

# **REPORT ON THE REMUNERATION POLICY AND ON THE REMUNERATION PAID**

2021

*In implementation of Art. 123-ter of Legislative Decree 58/1998 concerning transparency  
of the Remuneration of Directors of Listed Companies*

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## Letter by the Chairperson of the Appointment and Remuneration Committee

Dear Shareholders,

In the capacity of Chairperson of the Appointment and Remuneration Committee, I am pleased to present to you, together with the Board members Gabriella Chiellino, Giovanni Giani and Liliana Godino, the Remuneration Report of the Acea Group for 2021.

The activities and decisions that have characterised the work of the new Appointment and Remuneration Committee have been directed towards ensuring that the remuneration policies constitute a tool that will enable us to achieve our medium and long-term strategic objectives in order to create value for Shareholders. To this end, while certain elements of the previous policy have been maintained, we have opted to innovate some aspects of the variable incentives system so as to better reflect the business' objectives defined in the 2020-2024 Strategic Plan.

Acea's new Industrial Plan broadly represents a continuation of the previous plan with a number of changes, in particular the increase in the production of electricity from renewable sources. Sustainability is still the basis of the long-term strategy and is an integral part of the Industrial Plan, which includes the ESG strategic priorities.

The work of the Committee was therefore to align the incentives system to the ESG (Environmental, Social, Governance) objectives outlined in the Acea Group's Strategic Plan. In fact, in addition to the financial and economic targets, a sustainability objective has been developed and introduced in the new long-term incentives plan and confirmed in the short-term plan. Coming into effect in 2021, this will help the Group to achieve its business objectives and meet the expectations of a market that is becoming increasingly conscious of ESG criteria.

The positive results achieved by the Group in 2020 underline the continuous consolidation of the business model, which has held firm even in the uncertain economic context created by the health emergency. However, even with the excellent results achieved, the elements characterising the current incentives systems impact remuneration pay-outs in order to maintain complete consistency between bonuses and the long-term value generated net of risks.

In particular, the key changes introduced in the 2021 Remuneration Report include the following:

- Alignment of the remuneration policy to the new guidelines issued with the latest update of the Consob Issuer Regulations which, with Resolution no. 21623, implementing the new elements of Directive 2017/828 (SHRD II), which amended Directive no. 2007/36/CE (SHRD I) and introduces new disclosure requirements for Remuneration Reports;
- Revision of the variable incentives system to generate a pay mix within the long-term incentives component in order to align the risk profile of Top Management with that of the Group's Shareholders;
- Connection between the short-term and long-term incentive plans and the objectives linked to sustainability; definition of objectives linked to sustainability deriving from the analysis of the Strategic Plan and the Non-financial declaration;
- Addition of a brief introductory Executive Summary to Section II in order to improve the disclosure, containing some of the information required by the most recent update to the Issuer Regulation.

*The introduction to the document is given in the “Executive Summary”, which briefly illustrates the characteristics of the new Remuneration Policy and the main results achieved by the Group, highlighting the pillars of the ‘20-’24 strategic plan.*

*The document is in two Sections: i) the “Report on the Remuneration Policy 2021”, which describes the main principles behind our approach to the remuneration and incentives systems in 2021; ii) the “Annual Report on the Remuneration paid in 2020”, which provides the details of the remuneration paid for the year 2020 to the members of the Board of Directors, the Chief Executive Officer, the Board of Auditors and the Executives with Strategic Responsibilities.*

*I trust that this Report submitted for your examination can once again bear witness to the reasons behind the structure of the mechanisms of the remuneration policy and also the respect of the logics of transparency required by the laws in force and by which the Group is bound. On behalf of myself and the other Directors, I thank you in advance for your adherence and support of the policies defined for 2021.*

*Massimiliano Capece Minutolo Del Sasso  
Chairperson of the Appointment and  
Remuneration Committee*

## Introduction

This document describes the Remuneration Policy adopted by the Acea Group for 2021 (“**Remuneration Policy**”). This policy, based on the recommendations contained in article 6 of the Corporate Governance Code for listed companies published by the Italian stock exchange, defines the criteria and guidelines for the remuneration of the members of the Board of Directors, including the executive Directors and those invested with specific powers, and the Executives with strategic responsibilities<sup>1</sup>, and also the members of the Company’s Board of Auditors, within the timeframe of the current financial year.

The drafting of this remuneration report (“**Report on the remuneration policy and the remuneration paid**”) takes into account both the regulatory provisions adopted by Consob on transparency and communication and that provided by art. 123-ter of Legislative Decree 58/98 (hereinafter also “**CAF**”).

This Remuneration Report is therefore divided into two separate Sections:

I. the first Section illustrates in detail:

- a) the Acea S.p.A. (“**Acea**”) policy on the remuneration of the Directors applicable for 2021, including the Executive directors and the Directors with specific duties, the Executives with Strategic Responsibilities and the Board of Auditors;
- b) the procedures used for the adoption and implementation of the policy.

II. the second Section, individually for the members of the Administration and Control Bodies and in aggregate terms for the Executives with strategic responsibilities:

- a) provides a description of each of the items comprising their remuneration, including the treatment provided in the event of resignation or termination of contract;
- b) accounts for the remuneration paid out during the 2020 financial year under any title and in any form by the Company;
- b-bis) illustrates how the Company has considered the vote expressed the previous year regarding Section II of the report.

In compliance with the new regulatory framework (art. 123-ter of the CAF), reviewed at a primary level by Legislative Decree 49/2019, containing the provisions required for the implementation of EU Directive 2017/828 of the European Parliament and Council of 17 May 2017, which modifies Directive 2007/36/EC (Shareholders’ Rights Directive or “SHRD”) the “say on pay” system has been reviewed to foster and promote the long-term commitment of shareholders.

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<sup>1</sup>“Executives with Strategic Responsibilities” are the senior executives identified and proposed by the Appointment and Remuneration Committee to the Board of Directors who have powers and responsibilities in the planning, management and control of the activities of the Company and the Group.

On the basis of criteria and guidelines which take into account the position held within the organizational structure, autonomy and decision-making powers in the choices made, these Executives with Strategic Responsibilities have been identified taking into account, for each of them, their level of responsibility, role filled and associated remuneration level.

In view of the above, at the time of writing, in addition to the Chief Executive Officer, the following roles are considered Executives with Strategic Responsibilities: 1) Chief Operating Office 2) Administration, Finance and Control.

Furthermore, as provided for in this document, this applies to senior Group executives, the members of the Administration and Control bodies and other Executives with Strategic Responsibilities, in compliance with Annex 3A of the implementing regulation of the CAF adopted by Consob with Resolution no. 11971 of 14 May 1999 (so-called “Issuer Regulations”) and amended by Consob with Resolution no. 21623 of 11 December 2020.

The Acea Remuneration Report pursuant to art. 123-ter, paragraph 2 of the CAF was defined and approved by the Board of Directors, on the proposal by the Appointment and Remuneration Committee, in its meeting on 10 March 2021.

The First and Second Sections will be submitted to the Shareholders’ Meeting to be held on 22 April 2021.

## Executive summary

The aim of the Acea Group remuneration policy is to attract, motivate and retain individuals who, due to their technical and managerial skills and their differing profiles also in terms of gender and experience, are a key factor to the success of the Group.

The remuneration policy reflects and supports the strategy and our values: being a Group with a approach to creating value and sustainability of results, maintaining a strong attraction and commitment towards all the stakeholders.

The aim of the following section is to provide a brief overview of the contents of the Remuneration Policy applicable for 2021, also referring to the figures concerning the voting by shareholders' meeting for the approval of the most recent Remuneration Reports, the remuneration multiple and also highlighting how the policy defined is aimed at mitigating the various risk factors.

### The Acea Industrial Plan

Acea's Industrial Plan presented in 2020 broadly represents a continuation of the previous plan with a number of changes, in particular the increase in the production of electricity from renewable sources, photovoltaic power, and the use of e-mobility. The Plan comprises five key actions: to continue the Group's growth (Growth), to increase the development of renewables (Renewables), to drive technological innovation within industrial processes (Innovation), to reach and surpass challenging targets (Delivery), and to pursue an approach founded on sustainable development (Sustainability).



Sustainability is still the basis of the long-term strategy and is an integral part of the Industrial Plan, which includes the ESG strategic priorities. In particular, the expected industrial growth must develop in parallel with the technological development of cities and infrastructures and a lower environmental impact in terms of decarbonisation, an increased circular economy, the resilience of the electricity grid, energy efficiency, and the protection of water resources.

To this end, Acea is continuing to consolidate its commitment to sustainability by defining a series of objectives based on the Non-Financial Declaration and connected to the variable incentives system.

The ACEA remuneration policy is a vital lever in support of the medium and long-term strategy of the Group, conceived as a factor which contributes towards improving the company's performance and creating value in the medium and long-term.

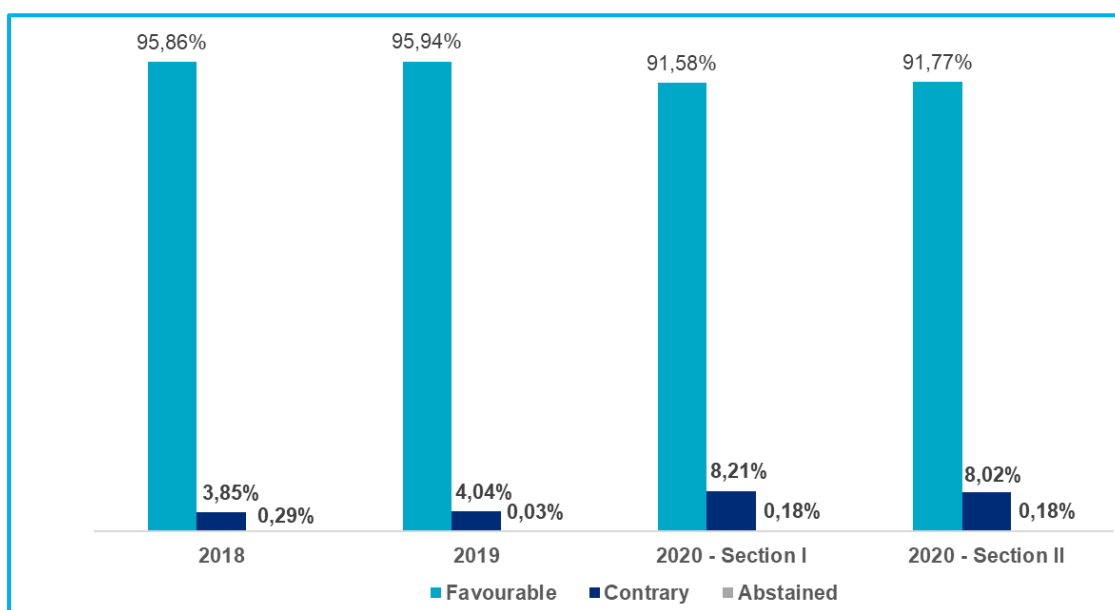
The incentivising capacity of the systems is guaranteed consistently with the strategic objectives of the Group.



## Results of voting by the shareholders' meeting

According to that provided by the laws in force (art. 123-ter, paragraph 6 of the CAF), the shareholders' meeting held on 29 May 2020, in view of the implementation of the SHRD II, held a binding vote on Section I of the 2020 Remuneration Report and a consultative vote on Section II. Below is a comparison of the votes cast in 2018, 2019 (Section I) and 2020 (Sections I and II).

