



**Guidelines of the Board of Statutory Auditors of ACEA S.p.A.  
on the composition of the new Board of Statutory Auditors  
which will be appointed by the Shareholders' Meeting  
of 27 April 2022**

DOCUMENT APPROVED BY THE OUTGOING BOARD OF STATUTORY AUDITORS AT THE MEETING ON 7 MARCH  
2022  
IN KEEPING WITH THE RULES OF CONDUCT OF THE BOARD OF STATUTORY AUDITORS OF LISTED COMPANIES  
ISSUED BY THE NATIONAL COUNCIL OF CHARTERED ACCOUNTANTS AND ACCOUNTING EXPERTS  
ON 26 APRIL 2018

## **Introduction**

Dear Shareholders,

With the approval of the financial statements at 31 December 2021 the mandate of the undersigned Board of Statutory Auditors expires.

The upcoming Shareholders' Meeting, called for 27 April 2022, on first call and, if necessary, on 2 May 2022 on possible second call, will be called upon, therefore, to appoint the Company's auditing body for the financial years 2022-2024 and will determine its fees.

In this regard it is necessary first of all to remind you that:

- a) The “*Rules of conduct of the board of statutory auditors of listed companies*” (ed. April 2018) recommend, inter alia, to the outgoing auditors to send to the listed Issuer, with a view to renewal of the auditing body, a document summarising the activity performed, specifying the number of meetings and the commitment required, in order to enable the Shareholders and the candidate auditors to assess the opportune characteristics, skills and professionalism, the commitment and the time required, and the adequacy of the fees paid for performance of the assignment (Rule Q.1.6);
- b) Principle VIII of the Corporate Governance Code prepared by Italian Committee for Corporate Governance of Borsa Italiana S.p.A. (ed. January 2020) which the Company has adopted, states that “*the auditing body has a composition adequate to ensure the independence and professionalism of its function*”.

This said the undersigned Board, having arrived at the end of its mandate, with the present document provides, taking them from its experience, and taking into account the results of its self-assessment, a summary presentation of the skills and professionalism, in addition to those provided for by law, that may contribute to the efficient and effective functioning of the Board that will be appointed by the Shareholders' Meeting called to approve the financial statements for financial year 2021.

In addition, we intend on this occasion to submit to the attention of the Shareholders also a number of considerations and reflections aimed (i) at describing the complexity of the assignment in terms of time commitment required of the members of the auditing body, (ii) at optimising the qualitative and quantitative composition of the auditing body to be appointed, and (ii) at enabling specific assessments on the adequacy of the fees paid for performance of the assignment.

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The Board of Statutory Auditors of Acea approved the present document at its meeting on 7 March 2022.

## **Complexity of the assignment in terms of time commitment**

First of all, it is necessary to consider that the Board of Statutory Auditors to be appointed may be burdened with a significant commitment and with the consequent responsibilities also in relation to the duties to the various Supervisory Authorities, considering the dimensions of the Group, its structure, the specific operating features of the Company as a multiutility, the significance and heterogeneity of the legislation of reference.

The auditing body of a listed parent company, such as this Company, is in fact called upon, in the context of its auditing activity, to monitor in particular the dynamics of the exercising of the right/duty of management and coordination of the subsidiaries, which in this case are the entities at which the operating activity relating to just as many business lines of the Group is performed. This entails, among the other specific duties of the auditing body, a careful activity of supervision (i) of the overall corporate regulatory system which identifies the framework within which the activity of the subsidiaries is directed in the context of the governance prerogatives of the parent company (ii) of all the activities that the parent company performs as servicer on behalf of the subsidiaries, requiring a constant exchange of information with the boards of statutory auditors of the subsidiaries.

Of particular significance are the tasks of the auditing body connected

- a) with the entry into force of the reform of the rules on independent auditing, implemented at the European level, which attributed to the auditing body specific responsibilities with reference to the exchange of information with the independent auditing firm;
- b) with the introduction of the legislation on the non-financial disclosure, which contemplated additional supervisory activity on the observance of the rules on the subject, and with the more recent regulations on the subject of Environmental Social and Governance (ESG) criteria.

In addition, it is necessary to consider that, also in the next three years, the Board will most likely have to **must** reasonably continue the monitoring of the overall implementation of the various projects launched some time ago by the Company for (i) the overall strengthening of the structural components of the Internal Control and Risk Management System and (ii) their integration into the more general organisational and corporate governance structures.

It is, therefore, evident that the members of the Board of Statutory Auditors who will be designated must be aware that they will have to commit a significant part of their time to the position, also owing to the numerous meetings of the Administrative Body, of the Board Committees (which all members of the Board of Statutory Auditors normally attend), and of the Board of Statutory Auditors itself. Besides, punctual and constant attendance at these meetings assumes, in the opinion of the Board of Statutory Auditors, essential importance in ensuring the adequacy of the overall supervisory activity for which the auditing body is responsible.

