26 November 2021

REMUNERATION POLICY

1. Introduction

This document illustrates the remuneration policy (“**Remuneration Policy**”) of Ariston Holding N.V. ("**Company**" and, together with its consolidated subsidiaries, "**Group**") with regard to the executive directors ("**Executive Directors**”) and the non-executive directors ("**Non-Executive Directors**") of the Company (collectively "**Board**").

This Remuneration Policy has been drawn up and adopted by the general meeting of the Company ("**General Meeting**") pursuant to article 17.14 of the Company's articles of association on 11 November 2021.

The authority to establish the remuneration of (a) the Executive Directors is vested with the Non-Executive Directors and (b) the Non-Executive Directors is vested with the General Meeting, with due observance of this Remuneration Policy and applicable provisions of law.

The Remuneration Policy will be submitted to the General Meeting at least every four years, and in case of any amendments.

2. Guiding principles

The objective of the Remuneration Policy for the Executive Directors is to attract, reward and retain the necessary leadership talent, in order to support the execution of the Group’s strategic objectives, whilst for the Non-Executive Directors the Remuneration Policy aims at rewarding them appropriately for their work based on market competitive fee levels.

The Remuneration Policy is built on the following principles:

- **Align short- and long-term strategy**: this is reflected – amongst others – through the variable incentives of the Executive Directors, where the short-term yearly objectives are aligned with the long term goals of the Group, as well as the grant of long-term variable incentives, taking into account a 3 years vesting period, and lock-up obligations;
- **Pay for performance**: the compensation must reinforce the performance driven culture and meritocracy, rewarding top performers and avoiding poor performance;
- **Differentiating by experience and responsibility**: this is reflected through alignment of the pay with the responsibilities, experience, competence and performance of individual jobholders. In addition, when determining the Remuneration Policy and any individual remuneration thereunder, the Board takes into account employment conditions within the Group;
- **Simple and transparent**: this is reflected through a compensation policy based on simple and custom mechanisms, so that everyone has clear visibility of its own potential total reward, and the achievement of the targets is verifiable from publicly disclosed, easily accessible, performance results;
- **Risk prudence**: the compensation structure should avoid incentives that encourage unnecessary or excessive risks that could threaten the Group’s value; and

- **Compliance**: the Group adopts the highest standards of good corporate governance and the Remuneration Policy complies with applicable laws and regulations.

The compensation philosophy of the Group is therefore to pay for performance, to be market driven, and to be fair and objective.

3. Market perspective

Although the Group pursues its remuneration policies independently and such policies are not benchmarked against a Group of peers, market perspective is one of the factors that the Non-Executive Directors take into account when determining adequate remuneration levels to attract and retain qualified leaders. The Company believes that the periodical review of the remuneration policies adopted by companies of comparable size and economic performance may be a useful tool to understand its competitive positioning on the labour market and attractiveness of high quality human capital, which the Company deems a key driver for growth, innovation and development.

The Remuneration Policy, even if defined based on the Company specific strategies and long-term objectives, is nonetheless in line with companies of comparable size and economic performance.

4. Remuneration of Executive Directors

The Remuneration Policy relating to Executive Directors constitutes the key strategic component to attract and retain human capital in today's tight market.

In line with the fundamental objective of achieving the most effective reconciliation of 'profitability' and 'sustainability' in the long term, the Executive Director's remuneration is aimed at supporting managerial growth strategies oriented towards the long term: long term is key in the Group's reference market (i.e. sustainable comfort solutions for hot water and space heating market) where R&D projects requiring relevant investment in terms of time and cost, are to be pursued with continuity and in the long run to be successful.

The Remuneration Policy aims, therefore, not only at the adequate remuneration of the Executive Directors, but also at their adequate retention, as it is considered, in principle, an important element, consistent with the fundamental objective of maximum sustainable profitability in the long term.

The Remuneration Policy for Executive Directors is based on the following monetary components:

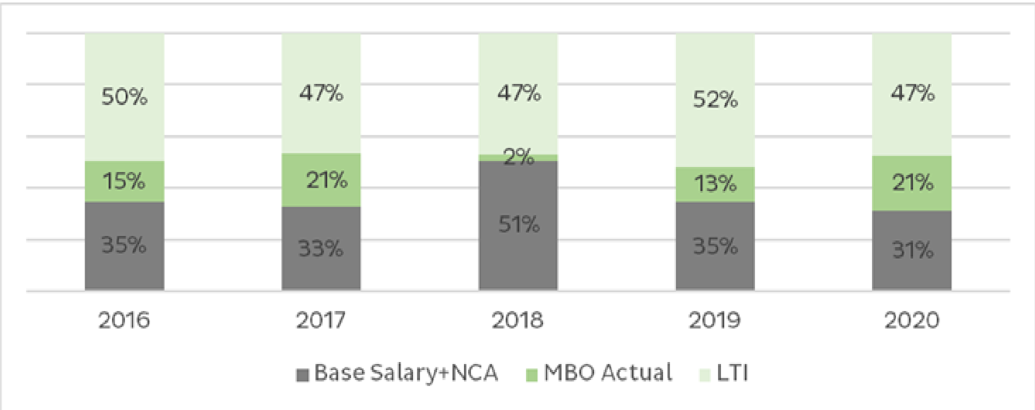
(i) base remuneration
  - Executive Director's fee and remuneration
  - benefits and perquisite