It must also be underlined that the changes and new elements introduced in this report take into account the voting results, and mainly the reasons behind the “no” votes cast in the 2020 Shareholders' Meeting, in order to align with the newly introduced additional disclosure requirements.



## Brief overview

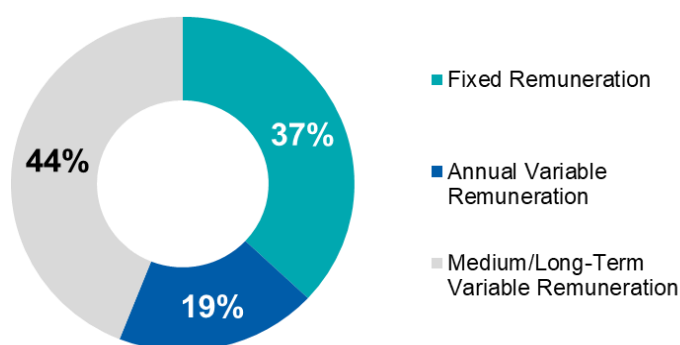
Remuneration Policy 2021			
Component	Scopes and characteristics	Implementation conditions	Amounts
<b>Fixed Remuneration</b>	The fixed remuneration component is determined by the professional specialization and organizational role filled with relevant responsibilities, reflecting the technical, professional and management skills.	The conditions for its definition are based on checking the remuneration positioning through market benchmarks consistent with the characteristics of Acea and the roles assigned.	<ul style="list-style-type: none"> <li>• <b>CEO:</b> € 486,000 per year, of which:               <ul style="list-style-type: none"> <li>• € 350,000 - GAR</li> <li>• € 110,000 - remuneration for special position</li> <li>• € 26,000 - remuneration as Board member</li> </ul> </li> <li>• <b>Chairperson:</b> € 276,000 per year, of which:               <ul style="list-style-type: none"> <li>• € 250,000 - remuneration for special position</li> <li>• € 26,000 - remuneration as Board member</li> </ul> </li> <li>• <b>ESR:</b> remuneration determined on the basis of the complexity and responsibilities of the role within the Group</li> </ul>
<b>Annual Variable Remuneration</b>	The annual variable component recognizes and rewards the objectives assigned and results achieved in correlation to the annual budget objectives and is an important motivational aspect.	<b>KPI:</b> KPI: NFP (weight 30%); EBITDA (weight 30%); Net Profit (weight 30%); Composite Sustainability Objective (weight 10%).	<ul style="list-style-type: none"> <li>• <b>CEO:</b> target-based incentive* of:               <ul style="list-style-type: none"> <li>• € 175,000 as Executive</li> <li>• € 55,000 as CEO</li> </ul> </li> <li>• <b>Chairperson:</b> N/A</li> <li>• <b>ESR:</b> Average percentage of 47.5% of target-based fixed component</li> </ul>
<b>Medium/Long-Term Variable Remuneration</b>	The medium/long-term variable component ensures the alignment between the Management interests and those of the shareholders. It is aimed at respecting the economic and financial principles and the economic returns on shareholder investments, measuring the returns on the invested capital.	Payment of an amount in cash based on the achievement of set objectives at the end of the reference three-year period. <b>KPI:</b> Cumulative EPS (weight 40%); NFP/EBITDA (weight 25%); NFP/Net Profit (weight 25%); Composite Sustainability Objective (weight 10%). <b>Characteristics:</b> Rolling three-year plan.	The incentive, assigned to each beneficiary individually, is calculated as a percentage of the fixed component: <ul style="list-style-type: none"> <li>• <b>CEO:</b> minimum incentive: 30% of fixed remuneration; target-based: 40% of fixed remuneration; maximum incentive: 50% of fixed remuneration</li> <li>• <b>ESR:</b> minimum incentive of 22.5% of fixed remuneration; average target-based incentive of 32.5% of fixed remuneration; average maximum incentive of 42.5% of fixed remuneration</li> </ul>
<b>Non-monetary Benefits</b>	They supplement the remuneration package in a total reward scheme through benefits primarily of a social security and welfare nature.	The conditions are defined in the national collective labour contracts and supplementary national agreements. The benefit plans do not include discretionary individual plans.	<ul style="list-style-type: none"> <li>• Social security and welfare plans</li> <li>• Insurance and health plans</li> <li>• Company car</li> <li>• Accommodation allowance</li> <li>• Meal vouchers</li> </ul>
<b>Severance</b>	Severance packages aimed at protecting the interests of the Group, also from competition-related risks.	The Group does not currently have agreements between Acea and the Directors in office providing for indemnities in the event of resignation or unjust dismissal.	

\* the achievement of the minimum and maximum thresholds of the performance objectives implies a pay-out of 80% and 140% of the target amount respectively.

## Pay mix

For the Chief Executive Officer/Business Development Strategy and Overseas Production Department Manager, the pay mix target shown takes into consideration the proposal for the remuneration package, considering the achievement of the targets regarding the MBO incentives system (as an Executive) and the short-term incentive (as CEO) and the target conditions of the long-term incentive plan 2021-2023. In order to better represent the pay mix, the medium/long-term variable remuneration component is expressed as a total value for the three year period of the Plan (this will enter into effect in the third year).

### CEO Target



## Remuneration Multiple

Continuing on from previous years, the use of the remuneration multiple, which is the ratio between the remuneration of the Company Head and that of the average employee, has been confirmed for 2021 as one of the tools for monitoring the Acea remuneration policy. On the basis of this analysis, the remuneration multiple of Acea is currently 15.65, compared to an average value of 19.78 for its peer companies (A2A, Hera, Iren, Italgas, Snam and Terna).

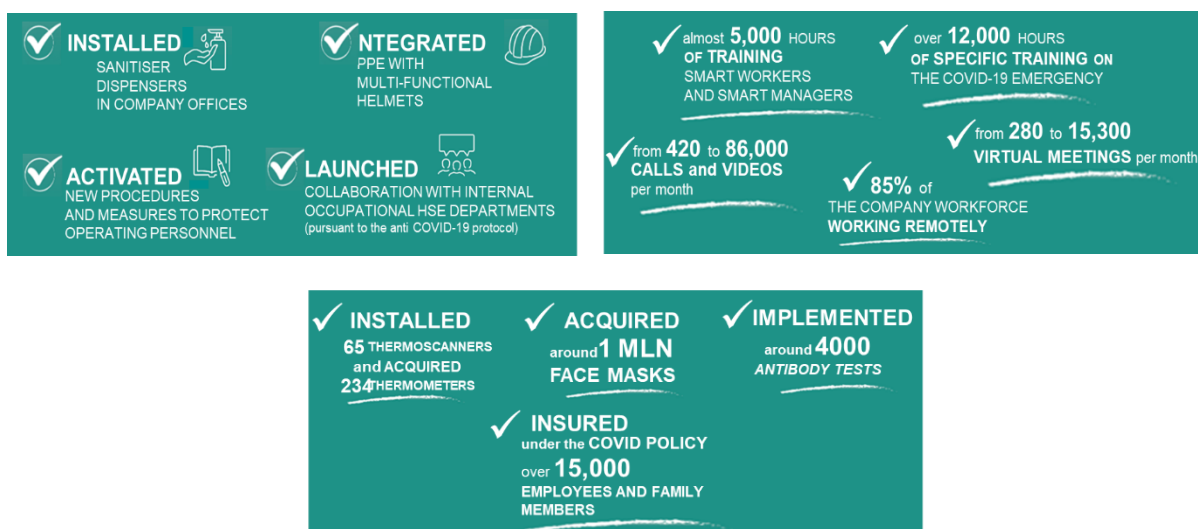


The year 2020 was characterised by extraordinary events that had unforeseen impacts on almost the entire economic system, leading to unstable and uncertain business growth trends, even in the short term. In this context, the Acea Group undertakes to continue to provide its service across the national area, to manage its customer care activities remotely, and to limit the negative impact that the current circumstances may have had on its employees, as part of its board-based people care approach.

In fact, the Acea Group decided to establish a Coronavirus Prevention Committee able to operate on a centralised level to coordinate the activities to be pursued. Such activities included an internal communications campaign to raise awareness on these issues, and the subscription to an ad hoc insurance policy in order to extend cover to employees' family members. Moreover, remote working was introduced for all administrative and technical personnel not operating in the field, while, in view of the exceptional commitment required, a bonus payment was authorised for operating personnel. The Acea Group also continued to issue meal vouchers for both categories of employees and provided the opportunity for free antibody tests and flu vaccines.

The consolidation of remote working since the start of March had no significant impact on operations as operating personnel had already been provided with the necessary equipment to work remotely.

In view of the measures adopted, the decision was made to finalise the performance recorded in 2020 and pay the full amount accrued, establishing a remuneration policy for 2021 that effectively confirmed the policy of the previous year.



## Correlation between remuneration, risk profile and company performance

The remuneration systems adopted in the interest of all of the stakeholders are in line with the long-term strategy, linked to the company objectives and structured so as to avoid incentives that may lead to conflicts of interest and the excessive undertaking of risks. The risk mitigation elements provided in the variable incentive systems are shown in the table below, which distinguishes between the short-term incentives and the long-term incentives:

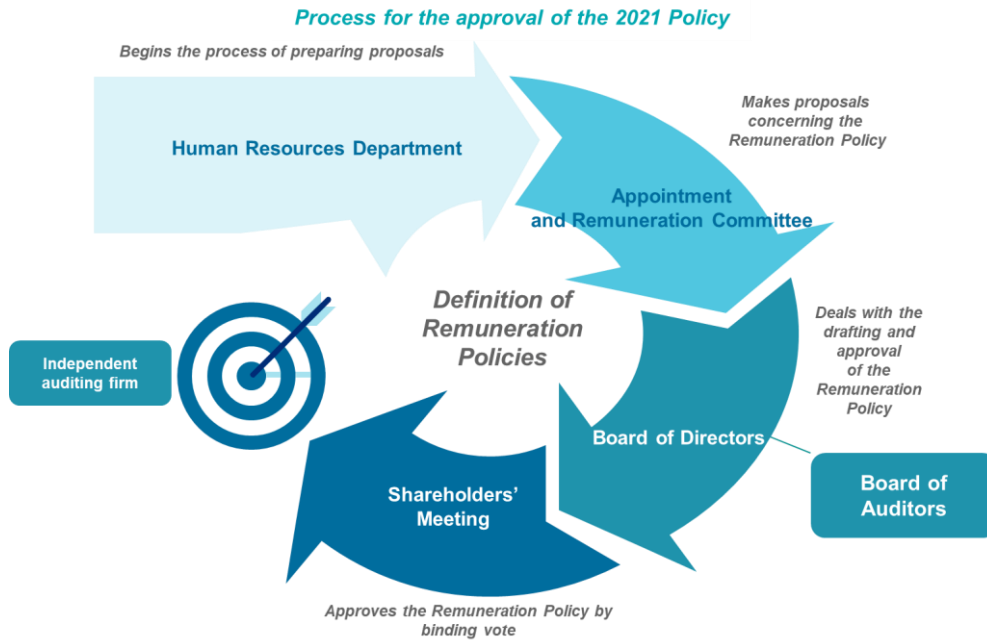
Risk mitigation elements	Variable short-term remuneration	Variable long-term remuneration
Definition of objectives consistently with the Strategic Plan	✓	✓
Provision of a cap for the variable remuneration of the Chief Executive Officer	✓	✓
Differentiation between economic and financial and sustainability performance objectives	✓	✓
Definition of Group indicators and/or specific Industrial Area indicators	✓	✓
Existence of claw back mechanisms	✓	✓
Provision of minimum value thresholds for each objective (with linear interpolation) guaranteeing payment only if a specific performance level is achieved	✓	✓

Having said this, the Company's Remuneration Policy is based on an evaluation of a "moderate" risk profile; this evaluation derives especially from considering the sector to which the company belongs (regulated multi-utility), in which the margins from free market activities constitute a non-preponderant part.

