 600,000	2020-2021-2022	Ordinary shares 336,304	1,328,658	2020-2021-2022	08/05/2020	3.95				2,642,317
Key management personnel (1)		2020-2022 Share Plan	Ordinary shares 274,000	2020-2021-2022	Ordinary shares 153,578	606,750	2020-2021-2022	08/05/2020	3.95				1,206,658

(1) LTI 2020-2022 System approved by means of shareholders' meeting resolution 7/5/2020. considers the 2020 KMP Paolo Rundeddu, Scott Gilbert, Marco Cittadini and Carmelo Scalone

(2) Calculated pursuant to IFRS 2 with reference to the year 2021.

Table 3B - Monetary incentive plans in favour of members of the administration body, general managers and other key management personnel

TABLE 3B									
Incentive plans based on financial instruments other than stock options in favour of members of the administration body, general managers and other key management personnel									
A	B	1	2			3			4
Name and Surname	Office	Plan	Bonus in the year			Bonuses of previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
Toni Volpe	Chief Executive Officer		Payable/paid	Deferred	Deferment period	No longer payable	Payable/paid	Still deferred	
(I) Compensation in the company that drafts the financial statements	MBO Plan	278,633 (1)							
	LTIP Cash Plan (2020-		380,808	Year 2020-2022				196,970	
(II) Compensation from subsidiaries and associates									
(III) Total			293,532	196,970					
Key management personnel									
(I) Compensation in the company that drafts the financial statements	MBO Plan	210,668 (2)							
	LTIP Plan (2020-2022) (4)		256,394	Year 2020-2022				131,667	
(II) Compensation from subsidiaries and associates	MBO Plan	271,399 (3)							
	LTIP Plan (2020-2022) (4)		362,636	Year 2020-2022				184,938	
(III) Total			365,801	388,688					
Total			659,333	585,658					

(1) Summary of the amounts referred to the 2021 MBO Plan with disbursement in 2022.

(2) Summary of the amounts referred to the 2021 MBO Plan with disbursement in 2022 in relation to the KMP of FKR Paolo Rundeddu and Marco Cittadini.

(3) Summary of the amounts referred to the 2021 MBO Plan with disbursement in 2022 in relation to the KMP of the subsidiaries VC SLU Carmelo Scalone and FRWL Scott Gilbert. In the case of S. Gilbert, the average sterling-euro exchange rate for 2021 (€/£ 0. 8596) has been applied.

(4) LTI 2020-2022 System approved by means of shareholders' meeting resolution of 7/5/2020, considers the 2020 KMP Paolo Rundeddu, Scott Gilbert, Marco Cittadini and Carmelo Scalone

Schedule 7-ter Table 1: Participation of members of the Administration and Board of Statutory Auditors and General Managers

Table 1						
Participation of members of the Administration and Board of Statutory Auditors and General Managers						
Name and Surname	Office	Investee	Number of shares held at the end of the previous year	Number of shares acquired	Number of shares sold	Number of shares held at the end of the current year
ENRICO FALCK	Director	Falck Renewables SpA	46,400	0	0	46,400
FILIPPO MARCHI	Director	Falck Renewables SpA	54,840	0	0	54,840
TONI VOLPE	Chief Executive Officer and General Manager	Falck Renewables SpA	7,000	0	0	7,000

Glossary

Advisory Board: is composed of the Chairman, the Chief Executive Officer and three non-executive independent Directors. It has an advisory role regarding any issues that arise concerning the energy markets as well as any other aspect deemed relevant within the context of the company's mission.

Executive Directors: is the Chief Executive Officer and General Manager of Falck Renewables S.p.A. (hereinafter also “**Chief Executive Officer**”).

Annual Total Direct Compensation: is the total sum of the gross annual fixed remuneration and the amount of the variable short-term and medium/long-term remuneration corresponding to achievement of the predefined objectives (“a target”).

Shareholders' meeting: is the joint decision-making body of the Company. All holders of voting rights are represented within it (directly or via proxy). It holds the powers attributed to it by law and by the articles of association: the main ones are approval of the financial statements, appointment and revocation of Directors, the Board of Statutory Auditors and its Chairman. As regards the Remuneration Policy, it passes binding resolutions on Section I and resolves in an advisory capacity on Section II of the Report.

