



**AGENDA AND EXPLANATORY NOTES OF
THE ANNUAL GENERAL MEETING OF
ARISTON HOLDING N.V.**

Agenda and explanatory notes for the annual general meeting of shareholders (the **AGM**) of Ariston Holding N.V. (the **Company**), having its official seat in Amsterdam, the Netherlands, to take place on **4 May 2023, at 12:00 CEST**, at Hilton Amsterdam Airport Schiphol with address Schiphol Boulevard 701, 1118 BN Schiphol Airport, the Netherlands. The language of the meeting will be English.

AGENDA

The AGM agenda includes the following items:

1. Opening
2. Annual report 2022
 - a. Presentation of the annual report 2022 (*discussion*)
 - b. Remuneration report 2022 (*discussion and advisory vote*)
 - c. Adoption of annual accounts 2022 (*voting item*)
3. Dividend
 - a. Dividend policy (*discussion*)
 - b. Determination and distribution of dividend for 2022 (*voting item*)
4. Release from liability
 - a. Release from liability of the executive directors (*voting item*)
 - b. Release from liability of the non-executive directors (*voting item*)
5. Approval of the remuneration policy (*voting item*)
6. Approval of Long-Term Incentive Plan 2023 (*voting item*)
7. Authorisation of the Board as the competent body to acquire fully paid shares in the Company's capital (*voting item*)
8. Appointment of Ernst & Young Accountants LLP as independent external auditor entrusted with the audit of the annual accounts for the financial years 2023 and 2024 (*voting item*)
9. Closing

EXPLANATORY NOTES TO THE AGENDA

1 Opening

The AGM will be opened by Paolo Merloni (Executive Chair of the Company) (the **Chairman**) in accordance with article 25.1 of the Company's articles of association dated 19 December 2022 (the **Articles of Association**).

2 Annual Report 2022

a. Presentation of the annual report 2022 (*discussion*)

The Chairman gives a presentation on the annual report 2022 (the **Annual Report 2022**) and the results for the financial year 2022, as described in the Annual Report 2022.

b. Remuneration report 2022 (*discussion and advisory vote*)

The remuneration report, which can be found in the relevant section of the Annual Report 2022, describes the implementation of the remuneration policy for the board of directors of the Company (the **Board**) in 2022. An explanation will be provided on this during the AGM. On 11 November 2021, the Company's general meeting adopted a remuneration policy, upon the proposal of the Board (the **Remuneration Policy**). The Remuneration Policy is available on the Company's website (www.aristongroup.com). The part of the remuneration report relating to the implementation of the Remuneration Policy in the financial year 2022 will be submitted to the AGM for an advisory vote.

c. Adoption of 2022 annual accounts (*voting item*)

The proposal is made to adopt the annual accounts 2022. The annual accounts for the financial year 2022 are included in the relevant section of the Annual Report 2022. The external auditor who has audited the annual accounts for the financial year 2022, Ernst & Young Accountants LLP (**EY Netherlands**), will present the key elements of the audit and will answer any questions.

3 Dividend

a. Dividend policy (*discussion*)

The Company has set up its dividend policy in line with its current strategy. The dividend policy is determined by the Board and is available on the Company's website (www.aristongroup.com). To the extent possible and provided the Company's operational and financial objectives have been met, the Company is targeting a dividend pay-out ratio of approximately 33% of the group's net profit attributable to shareholders in the immediately preceding financial year.

b. Dividend for 2022 (*voting item*)

The Board proposes to distribute a dividend for the financial year 2022 of approximately € 48.2 million in total. According to article 32.3 of the Company's Articles of Association, the shareholders will share in the (profit) distribution in proportion to the aggregate number of the shares (either ordinary shares (the **Ordinary Shares**), non-listed ordinary shares and/or multiple voting shares in the capital of the Company) held by each of them and therefore a distribution is proposed of € 0.13 per share in cash.

The Board proposes to pay the above dividend per share on 24 May 2023 (with an ex-coupon date of 22 May 2023 in accordance with the Italian Stock Exchange calendar, and a record date of 23 May 2023).

The dividend is actually paid on the basis of the shares issued and outstanding as per 23 May 2023.

4 Release from liability

This agenda item is a standard item in an annual general meeting of shareholders in the Netherlands. A release from liability granted to the directors means a release from actual or potential liability. The release of liability does not cover facts that were not disclosed to the general meeting prior to the adoption of the annual accounts 2022. In addition, the principles of reasonableness and fairness (*redelijkheid en billijkheid*) may prevent reliance on a discharge under certain circumstances.

a. Release from liability of the executive directors (*voting item*)

It is proposed that each executive director is released from liability in respect of the exercise of his duties in the 2022 financial year, to the extent that such exercise is apparent from the Annual Report 2022 or from information otherwise disclosed to the AGM.

b. Release from liability of the non-executive directors (*voting item*)

It is proposed that each non-executive director be discharged from liability in respect of the exercise of his or her duties in the 2022 financial year, to the extent that such exercise is apparent from the Annual Report 2022 or from information otherwise disclosed to the AGM.

5. Approval of the Remuneration Policy (*voting item*)

The Board proposes an amendment to the existing Remuneration Policy for adoption by the AGM. The amendments relate to the targets under the short-term incentive plan (the **STI Plan**) and the long-term incentive plan (the **LTI Plan**).