This means that the Company is exposed to limited market risks and, conversely, more exposed to regulatory risks. Taking into account the "moderate" risk profile, Acea has elected to not allocate highly volatile financial instruments, such as rights of option or other similar instruments, for example. The long-term variable component is therefore constituted exclusively by a monetary type plan.

## Governance

The Acea Group has prepared a governance process concerning the remuneration policy involving numerous actors among the Corporate Bodies and internal departments, as shown in the figure below:





# SECTION I



# 1. Governance Model

## 1.1. Subjects involved in defining and approving the Remuneration Policy

The Appointment and Remuneration Committee and the Board of Directors of the Company play a central role in defining the remuneration policy.

The definition of remuneration policies, which precedes the approval process, initially involved the Human Resources Department, which proactively, clearly and transparently guides the process of drafting proposals. This process then closely involves the company top management in the definition of the policy and guidelines for their operational implementation.

From the viewpoint of increasing transparency, the Acea Group has an RPT (Related Party Transactions) Procedure.

The intervention of the main corporate management bodies in the process for the approval of Remuneration Policies ensures that they are based on clear and prudent rules which ensure that they are consistent, avoiding situations of conflict of interest and guaranteeing their transparency through suitable disclosure.

The ACEA remuneration policy was approved by the Board of Directors, on proposal by the Appointment and Remuneration Committee.

The following are the bodies and individuals involved in the approval process for remuneration policies

### **a. The Shareholders' Meeting:**

- pursuant to art. 2389 of the Civil Code, may decide not to intervene in determining the remuneration of the executive directors and members of the committees, or may establish the maximum threshold, leaving the Board to decide on how to allocate it;
- decides for or against (binding resolution, pursuant to art. 123-ter, paragraph 3-ter of the CAF) the first Section of the Remuneration Report (paragraph 3 of the same article), concerning the company's policy in terms of the remuneration of the members of the administration body, the control bodies and the Executives with strategic responsibilities;
- decides for or against (non-binding resolution, pursuant to art. 123-ter, paragraph 6 of the CAF) the second Section of the Remuneration Report (paragraph 4 of the same article), concerning the remuneration paid during the business year in question to the members of the administration body, the control bodies and, in aggregate form, the Executives with strategic responsibilities.

### **b. The Board of Directors:**

- was appointed during the Shareholders' Meeting for the approval of the 2019 financial statements (29 May 2020);
- the current BOD, composed of 9 members, presides over the following areas of responsibility, consistently with the statutes:
  - determining the remuneration of the Chairperson, Chief Executive Officer and other Directors with specific duties, on proposal by the Appointment and Remuneration Committee, and also the remuneration due to the members of the Committees within the Board of Directors and the remuneration of the Executives with strategic responsibilities;

- unless the Shareholders' Meeting has already done so, determining the breakdown of the overall remuneration among the individual Board members;
- unless the Shareholders' Meeting has already done so, electing the Chairperson, and also a Vice-Chairperson to replace the Chairperson in the event of absence or impediment, from among its members (art. 16 of the statutes);
- forming internal control and remuneration committees, appointing their members, appointing the General Manager, if required, and defining the number of executives;
- appointing a Chief Executive Officer from among its members with proxy for everyday management and for any other deed they are responsible for within the limits of the law and the statutes. The Board of Directors may also form an Executive Committee, establishing its powers. Proxies are conferred in the methods and by the effects of which in art. 2381 of the Civil Code;
- defining the corporate governance system and structure of the Group, assessing the adequacy of the organizational, accounting and administrative set-up;
- making the opportune assessments on the general management performance, periodically comparing the results achieved with those planned.

The current Board of Directors will remain in office until the Shareholders' Meeting for the approval of the financial statements as at 31.12.2022. The composition of the Board in 2020 was as follows:

#### Composition of the Board of Directors

<b>Michaela CASTELLI - Chairperson</b>	
Stefano Antonio DONNARUMMA <b>CEO</b> until 18/05/2020	Giuseppe GOLA <b>CEO</b> since 29/05/2020
<b>Alessandro CALTAGIRONE — Member</b>	
<b>Massimiliano CAPECE MINUTOLO DEL SASSO - Member</b>	
<b>Gabriella CHIELLINO - Member</b>	
<b>Diane GALBE – Member</b>	
<b>Giovanni GIANI - Member</b>	
<b>Liliana GODINO - Member</b>	
Maria Verbena STERPETTI <b>Member</b> until 29/05/2020	Giacomo LAROCCA <b>Member</b> since 29/05/2020

The Chief Executive Officer is the only executive of the Company.

The Board of Directors is composed of five independent non-executive directors, namely Alessandro Caltagirone, Massimiliano Capece Minutolo Del Sasso, Gabriella Chiellino, Liliana Godino and Giacomo Larocca, and two non-independent non-executive directors, Diane Galbe and Giovanni Giani.

#### **c. The Chief Executive Officer**

Informs the Appointment and Remuneration Committee on the adequacy, overall consistency and proper application of the remuneration policy for the directors and executives with strategic responsibilities.



#### **d. The Appointment and Remuneration Committee:**

Briefly, the functions of the Committee are:

- proposing to and consulting with the Board of Directors and monitoring the application of the criteria and the decisions concerning the remuneration policy adopted by the Board of Directors itself;
- proposing and consulting as regards the remuneration of the Directors with specific duties and the Executives with Strategic Responsibilities.

On the basis of its internal regulation, the Committee comprises not less than three non-executive directors, the majority of them independent. The Chairperson of the Committee is one of the independent directors. The Appointment and Remuneration Committee is currently composed of independent directors only. At least one member of the Committee must have adequate knowledge and experience in financial matters or remuneration policies, to be assessed by the Board on appointment.

In relation to that provided by article 2389, paragraph 3 of the Civil Code, and according to the Regulation, the Appointment and Remuneration Committee consults with and makes proposals to the Board of Directors.

The Committee gives its view on the remuneration policies and the appointment and retention of group staff presented by the Chief Executive Officer.

As regards its duties concerning appointment:

- it gives the Board its views on the dimensions and composition of the Board itself and makes recommendations as regards the management team and professionals whose presence is deemed necessary;
- it makes recommendations to the Board on the maximum number of positions to be held in administration or control bodies of other listed companies, financial companies, banks, insurance companies or, in any event, companies of significant dimensions that is considered compatible with the effective performance of the duties of Director of the Company, taking into account the involvement of the Board members on the committees within the Board;
- it makes recommendations to the Board on any problems relating to the application of the ban on competition provided for the Directors by Art. 2390 of the Civil Code, if the Shareholders' Meeting has generally and preventively authorised derogations to the ban due to needs of an organisational nature;
- it proposes to the Board candidates for the position of director if one or more directors step down during the course of the year (art. 2386, paragraph one of the Civil Code), ensuring the respect of the prescriptions of the law and the statutes, and also those on the minimum number of independent directors and the quotas for the less represented gender;
- it gives its views to the Board if the plan for the succession of the executive directors is prepared.

As regards its duties concerning remuneration:

- it periodically assesses the adequacy, overall consistency and proper application of the remuneration policy for the directors and executives with strategic responsibilities, in this latter regard using the information provided by the general managers;
- it makes proposals or gives its views to the Board on the remuneration of the executives and the other directors with specific duties, and also on setting the performance targets correlated to the variable component of their remuneration;

- it monitors the application of the decisions of the Board itself, and in particular verifies the effective achievement of the performance targets on the basis of the data provided by the competent corporate departments;
- it submits the Remuneration Report for approval by the Board, in particular the Policy for the remuneration of the directors and executives with strategic responsibilities.

At least one a year, the Committee conducts a self-evaluation of its size, composition, functioning and independence with regard to the duties provided by this regulation.

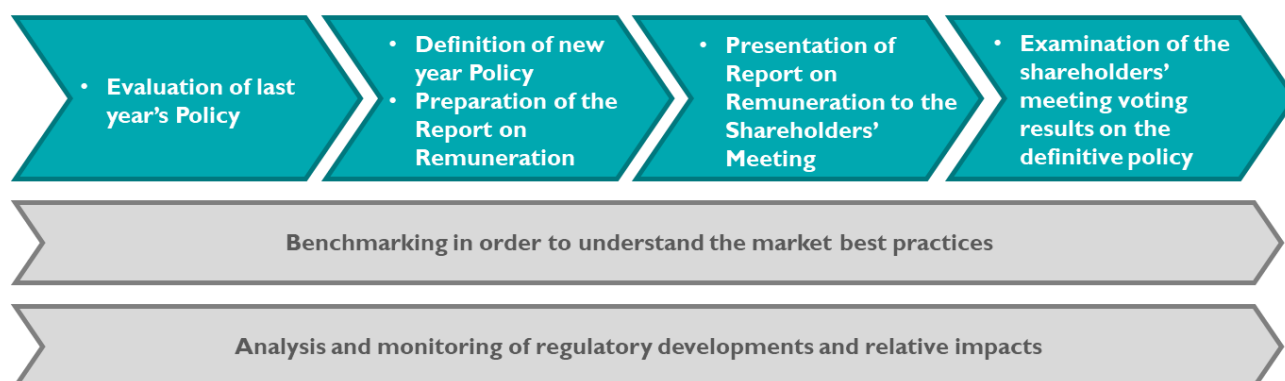
The Committee expresses preventive and non-binding views with regard to the individuals classed as having strategic responsibilities and those to be possibly attracted by the long-term incentive plan.

When making its preventive and non-binding views, the Committee acquires preliminary information on the basis of the choice of the executives with strategic responsibilities and on the designation of the Directors and Auditors in significant companies.

The Committee meets periodically, with the frequency required for it to carry out its activities, usually on the dates provided in the annual calendar of meetings approved by the Committee itself.

The Appointment and Remuneration Committee met 11 times in 2020 and 2 times since the beginning of 2021.

### ARC example activity process



The Chairperson of the Board of Auditors, or an auditor designated by them, attends the meetings of the Committee. The other standing auditors, the Chief Executive Officer and the Chairperson of the Board of Directors may also attend, as may other members of the Board of Directors or structure of the company on invitation by the Chairperson of the Committee, in order to provide information and express their views on the items on the agenda.

The Head of the corporate department involved in the process of preparing and monitoring the remuneration and incentive policies and processes also usually attends these meetings.

No director may preside over the Committee meetings in which proposals are made to the Board concerning its remuneration.

If required, the Committee interacts with the other Committees within the Board for the timely exchange of information relevant to the performance of their respective duties and the coordination of activities in areas of joint responsibility, by exchanging flows of information or holding joint meetings.

In carrying out its duties, the Committee has the right to access the information and corporate departments and structures, on the basis of their responsibilities, required for carrying out its duties and also to use external consultants who are not in situations such as to compromise their decision-making independence, within the limits of the annual budget allocated by the Board of Directors and the matters for which it is responsible.

#### Composition of the Appointment and Remuneration Committee

Massimiliano CAPECE MINUTOLO DEL SASSO - <b>Chairperson</b>
Gabriella CHIELLINO - <b>Member</b>
Giovanni GIANI - <b>Member</b>
Liliana GODINO - <b>Member</b>

#### e. **Board of Auditors**

The Board of Auditors expresses the views required by the laws and regulations in force, with specific regard to the remuneration of the Directors with specific duties pursuant to art. 2389 of the Civil Code, also verifying the general remuneration policy adopted by the Company.