Code of Corporate Governance: as defined by Borsa Italiana, it is the “Code of Corporate Governance of Listed Companies in relation to the Corporate Governance”. The document contains a series of indications regarding the organisational and operating "best practices" of Italian listed companies. These recommendations are not binding, even if the listed companies must "keep both the market and its shareholders informed of its governance structure and the degree of compliance with the Code".

Board of Statutory Auditors: is the internal control body of the Company, which has been attributed the role of monitoring the Company's administration. The Board expresses an opinion (non-binding) in the definition of the Remuneration Policy of Directors vested with special duties, which must be taken into consideration in the decisions taken by the Board of Directors.

Control and Risk Committee: is established within the Board of Directors based on art. 7 of the Code of Corporate Governance. Is composed of three Independent Directors. It is responsible for

"supporting, with an adequate preliminary investigation, the evaluations and decisions of the Board of Directors relating to the internal control and risk management system, as well as those relating to approval of the periodic financial reports".

Remuneration Committee: is established within the Board of Directors and has the task, among others, of presenting the Board of Directors with a proposal on the general policy for the remuneration of executive Directors, Directors vested with special duties and Key Management Personnel. The Committee at Falck Renewables S.p.A. is composed of three Independent Directors.

Community Engagement: plants that have completed the “mechanical completion” by 31 December 2021 and that meet the requirements for assuming the connotation “community engaged” according to internal procedures.

Entry Gate Condition or Entry Gate: represents the minimum level to be reached, under which the incentive plans do not allow the payment of any bonus.

Permanence Condition: is the circumstance on the basis of which, as at 31 January 2023, i) the Manager is in service and is not in the notice period following dismissal and/or as a result of voluntary resignation, and/or is not subject to disciplinary proceedings; ii) the Chief Executive Officer (a) is in office or (b) is no longer in office due to: revocation by the Company in the absence of just cause and/or relinquishment of office by the chief executive officer due to just cause and/or resignation of the chief executive officer from employment due to just cause and/or dismissal of the chief executive officer in the absence of just cause (“Good Leaver”).

Board of Directors (BoD): is the joint body entrusted with management of the Company. Falck Renewables S.p.A.'s Board of Directors is composed of 12 directors at the date of drafting of this Report. It is the body responsible for approving the Remuneration Policy proposed by the Remuneration Committee, to be subsequently presented to the Shareholders' Meeting for its final approval.

Key Management Personnel: these are the persons who, directly or indirectly, have the power and responsibility for the planning, management and control of the Company's activities. For a definition of "Key Management Personnel", please refer to Annex 1 of the Regulation on related-party transactions no. 17221 of 12 March 2010, borrowed from IAS 24 "Related-Party Disclosures") in the text adopted according to the procedure set forth in art. 6 of Regulation (EC) no. 1606/2002 and applicable on the date of entry into force of the Regulation.

Gender Balance: gender balance in the definition of shortlists of candidates relating to personnel recruitment processes.

System Energy Availability Netted from all the NOT controlled losses (SEA NET): parameter that measures the performance of the Falck Renewables portfolio.

Long Term Incentive Plan (LTIP): is the long-term incentive plan that recognises, for those involved, a bonus in cash or shares based on the predefined objectives at company level.

Management by Objectives (MBO): is the short-term incentive plan that entitles the persons involved to receive a cash bonus based on the pre-established targets and agreed with each person participating in said plan.

Target attainment: is the level of achievement of the objective, which gives the right to obtain 100% of the incentive.

Supervisory Body (SB): Company body, set forth in art. 6 of Italian Legislative Decree 231/2001, responsible for supervising the operation and observance of the Organisation and management model set forth in the decree itself. It possesses the autonomy, independence and competence regarding control of the risks related to the specific business performed by the Company and the associated legal profiles.

Gross Annual Remuneration (GAR): is the gross annual remuneration, including solely the fixed components of remuneration relating to the employment relationship, excluding the benefits recognised as a result of the employment relationship and the amounts paid occasionally, in the form of reimbursement of expenses, as well as of any bonus and variable component, even if defined as guaranteed and/or paid as a one-off payment or continuously, on a repeated basis or deferred, of the amount of TFR (employee severance indemnity) and any indemnity envisaged by Law or the applicable National Collective Labour Agreement.