

Views
of the Board of Directors of Acea to the Shareholders
on the dimensions and composition
of the New Board of Directors
9 March 2020

Introduction

In fulfilment of the recommendations of the Code of Self-Governance (applicative criterion 1C.1, sub. h)), in view of the renewal of the corporate bodies, the outgoing Board of Directors of ACEA S.p.A. (“Acea” or the “Company”), after consulting with the Appointment and Remuneration Committee and taking into account the results of the self-evaluation, has prepared its own views on the future dimensions and composition (referring to the managerial and professional figures whose presence on the new Board of Directors is deemed opportune) of the administration body, to be submitted to the shareholders in view of the Annual General Meeting for its renewal, to be held on first call on 28 April 2020 and on second call on 29 April 2020 if necessary.

Dimensions of the Board of Directors

The Aces Board of Directors believes:

- that the current number of nine Directors is appropriate in order to ensure the proper balancing of skills and experience required by the complexity of the business of the Company and of the Acea Group;
- that the current relations ongoing between the Executive Director and the non-Executive and Independent Directors is adequate, given that it is suited to ensuring the effective functioning of the Board of Directors itself.

Composition of the Board of Directors

The composition of the administration body must take into account the current and future requirements of Acea and the need to maintain a significant presence of independent directors, with a diversity that takes into account the applicable legal dispositions and the recommendations of the Code of Self-Governance, ensures gender equality, contemplates a balanced combination of different age ranges and educational backgrounds, so as to ensure a balanced plurality of prospects and managerial and professional experience.

The ix of skills of the Board should be well balanced and enhanced by the knowledge of the business of ACEA and the experience acquired in the current term of office, considering the complexities of the business and the need to bring to conclusion the development path started by the current administration body.

The Acea Board of Directors believes that the characteristics deemed opportune for the various roles within the Board of Directors are the following, in line with those of the current Board of Directors.

The Directors should:

- a) be figures with a managerial and/or professional and/or academic background such as to realise a mix of skills and experience that are different but complementary to each other, in consideration of the various sectors of business the Company operates in (regulated and market);
- b) have experience of Board of Directors in companies, preferably listed on the stock exchange, of similar dimensions and/or complexity to Acea;
- c) be in possession of skills enabling them to participate effectively in the work of the Board of Directors and the various Committees within the Board.

The Board should also be in possession, in overall terms, of a high level of orientation towards strategies and results in respect of the principles of proper corporate and business management, and also skills regarding the governance of risks, in a corporate and regulatory framework, the economic and financial context and the financial statements, the structure and development of corporate governance processes and systems in listed companies, the topics of sustainability and social responsibility and digital innovation.

With specific reference to the professional experience requirements that candidates for the position of member of the administration body of Aces must possess, the following should be noted:

- skills in terms of “governance of risks” are intended as skills in the governance of risks and control systems acquired through an appropriate number of years’ experience in high-level management positions in companies listed on stock exchanges, banks, financial companies, insurance firms or those of significant dimensions (“Significant Companies”). All control functions (Risk, Audit, Compliance) are relevant in this regard;
- “legal and corporate and regulatory” skills are intended as skills acquired in these contexts through an appropriate number of years’ experience in high-level management positions in one or more Significant Companies;
- skills in terms of “the economic and financial context and the financial statements” are intended as skills acquired through an appropriate number of years’ experience in high-level management positions in one or more Significant Companies. Functions such as Finance, Accounting, Administration and Control are considered relevant;

In order to attest the presence of one or more of these skills, a previous (or current) mandate as Chairman of the Board of Directors or Chairman/member of the Risk and Control Committee in Significant Companies is relevant.

Experience acquired in the public sector or in the consultancy/academic sector is also significant if relating to (i) risk management, (ii) regulatory and legal matters concerning the business sector the company operates in, (iii) economic and financial, and (iv) auditing.

The shareholders should also assess whether the candidates for Board membership have adequate time available to diligently and responsibly carry out their duties, also to ensure their preparation and participation in Board and committee meetings, taking into account that destined for other working or professional activities, in addition to positions in other companies. In this regard, in order to enable to assess the minimum time deemed necessary for effective membership of the corporate bodies of ACEA, the following table summarises the frequency of the relevant meetings in 2018 and 2019.

	2018 meetings	2019 meetings
Board of Directors	12	13
Executive Committee	6	8
Control and Risk Committee	13	11
Ethics and Sustainability Committee	8	8
Appointment and Remuneration Committee	11	10

Significant exponents

The Chairman

In addition to the characteristics for all members, the Chairman should:

- be a figure of authority such as to ensure the proper and transparent functioning of the Board of Directors throughout its term of office and represent a guarantee figure for all of the Shareholders and stakeholders;
- have personal characteristics such as to create a strong team spirit and a strong sense of cohesion between the members of the Board of Directors;
- have skills in the economic and financial and legal sectors, and also adequate preparation on corporate governance, having accrued prior and significant experience as a member – and preferable at the head of – Board of Directors in listed financial or insurance firms or banks or in any event in industrial companies of significant dimensions.

The Chief Executive Officer

In addition to the characteristics for all members, the Chief Executive Officer should:

- be an authoritative figure with a strategic vision and profound knowledge of the market of multi-utilities and their evolution;
- have accrued significant and successful experience in managerial or executive roles at the head of listed companies of significant dimensions and/or complexity;
- have adequate economic and financial skills;

- have recognised leadership qualities and a management style oriented towards direction and the ability to create a team spirit among collaborators;
- have experience in the management of relations with international investors and high credibility and authority on the market.

With regard to the relations between the Chairman and the Chief Executive Officer, the Board underlines the need for the two figures to be complementary to each other to ensure the effective functioning of the Board and, more generally, the governance of the Company.

Committees within the Board

Specific skills are also required, for the frameworks of their respective interest, for the members of the Committees within the Board; particular focus will be on members in the position of Chairman of said committees.

It should be recalled that the Code of Self-Governance provides that at least one member of the:

- i. control and risk committee be in possession of adequate accounting and finance or risk management experience;
- ii. the remuneration committee be in possession of adequate knowledge and experience in *“financial matters or remuneration policies”*

to be assessed by the Board of Directors on appointment of the Committees.