#### f. **Other subjects involved**

The auditing firm entrusted with the legal auditing of the financial statements, in compliance with the new reference framework for listed companies, annually verifies the preparation by the directors of section II of the report, through a formal check regarding the disclosure of information, without expressing its views in this regard or as regards its consistency with the financial statements or compliance with the laws in force.




# 2. The Remuneration Policy of the Acea Group

## 2.1. Scopes and guiding principles

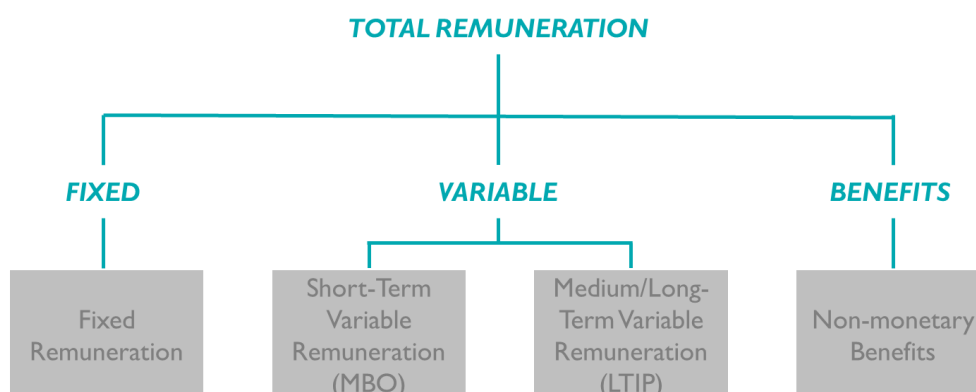
The remuneration policy of the Acea Group is defined to ensure that the interests of the management team are in line with those of the shareholders, pursuing the priority objective of creating value sustainable in the medium and long-term by consolidating the link between individual and Group remuneration and performance.

The Acea Group is also continuing to plan its incentive systems so that the results achieved with regard to the strategic objectives are effectively recognised, at the same time enhancing the value, social responsibility and sharing of sustainable conduct that characterises the Group as a whole, and adherence to the corporate values and personal commitment.

The following elements are always taken as reference for the definition of the remuneration policy:

 <p><b>Overseas market</b></p> <p>For checking the consistency of the company's remuneration offer, from a dual viewpoint of retention and cost limitation</p>	 <p><b>Internal consistency</b></p> <p>Focus on internal consistency between the remuneration offer and the complexity of the position filled</p>	 <p><b>Weighting of the position</b></p> <p>Method of weighting positions with the objective of guaranteeing homogenous and consistent remuneration comparison and analysis</p>
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## 2.2. The components of remuneration



### 2.2.1 Fixed Remuneration

The fixed remuneration component is determined by the professional specialization and organizational role filled and reflects the technical, professional and managerial skills of the individual.

## 2.2.2 Variable remuneration

The variable component recognises and rewards the objectives assigned and results achieved and is determined according to parameters which involve weighting the risks involved and the connection to effective and durable results. It constitutes an important motivational tool.

The variable remuneration is based on an annual component and a medium and long-term component.

### a. Variable short-term incentive plan (MBO)

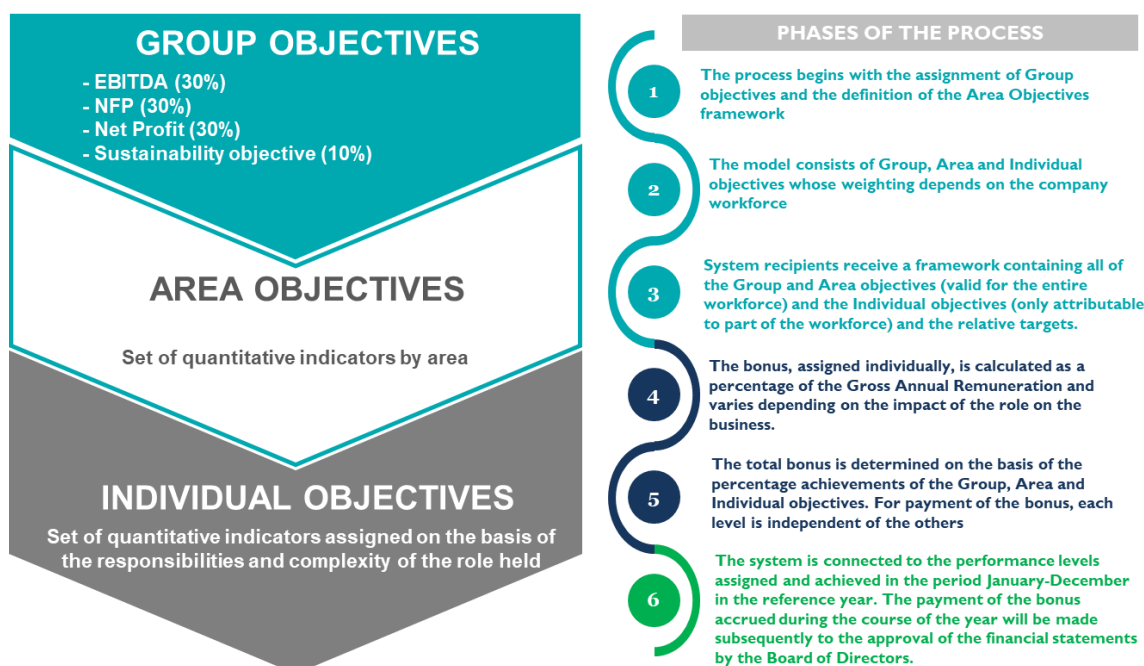
The annual incentive plan encourages the achievement of the annual budget objectives defined with a view to medium and long-term sustainability.

Compared to the structure of the previous year, the review by the Appointment and Remuneration Committee of the implementation mechanism of the short-term plan represented a strong commitment, studying market best practices to enable the development of a plan that ensures equity and communicative and evaluative simplicity, while continuing to guarantee a robust process that captures generated value.

The guiding principles in the development of the new model were:

- to simplify the model and ensure the direct correlation of the results achieved with the outcome of the evaluation process: to focus the MBO system on the objective and measurable targets, eliminating conduct evaluations;
- to share objectives to promote team spirit and cohesion: the creation of three types of target (group, area/business and individual/team), differentiating the weight of the components by “hierarchical level”; the lower the hierarchical tier, the lower the weight of the group component, while the impact that shareholders can have on that performance is also reduced.

#### Process of assigning objectives and paying bonuses



The new model for Executives with Strategic Responsibilities consists of a series of Group objectives that comprise the targets of the CEO and the COO and, for the CFO, the Area targets.

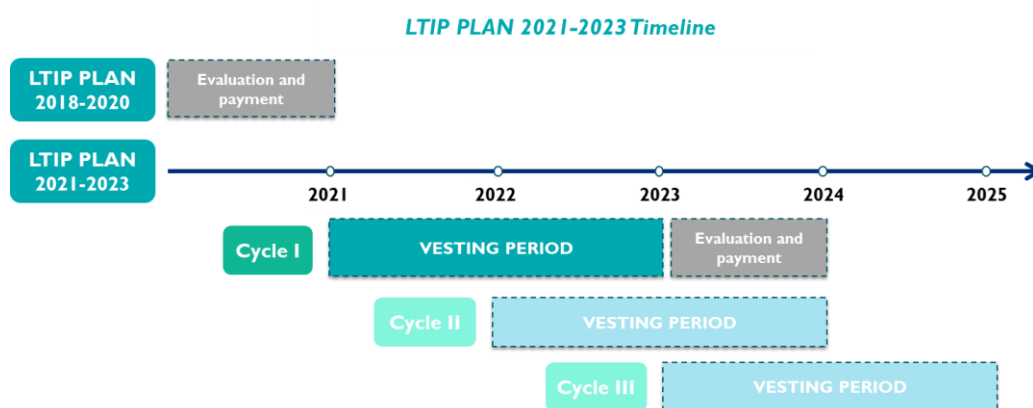
All other Managers involved in the incentive plan are identified annually on the basis of the Group guidelines and consistently with the company's business and human resource management strategies.

### **b. Variable long-term incentive plan (LTIP)**

The main purposes of the long-term incentive plan include gaining the trust of the management team and giving them incentives to achieve the economic, financial and sustainability objectives of the Group in the interest of the shareholders, thus aligning their objectives.

With regard to the expiry of the long-term incentive plan for the 2018-2020 period, which will be paid out in 2021, the Appointment and Remuneration Committee defined the possible elements, in line with the market best practices, of the new long-term incentive plan.

The Long-Term Incentive Plan 2021-2023 is a three-year plan composed of three cycles that provides for the payment of a cash bonus on the basis of the achievement of the performance objectives in line with the Strategic Plan.



The targets of the new plan are characterised by a close alignment with the Group's Industrial Plan, thanks to the use of economic and financial indicators, and indicators that recognise the creation of sustainable value in the medium-long term. As regards sustainable value, confirming the increasing focus on this aspect and as a result of market benchmarking conducted by an external advisor, Acea has introduced a specific sustainability objective, with a significant weight among the objectives of the beneficiaries, which considers the most relevant materiality topics defined in the Non-Financial Declaration, to which the reader is referred. Furthermore, the new LTI 2021-23 plan incorporates the EPS (Earnings per share) mechanism, one of the most widely used financial market indicators used to compare business performance and the potential return of the equity investment. The EPS indicates the profitability of individual shares, regardless of whether this profitability consists of dividends or is withheld within the business to finance its development.

### 2.2.3 Sustainability and remuneration

In a market context in which the connection between variable remuneration mechanisms and the achievement of social and environmental results is increasingly widespread, the Acea Group has confirmed its path of increasing the integration of sustainability in the business activities, a strategic guideline represented by progressively bringing the performance management system into line with the objectives of the Acea Sustainability Plan.

For 2021, the short-term incentive plan once again sets both economic, financial and sustainability objectives.

In 2020 at Group level, a sustainability indicator was added with a weighting of 10% that applies at all Business Areas.

The new elements introduced by the Appointment and Remuneration Committee include, as mentioned above, the introduction to the new 2021-2023 long-term incentives plan of a sustainability indicator with a weighting of 10%, in line with market best practices, with the aim of incentivising the Group's commitment to the pursuit of sustainable performance.

SUSTAINABILITY OBJECTIVE - MBO 2021	SUSTAINABILITY OBJECTIVE - LTIP 2021-23
<ul style="list-style-type: none"> <li>• Improved efficiency of water purifiers;</li> <li>• Installation of 2G sensors;</li> <li>• Volumes processed in the circular waste management system;</li> <li>• Average Customer Satisfaction Index for Group companies</li> </ul>	<ul style="list-style-type: none"> <li>• Annual percentage change to IRI;</li> <li>• Percentage reduction of leakage/water resources;</li> <li>• Percentage reduction of treated sludge;</li> <li>• Reduction of CO2 emission intensity index in Acea's Production;</li> <li>• Lower injury-related indices.</li> </ul>

### 2.2.4 Non-monetary benefits

These are aimed at supplementing the remuneration package from a total reward viewpoint through benefits that are mainly of a social security and welfare nature. They are defined by national collective contracting and the supplementary corporate agreements.

The remuneration package for Acea Management is completed by a series of benefits of a non-monetary nature constituting an integral part thereof. They mainly consist of social security and welfare plans, insurance and medical plans, company cars and accommodation and meal vouchers.