(ii) variable incentives
  - short term incentive (MBO)
  - long term incentive (LTI Plan)

Component	Purpose	Terms and Conditions
Executive Director's fee and remuneration	Compensate for the individual's experience, skills, duties, responsibilities and the contribution of the individual within the Company	Fixed remuneration is: 1. internally consistent 2. externally competitive 3. reviewed periodically
Benefit and perquisites	Provides value to the professional working life in relation to status, role complexity and grading	Benefits include: health insurance, disability and life insurance, a directors' and officers' liability insurance (D&O), mobility allowance or travel expenses when appropriate, and employee benefits plans as offered at any given point
MBO	Ensure Executive Director's alignment with focus on the annual business plan as set by the Board	The short term incentive (MBO) of the Executive Directors is conditioned upon the achievement of the following performance targets: 1. Adjusted EBIT (60%) 2. Turnover (20%) 3. Product replacement rate (20%) The MBO for the other selected management roles is conditioned also upon achievement of functional performance targets
LTI plan	Achieve growth results in medium and long term and align Executive Directors' interests with the pursuit of the priority objective of sustainable creation of value for shareholders	The long-term incentive is conditional on the achievement of the following performance targets: 1. Adjusted EBIT/Net Sales matrix (70%) 2. Relative TSR (15%) 3. ESG objective (15%) The LTI Plan for the other selected management roles is conditioned also upon achievement of functional performance targets

Simulated scenarios of the possible outcomes of the variable incentive components and their effect on the remuneration of the Executive Directors are conducted in accordance with the Dutch Corporate Governance Code.

The chart below illustrates the average relative proportion of the remuneration elements (excluding benefits and perquisites) for the Executive Directors, calculated on the basis of the remuneration received by the Executive Directors over the last 5 years.



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Base remuneration

Executive Director's fee and remuneration

The Executive Director’s fee and remuneration compensates for the individual’s experience, skills, duties, responsibilities and the contribution of the individual within the Company. Such compensation of each Executive Director is a fixed cash compensation paid on a monthly basis, which includes holiday allowance and other local statutory requirements per country.

The Company ensures that the Executive Director’s fee and remuneration are: (i) internally consistent (i.e. in line with the role); (ii) externally competitive; and (iii) reviewed periodically. Each year the compensation and talent development committee of the Board, consisting of Non-Executive Directors only ("**Compensation and Talent Development Committee**") reviews the base salaries and decides whether circumstances justify adjustments.

Benefits, perquisite and loans

All Executive Directors are beneficiaries of a directors and officers’ liability insurance policy ("**D&O**") at market conditions for this type of coverage. The insurance policy covers losses resulting from claims made against the Executive Directors for wrongful acts committed in their respective functions and for which they have been recognised accountable.

Executive Directors are also entitled to other benefits such as health insurance, disability and life insurance, mobility allowance or travel expenses, representation costs and to participate in whatever all-employee benefits plans may be offered at any given point.

Additional benefits and perquisite may be offered to the Executive Directors in case of a relocation or an international assignment, such as relocation support, storage costs, expatriation allowance, housing support, reimbursement of flight costs, reimbursement of costs of temporary living arrangements and other benefits which reflect local market practice, all in accordance with the applicable mobility policy.

Neither the Company nor any of its subsidiaries shall grant personal loans, guarantees or the like to Executive Directors except within the framework of its usual business operations, on conditions which apply to all employees and with the prior approval of the Board. No remission of loans to the Executive Directors shall be granted.

Various factors may be considered when determining any annual base remuneration changes, including, but not limited to, business performance, personal performance, the scope and nature of the role, salary increases of the Group's global workforce, relevant market benchmark data and local economic indicators, such as inflation and cost-of-living changes, to ensure that the remuneration is fair, sensible and market competitive. The actual annual base remuneration and any annual increases will be disclosed in the annual report.

Variable incentives

The purpose of variable incentives scheme is to stimulate the entrepreneurship of participating employees and to ensure that they are motivated to perform beyond expectations. The objective is also to support employees’ participation in the successes of the Group. The philosophy of the Group is to place greater emphasis on the variable pay in order to ensure an alignment of the total remuneration to the Company performance. The variable incentives is subject to the malus and claw back provisions provided by article 2:135 of the Dutch Civil Code.