With respect to the STI Plan, the Remuneration Policy currently requires that the short-term incentive targets are based on three performance indicators: (i) Target A identifies the Group Adjusted EBIT, weighting 60% of the global performance target; (ii) Target B identifies the Group turnover, weighting 20% of the global performance target; and (iii) Target C identifies the product replacement rate (measuring the ratio between annual warranty intervention and replacement and annual sales), weighting 20% of the global performance target. In 2022, we tested a new group quality index (the **GQI**) for Target C, which we are ready to fully introduce in 2023.

As such, a modification of the Remuneration Policy is needed to replace the quality indicator of Target C calculated as product replacement rate with this new GQI, calculated as a weighted combination of a set of single KPI's measuring the quality of the product along its lifecycle: from product development to supplier and from manufacturing to after sales (warranty spending).

With respect to the LTI Plan, the Remuneration Policy currently requires that the long-term incentive targets are based on three performance indicators: (i) Adjusted EBIT/net sales matrix, weighting 70% of the global performance target; (ii) relative total shareholders return (measuring the performance of the Company's shares vis-à-vis the shares of selected competitors) weighting 15% of the global performance target; and (iii) an environmental social governance (**ESG**) objective, measuring the % renewables and high efficiency products sold out of the total turnover generated from the sale of products of the Thermal Comfort Division, weighing 15% of the global performance target.

In line with the definition of our decarbonization strategy within our ESG Road-to-100 strategy, we are proposing to replace the ESG related objective with a new target of Scope 4 CO2 emissions avoided by 2025, from a 2020 baseline, thanks to the renewable and high efficiency products we sell with respect to the efficiency of the installed parks in the regions in which we operate. This target represents our strong commitment to climate sustainability.

Feedback received from investors on the Remuneration Policy and remuneration report 2021 identified two items and we would like to explain why this did not result in an amendment to the existing Remuneration Policy:

- (i) the awarding of a discretionary bonus to the CEO in the course of 2021. The Company believes that this was flagged by mistake, as this was mentioned in the remuneration report but pertained to the time when the Company was still 100% private; and
- (ii) the lack of an explicit quantitative indication of thresholds and targets, on which the variable compensation was calculated. The Company, after careful consideration, determined that the competitive risks associated with exposing the Company's expectations – which in time would result in offering an insight on how the Company's budgets are prepared – would outweigh the advantages of transparency towards shareholders, and ultimately hurt their economic interest.

6. **Approval of Long-Term Incentive Plan 2023 (voting item)**

Under this agenda item, it is proposed to the AGM to approve the implementation of a Long-Term Incentive Plan 2023. In accordance with Article 114-*bis* of the Italian Consolidated Law on Financial Intermediation, the Company drafted an information document under article 84-*bis* of the Regulation no. 11971 approved by CONSOB with resolution of 14th May 1999, as subsequently amended and supplemented (the **LTI Information Document**). This explanatory note shall only be read in conjunction with the LTI Information Document, which shall also prevail over this note. The purpose of the Long-Term Incentive Plan 2023 is to reward employees of the Ariston Group for their active participation in the Ariston Group performance. The Long-Term Incentive Plan 2023 is a tool for achieving growth results in the medium and long term and align beneficiaries' interests with the pursuit of the priority objective of sustainable creation of long-term value for shareholders. The eligible employees will be awarded with a right to receive a number of Ordinary Shares in the capital of the Company, subject to their continued employment during a vesting period, as further explained in the LTI Information Document. The LTI Information Document is available on the Company's

website.

7. **Authorisation of the Board as the competent body to acquire fully paid shares in the Company's capital (*voting item*)**

Under this agenda item, it is proposed to the AGM that the AGM authorises the Board, in order to react in a timely manner when needed, for a period of 18 months starting as of 4 May 2023, as the competent body to acquire:

- a. fully paid-up Ordinary Shares to a maximum of 10% of the issued capital of the Company as immediately after 4 May 2023, for a price, excluding expenses, not lower than the nominal value of the shares and not higher than an amount equal to 10% above the average closing price of the Ordinary Shares on Euronext Milan over a period of five days preceding the day of the repurchase; and
- b. such number of Ordinary Shares to be acquired by the Company as a result of the conversion of multiple voting shares into Ordinary Shares in accordance with the conversion provisions in the Company's articles of association for a price equal to the nominal value,

provided that the Company will not hold more Ordinary Shares in its own capital than a maximum of 50% of the issued capital of the Company.

8. **Reappointment of Ernst & Young Accountants LLP as independent external auditor entrusted with the audit of the annual accounts for the financial years 2023 and 2024 (*voting item*)**

Pursuant to article 30.1 of the Company's articles of association, the general meeting of the Company shall appoint the external auditor.

At the annual meeting of shareholders of the Company held on 28 April 2022, Ernst & Young Accountants LLP (**EY Netherlands**) was appointed to audit the annual accounts for the financial year 2022. Under this agenda item, the Board proposes to re-appoint EY Netherlands to audit the Company's annual accounts for the financial years 2023 and 2024.

9. **Closing**

The Chairman will close the AGM.