## 2.3. Derogations to the remuneration policy

As an exceptional and non-recurrent measure, with the approval of the Appointment and Remuneration Committee, with regard to the Chairperson/CEO and the Executives with Strategic Responsibilities respectively, an exception may be made by the Board of Directors (for the former) and the CEO (for the latter) to the policy described previously, subject to the activation of the Procedure for Related Party Transactions adopted by the Company. Example situations include, but are not limited to, unplanned extraordinary operations (e.g. business restructuring, reorganisation or consolidation); substantial unforeseeable *external shocks*; changes to the organisational, management or administrative structure of the business such to impact the economic-financial results or the creation of value in the long term, changes to the members of the appointed bodies due to non-recurring events which require the

renegotiation of the remuneration package in shorter time frames, in cases when other obligations may prevent the sustainability of activities in the medium and long term. The powers of derogation may consider the size of the fixed component, in the event of a change to the current roles or delegations attributable to them, and the variable components in the event of the conditions described above, with a view to realigning the remuneration policy with the Company's long-term strategy.



# 3. The remuneration package of the administration and control bodies and the ESR

In general, the remuneration components are divided into:

- **fixed component:** determined by the professional specialization and organizational role and related responsibilities;
- **variable component:** based on performance and linked to effective and durable results.

The following table shows the composition of the remuneration package of the Directors, including the Executive directors and the Directors with specific duties, the Executives with Strategic Responsibilities and the control bodies.

Component	Chairperson	Chief Executive Officer	Non-executive directors	Executives with Strategic Responsibilities	Board of Auditors
Fixed Remuneration	✓	✓	✓	✓	✓
Annual Variable Remuneration		✓		✓	
Medium/Long-Term Variable Remuneration		✓		✓	
Benefits		✓		✓	

Below is a detailed description of the remuneration policy applicable to the Chairperson and members of the Board of Directors and Board of Auditors, the Chief Executive Officer and the Executives with Strategic Responsibilities.

Lastly, it should be noted that the Company monitors the most widespread market practices, with specific regard to listed companies, also using remuneration surveys and market analyses conducted by the main operators in the sector, with the aim of adjusting its policy to such practices.

## 3.1. Chairperson

The current remuneration package of the Chairperson only includes gross annual fixed annual remuneration.

The following is the remuneration policy proposed for the Chairperson:

- annual gross fee as Board member of € 26,000;
- gross annual remuneration for the office of Chairperson of € 250,000.

## 3.2. Members of the Board of Directors

As regards the Board of Directors, the following table summarises the current involvement of its members in the various Committees within the Board:

		Risk Control Committee (*)	Appointment and Remuneration Committee (*)	Related Party Transactions Committee (*)	Ethics and Sustainability Committee (*)	Appointment Executive (**)
Michaela CASTELLI	Chairperson					Member
Giuseppe GOLA	Chief Executive Officer					Member
Alessandro CALTAGIRONE	Member					
Massimiliano CAPECE MINUTOLO DEL SASSO	Member	Member	Chairperson	Member	Member	Member
Gabriella CHIELLINO	Member		Member		Chairperson	
Diane GALBE	Member					
Giovanni GIANI	Member	Member	Member	Member	Member	Chairperson
Liliana GODINO	Member	Chairperson	Member	Coordinator		
Giacomo LAROCCA	Member	Member			Member	

All of the members of the Committees (CRC, ARC, RPTC and ESC) are independent except for Giovanni Giani

(\*\*) Michaela Castelli and Giuseppe Gola are ex officio members (pursuant to art. 20 of the Company Articles of Association)

The following is a summary of the remuneration for the members of the Board of Directors and of the Committees within the Board:

	<b>Board of Directors</b>	Individual gross annual fee of <b>€ 26,000</b> net of annual reimbursement of documented expenses.
	<b>Risk and Control Committee (RCR)</b>	Gross annual fee for the Chairperson of <b>€ 30,000</b> ; Gross annual fee for each member of <b>€ 15,000</b> .
	<b>Appointment and Remuneration Committee (ARC)</b>	Gross annual fee for the Chairperson of <b>€ 30,000</b> ; Gross annual fee for each member of <b>€ 15,000</b> .
	<b>Ethics and Sustainability Committee (ESC)</b>	Gross annual fee for the Chairperson of <b>€ 30,000</b> ; Gross annual fee for each member of <b>€ 15,000</b> .
	<b>Related Party Transactions Committee (RPTC)</b>	Gross annual fee for the coordinator of <b>€ 15,000 (*)</b> ; Gross annual fee for each member of <b>€ 10,000. (*)</b> .
	<b>Executive Committee (EC)</b>	Gross annual fee for the Chairperson of <b>€ 30,000</b> ; Gross annual fee for each member (**) of <b>€ 15,000</b> .

(\*) An additional fee of € 1,000 is paid for participation at each meeting, up to a maximum of 5 meetings

(\*\*) The ex officio members (Chairperson, BoD and CEO) will not receive any remuneration, as the remuneration for their respective position is to be considered all-inclusive

The Company will continue to monitor the most widespread market practices in order that the members of the bodies can develop shareholder remuneration policies and orientations that increasingly take into account the professionalism, skills and commitment required.

### 3.3. Chief Executive Officer - Business Development Strategy and Overseas Production Department Manager

The following is the remuneration policy proposed for the Chief Executive Officer:

#### 3.3.1 Fixed remuneration

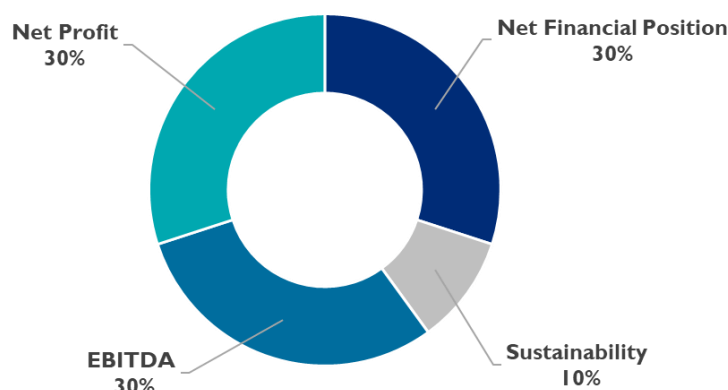
- Annual gross fee as Board member of € 26,000.
- Annual remuneration as Chief Executive Officer of € 110,000.
- Fixed gross annual remuneration as Executive of € 350,000.

#### 3.3.2 Short-term variable remuneration

- I. Target-based gross annual short-term variable remuneration as Executive of € 175,000.
- II. Target-based gross annual short-term variable incentive as CEO of € 55,000\*\*.

The following is a summary of how the two incentive plans work:

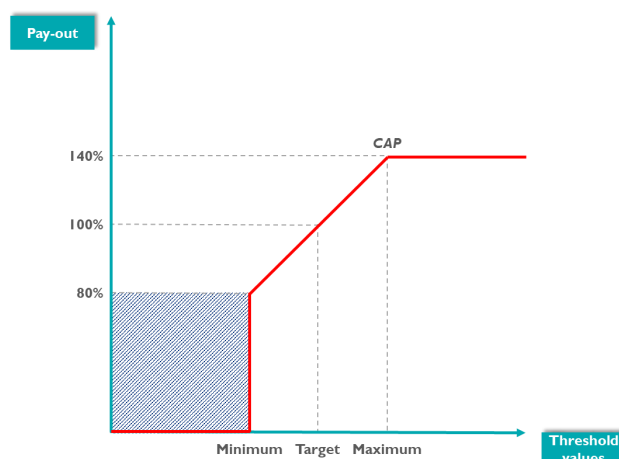
- I. The short-term variable remuneration (MBO) as an Executive is composed of Group economic, financial and sustainability objectives that are assigned on the basis of the annual budget and the results are then calculated in the following year. For 2021, the underlying objectives of the plan, and their percentage weight, are the following:



In line with the previous year, in 2021 the Group's objectives will include a sustainability indicator aimed at the main Business Areas of the Acea Group.

- II. The short-term variable remuneration as Chief Executive Officer is based on the targets established in the MBO plan in view of their fundamental importance to the company.

Both of the incentive systems function in the same way, represented by the definition of minimum, target and maximum thresholds for each objective, as can be seen in the figure below:



- there is no pay out below the minimum threshold;
- achievement of the minimum threshold will give access to 80% of the pay out for the indicator achieved;
- achievement of the target value will give access to 100% of the pay out for the indicator achieved;
- achievement of the maximum threshold will give access to 140% of the pay out for the indicator achieved.

As regards the review and payment of the pay out, the plan involves some weighted calculations of the achievement of the individual Group objectives. Within each range interval, defined for each Group objective, the overall value will define the associated pay out percentage, through a linear interpolation.

### 3.3.3 Medium and long-term variable remuneration (LTIP)

The portion of the remuneration package of the Chief Executive Officer regarding the long-term variable incentive is the long-term incentive plan 2021-2023. The minimum percentage is 30% of fixed annual remuneration, while the incentive target is 40%, up to a maximum of 50% for over-performance.

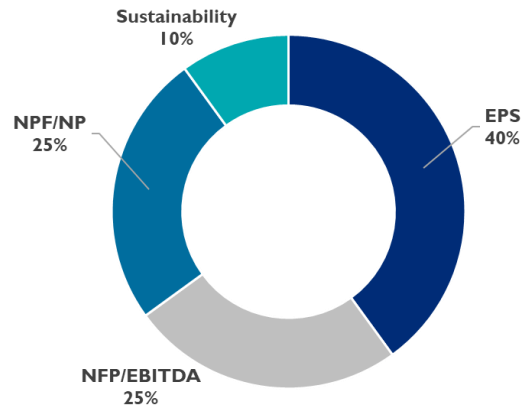
The Long-Term Incentive Plan 2021-2023 is a rolling plan based on three three-year cycles, with the payment of a cash bonus at the end of the three-year period in question based on the achievement of predefined targets.

These targets aim to ensure compliance with economic and financial principles as well as the profitability of the shareholder securities, and the sustainable performance of the Group over the medium and long term.

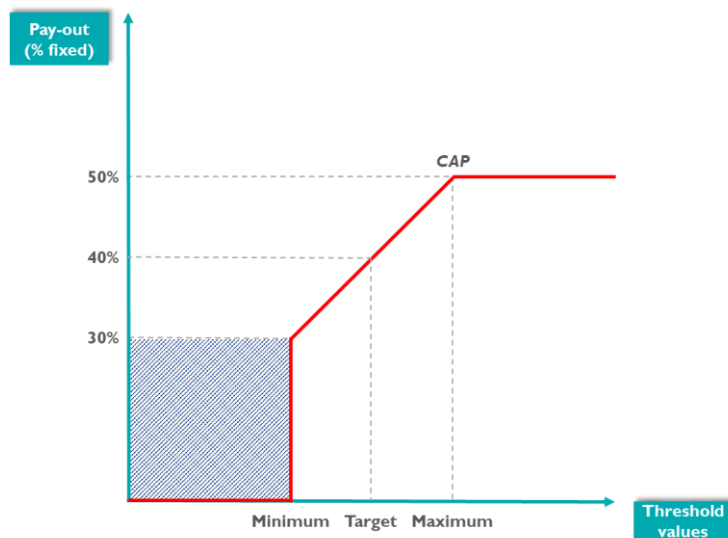
The targets to be achieved, on the basis of which the payment of the bonus will be determined, are:

- **EPS**
- **NFP/EBITDA**
- **NPF/NP**
- **Sustainability objective**

Briefly, the objectives set in the plan are the following, with an explicit indication of their percentage weight:



The basis of the system is represented by minimum, target and maximum thresholds for each of the three objectives. The following is a detailed description of how performance is measured in relation to the overall achievement of the objectives:



- there is no pay out below the minimum threshold;
- the overall achievement of the objectives at minimum value will give access to 30% of gross annual remuneration;
- the overall achievement of the objectives at target value will give access to 40% of the fixed annual remuneration;
- the overall achievement of the objectives at maximum threshold will give access to 50% of the fixed annual remuneration.