Short-term incentive

The short-term incentive (the management by objective scheme; "**MBO**") aims to ensuring that the Executive Directors, and other selected eligible employees, are well incentivised to achieve the Group quantitative performance targets in the short term. The purpose of the MBO is to ensure executive alignment with and focus on the annual business plan as set by the Board.

At the beginning of each year, the Compensation and Talent Development Committee proposes to the Board: (i) the base amount of the bonus for each Executive Director; and (ii) targets ranges, based on the Group business plan, whereby the pay-out is equal to 100% of the base amount if the targets as per the business plan are met, while the pay-out will range from 50% to 150% of the base amount depending on whether the actual performance is below the target but within a selected gate (threshold) or above the target.

At the beginning of the following year, the Compensation and Talent Development Committee reviews the performances against the targets, based on the financial records of the Group, as audited by the external auditor.

There are three performance indicators as follows:

- Target A identifies the Group Adjusted EBIT, weighting 60% of the global performance target;
- Target B identifies the Group turnover, weighting 20% of the global performance target; and
- 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.

Target C is designed to push quality of the product sold, as sustainable quality contributes to the Group performance in the long run. Accordingly, a portion of the short-term incentive contributes to the strategy of the Group, the long-term interests of the Group and its sustainability.

The short-term incentive of the Executive Directors is based on financial and economic performance measures and, therefore, without directly taking into account specific qualitative performance objectives that are non-financial and/or related to corporate social responsibility. This choice is based on the consideration that socially responsible behaviours, which the Group is inspired by with the utmost commitment and rigour, should in any case be reflected, in the long term, in the financial results of the Company and the Group. If the short-term incentive targets are met, the short-term incentive is paid the year following the relevant performance period, once the predetermined performance objectives are verified.

The MBO pay-out will be nil if: (i) none of the performance gates (threshold) are reached; or (ii) net profit of the year as reported in the consolidated financial statement will be equal to zero, or a net loss for the period will be reported.

Long-term incentive

Executive Directors are eligible for grants under the Company's long term incentive plan ("**LTIP"**), as amended from time to time, and as approved by the General Meeting.

LTIP aims at providing incentives for the Executive Directors – and other selected eligible Group's employees identified according to the banding model adopted by the Company – to achieve growth results in the medium and long term and at ensuring executive alignment with the pursuit of the key objective of sustainable creation of value for shareholders.

The long-term incentive awards under the LTIP are made available annually (rolling grants) in the form of performance share units of the Company ("**PSUs**").

Usually at the beginning of each year, the Compensation and Talent Development Committee proposes to the Board: (i) the size of the grant for each Executive Director, with a maxim value at target not exceeding 150% of the base remuneration; and (ii) the target pay out opportunity, for each Executive Director set at 50% for the threshold achievement, at 100% for target achievement and at 150% in case of overperformance.

The number of PSUs to be granted to the Executive Directors is determined dividing the individual grant by the average closing price of the Company's shares on the 30 days before the grant.

The PSUs are conditional on: (i) three-year vesting period; (ii) continuous engagement; and (iii) performance testing. The number of PSUs that vest after three years is dependent on the achievement of selected targets.

There are three performance targets as follows:

- Adjusted EBIT/net sales matrix, weighting 70% of the global performance target;
- relative total shareholders return ("**TSR**"), measuring the performance of the Company's shares ("**Shares**") vis-à-vis the shares of selected competitors) weighting 15% of the global performance target; and
- 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.

The time frame for assessing performance foresees a three-year vesting period with annual grants and a lock-up provision of two years on an amount equal to 30% of the Shares accrued for the Executive Directors. As a three-year vesting scheme and lock-up provision apply, there is a clear link with the long-term interests of the Company.

Before the admission to trading of the Shares on Euronext Milan ("**Admission**"), the long-term incentive plan of the Company provided for the assignment to selected beneficiaries of so-called phantom stock options ("**Phantom Stock Option**"), namely deferred cash bonuses measured on the basis of the value of the Company. The Phantom Stock Options granted in the past had a vesting period of three years with a subsequent exercise period of four years. The beneficiary pay out was calculated on the increase of the equity value of the Company over time.

Upon Admission, the previous long-term incentive plans were terminated, and the outstanding Phantom Stock Options converted according to a system of conversion. The system distinguish between (i) vested (but not yet exercised) Phantom Stock Options and (ii) non-vested Phantom Stock Options:

- for vested Phantom Stock Options, the beneficiaries were given the option to either
    a. convert the amount which they were entitled to into Shares with lock-up commitments; or
    b. receive the cash equivalent;

- for granted but not vested Phantom Stock Options, such options were converted into PSUs.