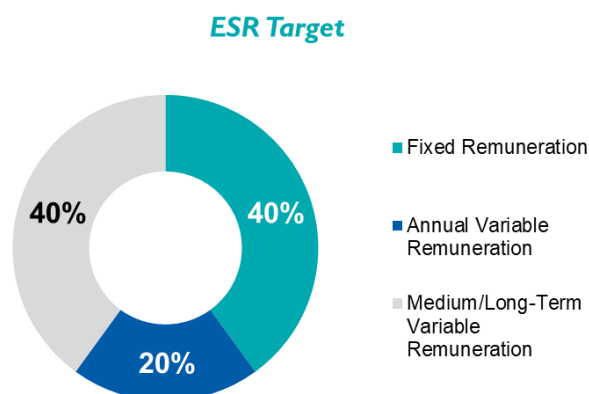
As regards the review and payment of the pay out, the plan involves some weighted calculations of the achievement of the individual objectives.

### 3.3.4 Non-monetary benefits

The remuneration package is completed by a series of benefits of a non-monetary nature constituting an integral part thereof. They mainly consist of social security and welfare plans, insurance (this typology also includes D&O Liability) and medical plans, company cars and accommodation and meal vouchers.

## 3.4. Executives with Strategic Responsibilities

The following is the pay mix of the ESR



The pay mix target defined for Executives with Strategic Responsibilities is based on the achievement of the Group targets set in the annual variable incentive plan (MBO), and the target conditions provided in the new variable long-term incentive plan (Long Term Incentive Plan) for 2021-2023. In order to better represent the pay mix, the medium/long-term variable remuneration component is expressed as a total value for the three year period of the Plan (this will enter into effect in the third year).

The remuneration package of the Executives with Strategic Responsibilities is composed of:

### 3.4.1 Fixed Remuneration

The amount of the fixed remuneration is defined on the basis of the role and responsibilities involved.

### 3.4.2 Variable short-term remuneration (MBO)

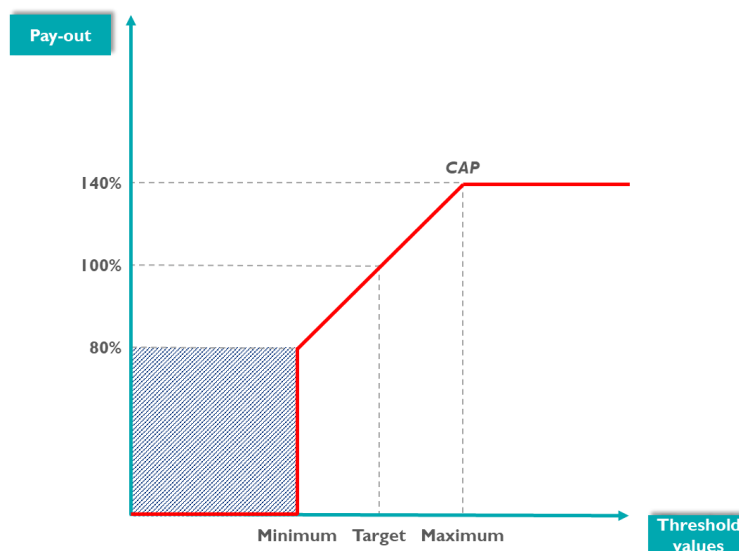
The amount of the annual variable remuneration (MBO) is defined on the basis of the level of achievement of the Group objectives and, in the case of the Group and Area CFO, as regulated by the Variable Incentive Plan in force, the “Variable annual short-term incentive plan (MBO)”. Target-based incentivation is managed on the basis of the position held, with an average percentage of 47.5% of gross annual remuneration.

In order to transform the strategic guidelines into concrete results, a framework has been developed to structure the Group's objectives, with the aim of providing a robust set of principles for the definition of the quantitative objectives for 2021.

The process for assigning objectives begins with the definition of Group objectives proposed by the Appointment and Remuneration Committee to the Board of Directors, which approves them, followed

by the development of a series of targets by area and company, in order to ensure alignment across departments and organisations in the definition of Area’s goals by the various Department Managers, reflecting impacts and interrelationships not only between goals but also between targets.

The achievement of the individual objectives is expressed by identifying and measuring (in terms of percentage of the target) specific performance levels: high, medium and low.



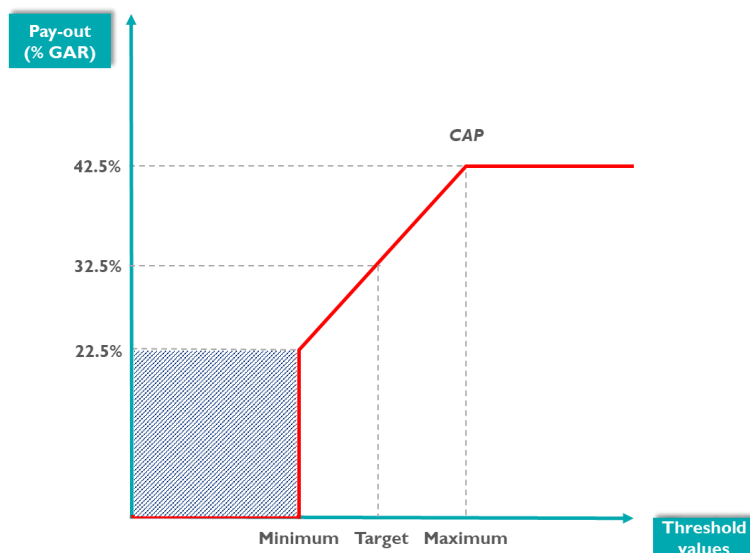
- there is no pay out below the minimum threshold;
- achievement of the minimum threshold will give access to 80% of the pay out for the indicator achieved;
- achievement of the target value will give access to 100% of the pay out for the indicator achieved;
- achievement of the maximum threshold will give access to 140% of the pay out for the indicator achieved.

Weighted calculations of the achievement of each objective are involved in reviewing and paying the pay out.

### 3.4.3 Medium and long-term variable remuneration (LTIP)

The long-term incentive plan 2021-2023 intended for all of Executives with Strategic Responsibilities, as well as the Chief Executive Officer/Overseas and Business Development Strategy Industrial Area Manager, provides for a bonus paid out on the basis of three three-year periods, subject to the achievement of the medium and long-term objectives.

The performance indicators underlying the plan and the mechanism for its operation are the same as those described for the Chief Executive Officer. For Executives with Strategic Responsibilities, the plan provides for an annual average value for the achievement of the target objectives of 32.5% of the AGR of the beneficiary in question, as better described in the figure below:



### 3.4.4 Non-monetary benefits

The remuneration package is completed by a series of benefits of a non-monetary nature constituting an integral part thereof. They mainly consist of social security and welfare plans, insurance (this typology also includes D&O Liability) and medical plans, company cars and accommodation and meal vouchers.

## 3.5. Board of Auditors

The Board of Auditors is composed of three standing auditors and two alternates. It was appointed by the Shareholders' Meeting on 17 April 2019 and will be in office until the shareholders' meeting for the approval of the 2021 financial statements. According to the benchmarking carried out by internal departments with Italian energy and utility providers, the remuneration of the Chairperson and the members of the Board of Statutory Auditors, while being positioned at the top end of the market, is appropriate for the positions held as well as the competence, professionalism and commitment required, including in relation to attendance at board meetings and participation on internal committees, with appropriate differentiation between the fee paid to the Chairperson compared to the other members. The remuneration breakdown is shown in the table below.

#### Board of Auditors

Chairperson	€ 150,000
Standing auditor	€ 100,000

## 3.6. Remuneration of the controlling figures

The remuneration package of the Executive responsible for financial reporting and the Personnel in charge of the internal audit departments (Internal Audit and Risk & Compliance) has remained structured with a prevalent fixed component and a limited variable component. The short-term incentive plan for the Manager in charge of the Internal Audit department and the executive responsible for financial reporting are subject to an annual review.

The defined objectives are consistent with their duties.



The executive responsible for financial planning is also the beneficiary of a Long-Term Incentive Plan. Subject to the opinion of the Appointment and Remuneration Committee, and involving the relevant corporate bodies, the Long-Term Incentive Plan may be extended to other audit departments.

## 4. Parachute and Clawback clause

### 4.1. Resignation, dismissal and termination of contract

In reference to the policies in force in the event of contract termination, please refer to the provisions established by the Collective Labour Agreement (CCNL) for Executives of Public Utility Service Companies, parts IVa) and Va) of which regulate the methods for the definition of the contract terminations of Executives and the “Executive Exodus Management” Policy approved by the Board of Directors with Resolution no. 33 of 21 December 2011, which is still in effect. The “Executive Exodus Management” Policy refers to the Collective Labour Agreement (CCNL) considers the short and long-term fixed and variable components on a monthly basis. The Chief Executive Officer, Mr. Gola, is entitled to receive the maximum amounts provided for by the policy.

No agreements have been stipulated between Acea and the Executives in office providing for indemnities in the event of resignation or dismissal without just cause.

There are no agreements provided for the Executives with Strategic Responsibilities regulating *ex ante* the economic aspects concerning the eventual termination of their contracts. In such eventualities, the “Executive Exodus Management” Policy, approved by the BOD on 21 December 2011 by Resolution no. 33/2011 and operational since then and based on the clauses included in the applicable national collective labour agreement, shall apply.

Acea has no non-competition clauses in force with regard to its Executives as of the date of this report. To date, only one Executive with Strategic Responsibilities has a non-competition clause in place, with a duration of 12 months, for which a fee equal to 6 months of the AGR is paid.

### 4.2. Clawback clauses

In line with an increasingly stringent Corporate Governance Code as regards transparency, and from a viewpoint of an increasingly responsible remuneration policy, Acea, which was one of the first businesses in Italy to acknowledge the advice of the European regulatory bodies in this regard, has not only maintained the clawback clause, but has expanded it to cover the managerial roles with the greatest impact on the Group’s business activities.

This choice guarantees the right to request the restitution of the variable remuneration components—both short-term and medium/long-term—should these components have been paid on the basis of conduct of a malicious nature and/or due to serious misconduct, such as the intentional alteration of the figures used in achieving the objectives or obtaining these figures through conduct contrary to the corporate or legal regulations.

# SECTION II



## Introduction

Section II is composed of three separate parts:

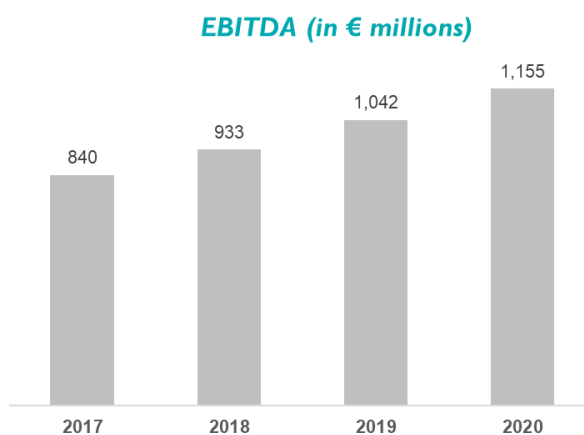
1. The first part of Section II presents the implementing framework of the Remuneration Policy as presented to the 2020 Shareholders' Meeting, the company's results, with a particular focus on the achievement of the objectives established in the plans, and the balance between the various components that comprise the remuneration package paid to the Chief Executive Officer and the Executives with Strategic Responsibilities.
2. The second part describes the items comprising the remuneration of the members of the Board of Directors (Chairperson, Chief Executive Officers, non-executive members and members of the Committees within the Board), the Board of Auditors and the Executives with Strategic Responsibilities, giving proof of their compliance with the remuneration policy approved by the Shareholders' Meeting.
3. The third part analyses the remuneration paid out in 2020, in compliance with the tables contained in the Issuer Regulations (Appendix 3A - Table 7-bis), for the members of the administration and control bodies, in individual terms, and for the Executives with Strategic Responsibilities, in aggregate terms.

These components of remuneration (fixed and variable components and non-monetary benefits) have been paid according to a criterion of competence, in relation to the effective period spent in the role and consistently with the reference Remuneration Policy. Furthermore, they are in line with the Remuneration Policy last approved by the Shareholders' Meeting on 29 May 2020 and the resolutions of the Board of Directors during the business year in question.

## Executive summary – Section II

### ***Results, context and application of the 2020 Remuneration Policy***

In 2020, the Acea Group achieved robust economic results, demonstrating growth on the previous year despite the challenging operating conditions created by the health emergency, and successfully guaranteeing service continuity across the national area. In particular, the graph below shows that EBITDA has grown since the start of the previous board mandate in 2017, with a 38% variation between 2017 and 2020 and an annual composite growth of 11%.



During the last board mandate, average gross annual remuneration—based on full-time employees other than those whose remuneration is not represented individually in the present Report or the other ESR—was stable, leading to a slight increase (approximately 1% between 2019 and 2020).

At the renewal of the mandates of the executive boards on 29 May 2020, there were changes to senior management as well as a number of important organisational changes. In view of these changes, there is no available information on total remuneration trends for the positions for which individual data would ordinarily be provided. In particular, following the departure from the Group of the Chief Executive Officer Mr. Stefano Antonio Donnarumma, the Appointment and Remuneration Committee submitted to the Board of Directors a proposal to pay a bonus of € 996,000, paid up-front, in recognition of the remarkable results obtained and the decisive contribution in the three years spent at the helm of the Company. This payment also covers the variable component applicable to all of the positions held, thus avoiding the risk of any potential disputes.

Similarly, a total amount of €529,600 was paid to two ESR who left the company in 2020; this payment also covers the variable component of this relationship and other claim not inherent to the legal entitlements, and is intended to protect the company against the risk of any potential disputes.

Finally, with regard to the changes to the Group's organisational structure, which included the creation of a Chief Operating Office to which the main business areas of the Group report, the Company deemed it appropriate to modify the incentive percentages of the MBO and the LTI in consideration of the greater responsibilities assigned.

## 2020 Results

### a. Short-Term Incentive Plan

In 2020 the Acea Group achieved exceptional economic and financial results. The following table indicates the level of achievement of each objective:

		<u>MIN</u>	<u>TARGET</u>	<u>MAX</u>
EBITDA	30%			◆
NFP	30%			◆
NET PROFIT	30%			◆
<b>SUSTAINABILITY OBJECTIVE:</b>	<b>10%</b>			
- water leaks	2.5%			◆
- GWh produced from renewable energy sources	2.5%	◆		
- volumes processed in the circular waste management system	2.5%		◆	
- Average Customer Satisfaction Index for Group companies	2.5%			◆

On proposal by the Appointment and Remuneration Committee, the Board of Directors thus verified that the Group objectives had been achieved by 115.25%.



With regard to the target set for Mr. Gola in his capacity of Chief Executive Officer, the threshold of excellence was met.

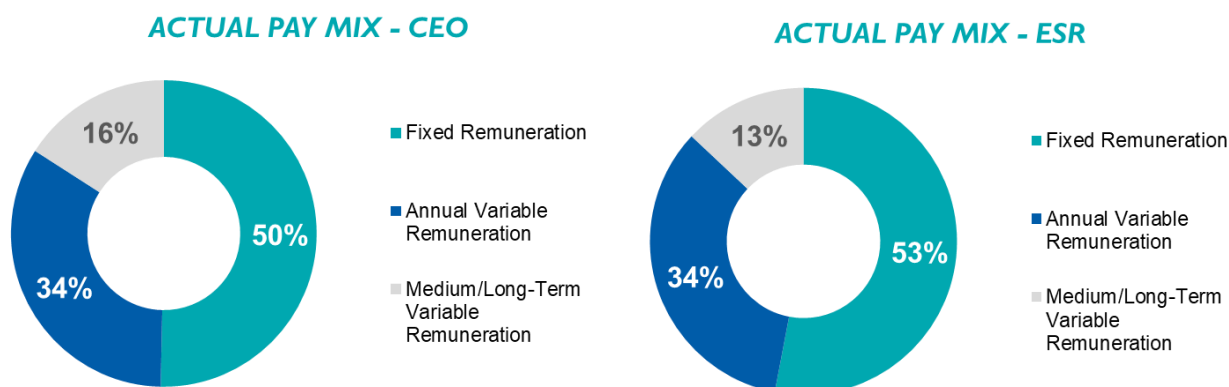
### b. Long-Term Incentive Plan

The following table indicates the level of achievement of each objective of the long-term incentive plan for 2018-2020:

		MIN	TARGET	MAX
TSR	70%			◆
EBITDA	15%		◆	
ROIC	15%		◆	

### Balancing of remuneration package

The components effectively paid to the Chief Executive Officer and the Executives with Strategic Responsibilities in force on 31 December 2020, in percentages\*, are shown below.



\* the medium/long-term variable remuneration component is expressed as an annual value and not based on the total three-year period of the plan.

# 1 • Description of the remuneration paid to the Directors and Executives with Strategic Responsibilities

## 1.1. Chairperson

The remuneration package of the current Chairperson, whose mandate as member and Chairperson of the Board of Directors of Acea was renewed at the Shareholders' Meeting of 29 May 2020, is subdivided as follows:

- a gross fee in the capacity of Chairperson of the Board of Directors of € 250,000, defined by the Board of Directors;
- a gross fee of € 26,000 as a member of the Board of Directors.

## 1.2. Chief Executive Officer - Business Development Strategy and Overseas Production Department Manager

The Shareholders' Meeting on 29 May 2020 appointed Mr. Giuseppe Gola, who was previously the head of the Administration, Finance and Control Department, as Chief Executive Officer of the Company.

At the meeting of 29 May 2020, the Board of Directors, capitalising on the benchmarking carried out in the previous year, which considered a panel of companies of a similar size to Acea operating in the same sector on the Italian market (specifically A2A, Ascopiave, ASTM, Enav, Hera, Iren, Italgas, Sias, Snam and Terna), resolved upon the new remuneration package.

### 1.2.1 Fixed Remuneration

- a gross fee, as member of the Board of Directors, of € 26,000, as resolved by the Shareholders' Meeting on 29 May 2020;
- a gross fee, in the capacity of Chairman of the Board of Directors, of € 110,000, as defined by the Board of Directors;
- a gross fee, as Executive, of € 350,000, defined by the Board of Directors.

### 1.2.2 Short-term variable remuneration

- variable incentive plan (MBO), in the capacity of Executive, amounting to a gross target-based amount of € 175,000;
- gross annual variable incentive, in the capacity of Chief Executive Officer, of € 55,000.

The achievement of the Group's objectives and the individual target in the capacity of Chief Executive Officer, as previously illustrated in the Remuneration Report approved by the Shareholders' Meeting on 29 May 2020 and as presented in the Executive Summary of Section II, enabled the Chief Executive Officer to benefit from a total bonus of € 267,688.

### **1.2.3 Medium and long-term variable remuneration (LTIP)**

The final results of the long-term incentive plan 2018-2020, which concluded on 31/12/2020 with the performance levels illustrated in the Executive Summary of Section II, resulted in a payment of € 379,655, against a target-based bonus of 33.33% of total fixed remuneration.

### **1.2.4 Non-monetary benefits**

The remuneration of the Chief Executive Officer/Business Development Strategy and Overseas Production Department Manager is completed by a non-monetary benefits package worth € 9,122 (according to a taxable income criterion).

## **1.3. Directors**

The members of the Board of Directors received the remuneration established by the Shareholders' Meeting for the position of director, with regard to the period in which they acted in such capacity, as did the members of the Committees within the Board of Directors and other bodies/committees.

For completeness, the details of the relevant remunerations are given in Table I below.

## **1.4. Board of Auditors**

In 2019, the Chairperson of the Board of Auditors of Acea received gross remuneration amounting to € 150,000, as shown in Table I.

The members of the Board received gross remuneration amounting to € 100,000 for acting in the capacity of Auditors, with regard to the period in which they acted in such capacity, for Acea and other Companies in the Group.

For completeness, the details of the relevant remunerations are given in Table I below.

## **1.5. Executives with Strategic Responsibilities**

The Executives with Strategic Responsibilities received an aggregate gross annual remuneration of € 1,292,586, for each of them with regard to the period in which they acted in such capacity.

The total target-based value of the annual bonus for 2020 is estimated at € 537,500.

The achievement of the Group and individual objectives enabled the Executives with Strategic Responsibilities to benefit from a total bonus of € 721,235.

The total target-based value of the annual bonus for the entire mandate of the 2018-2020 LTI is estimated at € 658,104.

The achievement of the objectives of the Long-Term Incentive Plan enabled the Executives with Strategic Responsibilities to benefit from a total bonus of € 842,820.

The overall value of the non-monetary benefits package allocated to the Executives with Strategic Responsibilities for 2020 is € 45,175 in aggregate terms, for each of them for the period in which they acted in such capacity.