In case of conversions of the Phantom Stock Options into Shares (i.e. for those not receiving cash equivalent) or PSUs, the actual or estimated convertible amount was enhanced of 10% (for the LTI plans dated 2016 through 2019) or 15% (for the LTI plan dated 2020).

5. Remuneration of Non-Executive Directors

Fee structure

The General Meeting determines the remuneration of the Non-Executive Directors. The Board periodically submits proposals to the General Meeting in respect of the remuneration of the Non-Executive Directors. The remuneration of the Non-Executive Directors intends to reward Non-Executive Directors for utilising their skills and competences to the maximum extent possible to execute the tasks delegated to them including but not limited to tasks and responsibilities imposed by the Dutch Civil Code, Dutch Code and the Company's articles of association. The remuneration of the Non-Executive Directors reflects the size of the Group, as well as the responsibilities of the role and the time spent.

Given the nature of the responsibilities of the Non-Executive Directors as independent bodies, the remuneration of the Non-Executive Directors is not tied to the performance of the Group and therefore includes fixed compensations only. In line with the Dutch Corporate Governance Code, Non-Executive Directors will not be rewarded any equity-based compensation. Payment of the remuneration is done in euro.

Non-Executive Directors shall not be eligible to participate in any benefits programs offered by the Company to its employees. The Group do not grant personal loans, guarantees or the like to Non-Executive Directors. Loans are not remitted. Non-Executive Directors will not be entitled to any severance pay and are not eligible to participate in a pension scheme or other pension related benefits.

The Non-Executive Directors will each receive an annual fixed fee of €50,000. The chair and the members of the Board's committees are provided with a supplementary committee fee for the additional responsibilities. The chair of each committee receives a committee fee of €20,000 and the other members of each Board committee receive a committee fee of €10,000.

Committee	Chair	Member
Compensation and Talent Development Committee	€ 20,000	€ 10,000
Audit Committee	€ 20,000	€ 10,000
Strategic Committee	€ 20,000	€ 10,000
ESG Committee	€ 20,000	€ 10,000

Expenses

Non-Executive Directors will be reimbursed for all reasonable business expenses incurred in the course of performing their duties, subject to appropriate evidence of payment and VAT receipts. No notice period or termination fees are applicable when Non-Executive Directors resign.

Benefits and loans

All Non-Executive Directors are beneficiaries of the same D&O insurance policy of the Executive Directors.

Non-Executive Directors will not receive any variable remuneration.

Non-Executive Directors will not be entitled to any severance pay and are not eligible to participate in a pension scheme or other pension related benefits.

Neither the Company nor any of its affiliates shall grant personal loans, guarantees or the like to Non-Executive Directors except within the framework of its usual business operations, on conditions which apply to all employees and with the prior approval of the Board. No remission of loans to the Non-Executive Directors shall be granted.

6. Contractual arrangements Executive Directors

Pursuant to the Company's articles of association and the Dutch Corporate Governance Code, the term of office of Executive Directors may not exceed a maximum period of four years at a time. A Director who ceases office in accordance with the previous sentence is immediately eligible for re-appointment.

Key terms of engagement

The management agreement of the Chief Executive Officer provides that: (i) upon termination by the Company and existing certain conditions, the Chief Executive Officer is entitled to a one-off severance equal to an amount of up to two years of his remuneration as manager (net of any amount paid as non-compete obligation consideration); and (ii) that a certain component of the remuneration is due as a non-competition fee following the termination of the relationship. The employment agreement of the Executive Chair provides for an indemnity upon termination of the relationship as set out in the applicable collective bargaining agreement.

The management agreement of the Chief Executive Officer, and the employment agreement of the Executive Chair are governed by Italian law.

7. Possible exceptions to the Remuneration Policy

Even though the Company is not in principle in favour of making exceptions to the principles underlying the Remuneration Policy, the Non-Executive Directors shall be allowed to temporarily derogate from the Remuneration Policy in exceptional circumstances as defined by the Dutch Civil Code, such as, for example, the need to attract and/or retain (in a competitive market) key managerial competences or the need to provide incentives to key managers with respect to specific industrial objectives that, under contingent conditions, are of particular importance.

The Non-Executive Directors may deviate from the Remuneration Policy by *inter alia*, (i) the granting of a one-off entry bonus to a new Executive Director, and (ii) the granting of exceptional one-off retention bonus if, in the view of the Non-Executive Directors, such deviation is necessary to attract and retain highly qualified key managerial competences and retain market share in a highly competitive market, serving the long term interest and sustainability of the Company and ensuring its viability.

For the grant of one-off entry bonus and one-off retention bonus, the Compensation and Talent Development Committee prepares the decisions for the Non-Executive Directors.