**Table I: Remuneration paid to the members of the administration and control bodies, general managers and other Executives with Strategic Responsibilities**

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
<b>Michaela Castelli</b>	<i>Chairperson</i>	01/01/2020 31/12/2020	Approval of the 2022 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 223,617						€ 223,617		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 223,617						€ 223,617		
				(I) Amount inclusive of the gross annual remuneration for the total mandate as Chairperson (€ 120,000 up to 29 May 2020 and € 250,000 at the renewal of the mandate) and that as a member of the BoD (€ 26,000)								

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
<b>Stefano Antonio Donnarumma</b>	CEO-Overseas and Business Development Strategy IA Manager	01/01/2019 18/05/2020	Approval of the 2019 Financial Statements (18/05/2020)									
(I) Remuneration in the company preparing the financial statements				€ 182,365		€ 996,000		€ 15,487		€ 1,193,852		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 182,365		€ 996,000		€ 15,487		€ 1,193,852		
<b>Resigned on 18/05/2020</b>				(I) Amount inclusive of the fixed gross annual remuneration for the position of Chief Executive Officer, executive and member of the BOD		Bonuses for the remarkable results achieved and the decisive contribution made in the three years spent at the helm of the Company		Only the taxable portion of non-monetary benefits given				

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity		Non-monetary Benefits	Other remuneration	Total	Fair Value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
<b>Giuseppe Gola</b>	CEO - Business Development Strategy and Overseas Production Department Manager	29/05/2020 31/12/2020	Approval of the 2022 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 414,821		€ 647,343		€ 9,122		1,071,286		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 414,821		€ 647,343		€ 9,122		1,071,286		
<b>Notes</b>				(I) Total amount of the gross annual fee for the total period of the mandate of ESR to 29 May 2020 and gross annual fee for the period of the mandate of CEO (€ 110,000), Executive (€ 350,000) and Member of the Board of Directors (€ 26,000) from 29 May 2020		Total amount of the short-term variable incentive pay-out in the capacity of Executive (MBO) of € 201,688, in the capacity of CEO of €66,000, and the 2018-2020 long-term incentive pay-out of € 379,655		Only the taxable portion of non-monetary benefits given				

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair Value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
<b>Giovanni Giani</b>	Director	01/01/2020 31/12/2020	Approval of the 2022 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 26,000	€ 79,846					€ 105,846		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 26,000	€ 79,846					€ 105,846		
<b>Notes</b>				Total gross annual remuneration as member of the BoD	Remuneration as Chairperson EC, RTPC Coordinator and member of ARC, RCC and ESC to 29 May 2020. Remuneration as Chairperson EC and member of the RTPC, ARC, RCC and ESC from 29 May 2020							

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair Value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
<b>Massimiliano Capece Minutolo Del Sasso</b>	Director	01/01/2020 31/12/2020	Approval of the 2022 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 26,000	€ 67,538					€ 93,538		
(II) Remuneration from subsidiaries and associates				€ 19,097						€ 19,097		
(III) Total				€ 45,097	€ 67,538					€ 112,635		
<b>Notes</b>				(I) Total gross annual remuneration as member of the BoD (II) Total gross annual remuneration for the period of the mandate of Member of the BoD of ENERGIA S.p.A. from 27 May 2020	Remuneration as member of ARC, RCC, EC and RTPC to 29 May 2020. Remuneration as Chairperson ARC and member of the RTPC, EC, RTPC, and ESC from 29 May 2020							

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair Value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
<b>Alessandro Caltagirone</b>	Director	01/01/2020 31/12/2020	Approval of the 2022 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 26,000						€ 26,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 26,000						€ 26,000		
<b>Notes</b>				Total gross annual remuneration as member of the BoD								

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair Value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
<b>Gabriella Chiellino</b>	Director	01/01/2020 31/12/2020	Approval of the 2022 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 26,000	€ 42,949					€ 68,949		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 26,000	€ 42,949					€ 68,949		
<b>Notes</b>				Total gross annual remuneration as member of the BoD		Remuneration as Chairperson ESC and member of ARC and RPTC to 29 May 2020. Remuneration as Chairperson ESC and member of ARC from 29 May 2020						

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair Value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
<b>Liliana Godino</b>	Director	01/01/2020 31/12/2020	Approval of the 2022 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 26,000	€ 52,795					€ 78,795		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 26,000	€ 52,795					€ 78,795		
<b>Notes</b>				Total gross annual remuneration as member of the BoD	Remuneration as Chairperson RCC and Chairperson of ARC to 29 May 2020. Remuneration as Chairperson ESC, Coordinator ARC and member of ARC from 29 May 2020							

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair Value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
<b>Galbe Diane</b>	Director	01/01/2020 31/12/2020	Approval of the 2022 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 26,000						€ 26,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 26,000						€ 26,000		
<b>Notes</b>				Total gross annual remuneration as member of the BoD								

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair Value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
<b>Sterpetti Maria Verbena</b>	<i>Director</i>	01/01/2020 29/05/2020	Approval of the 2019 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 10,750						€ 10,750		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 10,750						€ 10,750		
<b>Notes</b>				Total gross annual remuneration as member of the BoD								

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair Value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
<b>Giovanni Larocca</b>	<i>Director</i>	29/05/2020 31/12/2020	Approval of the 2022 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 15,333	€ 17,692					€ 33,025		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 15,333	€ 17,692					€ 33,025		
<b>Notes</b>				Total gross annual remuneration as member of the BoD	Remuneration as member of the RCC and ESC							

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair Value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
<b>Maurizio Lauri</b>	Chairperson Board of Auditors	01/01/2020 31/12/2020	Approval 2021 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 150,000						€ 150,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 150,000						€ 150,000		
<b>Notes</b>												



Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair Value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
<b>Pina Murè</b>	<i>Auditor</i>	01/01/2020 31/12/2020	Approval 2021 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 100,000						€ 100,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 100,000						€ 100,000		
<b>Notes</b>												

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair Value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
<b>Maria Francesca Talamonti</b>	<i>Auditor</i>	01/01/2020 31/12/2020	Approval 2021 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 100,000					€ 100,000			
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 100,000					€ 100,000			
<b>Notes</b>												

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair Value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
<b>No. 7</b>	<i>Executives with Strategic Responsibilities</i>	01/01/2020 31/12/2020	Continuing contract									
(I) Remuneration in the company preparing the financial statements				€ 1,292,586		€ 2,093,655		€ 45,175		€ 3,431,416		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 1,292,586		€ 2,093,655		€ 45,175		€ 3,431,416		
<i>Remuneration in the table refers to the period in which the position was filled. This includes the fees paid to two ESR who left the Group in 2020</i>						Total amount of the short-term variable incentive pay-out (MBO) of € 721,235, of a one-off payment to two ESR who left the Group of € 529,600 and the 2018-2020 long-term incentive pay-out of € 842,820		Only the taxable portion of non-monetary benefits given				

**Table 3B: Monetary incentive plans for the members of the Board of Directors, general managers and other Executives with Strategic Responsibilities**

Surname and name	Position	Plan	Bonus for the year			Bonuses for previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
<b>Stefano Antonio Donnarumma</b>	CEO-Overseas and Business Development Strategy IA Manager		(A)	(B)	(C)	(A)	(B)	(C)	
			Payable / Paid	Deferred	Deferment period	No longer payable	Payable/Paid	Still Deferred	
<b>Remuneration in the company preparing the financial statements</b>	<b>MBO</b> Short-term annual incentive plan		-	-	-	-	-	-	-
	<b>LTIP</b> Medium-long-term triennial incentive plan		-	-	-	-	-	-	-
			-	-	-	-	-	-	€ 996,000
<b>Remuneration from subsidiaries and associates</b>	-		-	-	-	-	-	-	-
	-		-	-	-	-	-	-	-
<b>Total</b>			-	-	-	-	-	-	€ 996,000

Surname and name	Position	Plan	Bonus for the year			Bonuses for previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
<b>Giuseppe Gola</b>	CEO - Business Development Strategy and Overseas Production Department Manager		(A)	(B)	(C)	(A)	(B)	(C)	
			Payable / Paid	Deferred	Deferment period	No longer payable	Payable/Paid	Still Deferred	
<b>Remuneration in the company preparing the financial statements</b>		<b>MBO</b> Short-term annual incentive plan	€ 267,688	-	-	-	-	-	-
		<b>LTIP</b> Medium-long-term triennial incentive plan	€ 379,655	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
<b>Remuneration from subsidiaries and associates</b>		-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	
<b>Total</b>			€ 647,343	-	-	-	-	-	

Surname and name	Position	Plan	Bonus for the year (*)			Bonuses for previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
<b>7 in total</b>	<i>Executives with Strategic Responsibilities</i>		(A)	(B)	(C)	(A)	(B)	(C)	
			Payable / Paid	Deferred	Deferment period	No longer payable	Payable/Paid	Still Deferred	
<b>Remuneration in the company preparing the financial statements</b>	<b>MBO</b> Short-term annual incentive plan		€ 721,235	-	-	-	-	-	-
	<b>LTIP</b> Medium-long-term triennial incentive plan		€ 842,820	-	-	-	-	-	-
	-		-	-	-	-	-	-	€ 529,600
<b>Remuneration from subsidiaries and associates</b>	-		-	-	-	-	-	-	-
	-		-	-	-	-	-	-	-
<b>Total</b>			€ 1,564,055	-	-	-	-	-	€ 529,600

**Scheme No. 7-ter: Overview of the information on the holdings of the members of the Board of Directors and Board of Auditors, general managers and Executives with Strategic Responsibilities**

**Table 1: Holdings of the members of the Board of Directors and Board of Auditors and general managers**

SURNAME AND NAME	POSITION	HOLDING COMPANY	NUMBER OF SHARES OWNED AT 31/12/2019	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES OWNED AT 31/12/2020
<b>Giuseppe Gola</b>	CEO - Business Development Strategy and Overseas Production Department Manager	Acea S.p.A.	27.09.2017 – No. 4,000	None	None	No. 4,000

**Table 2: Holdings of the other Executives with Strategic Responsibilities**

NUMBER OF EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	HOLDING COMPANY	NUMBER OF SHARES OWNED AT 31/12/2019	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES OWNED AT 31/12/2020
None	-	-	-	-	-

## GLOSSARY

**EBITDA** – Earnings Before Interest, Taxes, Depreciation and Amortization: is an indicator of profitability indicating the earnings of Acea from everyday management. Its use as an indicator in the Plan provides a good estimation of the operating cash flow generated by Acea, which is an essential value for estimating the Group value and quantifying the entity of the financial resources created and available;

**EPS** – *Earnings per share*: a measurement of net profit expressed in monetary terms in reference to each individual share. It is one of the most widely used financial market indicators to compare business performance and the potential of the equity investment. The EPS indicates the profitability of individual shares, regardless of whether this profitability consists of dividends or is withheld within the business to finance its development.

**ACEA GROUP**: indicates the grouping of Companies within the scope of consolidation of Acea S.p.A.;

**LINEAR INTERPOLATION**: indicates a mathematical method for finding approximately a value between two known values;

**LTIP** – Long Term Incentive Plan: indicates the medium and long-term variable remuneration component. The plan currently implemented in Acea has a three-year duration;

**MBO** – Management by Objective: indicates the variable annual remuneration component awarded for the achievement of predefined annual objectives;

**NFP**: Net Financial Position: Expresses the amount of debt that is not immediately hedged. It is calculated as the difference between total corporate payables (regardless of maturity date) and liquid assets (cash and cash equivalents, active current accounts, traceable securities and financial receivables);

**NFP/EBITDA**: one of the indicators used to evaluate the ability of a business to meet its debt obligations. It indicates a company's capabilities to repay its debts through operational management;

**NFP/NP**: one of the indicators used to evaluate the ability of a business to meet its debt obligations. It indicates a company's capabilities to repay its debts through net profit;

**GAR**: indicates the gross annual fixed remuneration component for those who are dependent employees of one of the Companies in the Group;

**ROIC** – Return on Invested Capital: is an indicator aimed at assessing the performance of the capital invested by Acea. The indicator acts as a monitoring system in order to have a complete overview of how efficiently the capital invested is managed, describing the correlation between revenues and the capital required to realise them;

**TARGET**: indicates the level of achievement of the objective that allow to obtain 100% of the defined pay-out;

**TARGET BONUS**: indicates the amount of the incentive at the time target objectives are achieved;

**TSR** – *Total Shareholder Return*: the rate of return for an investor who has purchased Acea shares on X date and sold them on X date. The calculation considers all of the dividends paid out by the company and

reinvested in Acea shares on the record date. The parameter is subject to evaluation in relative terms (the value of the increase in share value is commensurate to the average value of a reference portfolio composed of seven companies - A2A, Enel, Hera, Iren, Italgas, Snam and Terna):

**NP** – *Net profit*: an indicator of operating performance, calculated as revenues minus operating costs net of amortisation, write-downs and impairments, net financial income (expenses) and taxes.



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