In this regard it is also necessary to stress that the commitment cannot end with mere attendance at these meetings; even more significant in fact is the time that must be devoted individually to examining the documentation that is produced so that the corporate bodies/board committees are adequately informed for the purpose of adopting the measures they are respectively responsible for.

To this must be added attendance at induction sessions or days on various subjects of interest, aimed at enabling updates and in-depth studies on governance matters or on the specific activities of the Group.

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In order to make it possible to assess the minimum time necessary for effective participation at the meetings of the Acea corporate bodies, the table below summarises the frequency of the related meetings in the three years 2019 – 2021

<b>Corporate Bodies and Board Committees</b>	<b>Meetings in 2019</b>	<b>Meetings in 2020</b>	<b>Meetings in 2021</b>
Shareholders' Meeting	1	1	1
Board of Statutory Auditors	16	19	17
Board of Directors	13	12	14
Control and Risks Committee	11	11	11
Appointments and Remuneration Committee	10	11	6
Ethics and Sustainability Committee	8	9	7
Committee for Related Party Transactions	5	3	9
Executive Committee (abolished in 2021)	8	10	2
Committee for the Territory (set up in 2021)	-	-	7
Induction Sessions	5	7	6

It is therefore necessary to take into consideration that, during the three years 2019-2021, the Board of Statutory Auditors took part, normally with all its members, in the aforementioned meetings of the Board of Directors and of the Board Committees, and in the induction meetings, and also met periodically the Oversight Committee and the chairpersons of the boards of statutory auditors of the subsidiaries. This because it is necessary to take into due consideration the time to be devoted to preparing the meetings, to the related prior analysis of the abundant documentation and to the subsequent revision of the voluminous related minutes.

The outgoing Board of Statutory Auditors therefore invites the Shareholders' Meeting to pay the maximum attention to what is noted above, in the interest of the Company and of the members of the new Auditing Body themselves, who must guarantee adequate available time to perform their tasks, taking into account the number and complexity of any positions held by the same in the corporate bodies of other companies – also in compliance with the legislation and the articles of association, in force pro tempore on the subject of accumulating positions, and the commitment required of them by the further professional activities performed.

### **Qualitative and quantitative composition of the auditing body**

The Articles of Association of Acea state, in art. 22, that the Board is made up of 3 regular auditors, among whom the Chairperson, and 2 alternate auditors.

The professionalism and independence of the Statutory Auditors constitute a fundamental safeguard at the top of the internal control system.

With reference to the requisites of independence and professionalism, to the profiles related to observing the gender quotas, and to the reasons for ineligibility, incompatibility and disqualification we refer you to all the current legislation, to the Corporate Governance Code<sup>1</sup> and to art. 22 of the Articles of Association<sup>2</sup>.

The activities required of the Board of Statutory Auditors require that the professionals selected have adequate earlier experience in similar roles assumed in listed companies of large dimensions with structured governance.

The Board of Statutory Auditors recognises, in addition, the value of diversity in its composition not only as regards that of gender, but also as regards professional skills.

The outgoing Board of Statutory Auditors, therefore, invites the Shareholders to consider the importance for the new Auditing Body to be made up of professionals with diversified skills and, more in particular for it to include members with proven experience and knowledge in the fields of

- i) corporate governance;
- ii) internal control and risk management systems;
- iii) accounting and independent auditing standards;
- iv) primary and secondary legislation applicable to utilities;
- v) primary and secondary legislation applicable to listed companies;
- vi) standards and legislation related to ESG themes;
- vii) cybersecurity, innovation and corporate information systems;
- viii) management remuneration policies.

In addition to the above requisites, the outgoing Board recommends opportunely considering in the selection process also the personal characteristics and abilities of the candidate (so-called “soft skills”), among which it is worth stressing the following:

- ability to manage conflicts in a constructive way;
- ability to work in a team;
- ability to interact with the management;
- ability to integrate sustainability themes into the vision of the business.

Finally, the Board of Statutory Auditors in expiry hopes that the renewal will take into account the benefits deriving from a structure that ensures, at least in part, continuity in the performance of the supervisory tasks demanded of it, making the most of and capitalising on the commitment already invested and the experience gained.

### **Adequacy of the fees paid for performance of the assignment**

The fees of the new Board of Statutory Auditors should be effectively commensurate with the growing commitment required from the said auditing body, also from the point of view of the necessary constant updating, and with the tasks and responsibilities that the statutory auditors have. The above constitutes a clear recommendation of the Corporate Governance Code<sup>3</sup> and of the

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<sup>1</sup> Recommendation 9 – “All members of the auditing body shall be in possession of the requisites of independence provided for in recommendation 7 for the directors”.

<sup>2</sup> Art. 22 of the Articles of Association states, among other things, that “The position of Statutory Auditor in the Company is incompatible: (i) with holding analogous positions in more than three other listed companies, excluding subsidiaries of the Company under the terms of art. 2359 of the Italian Civil Code; and in any case (ii) in the cases provided for by Law”.

<sup>3</sup> Recommendation 30 – “The remuneration of the members of the auditing body provides for fees adequate to the competence, professionalism and commitment required by the significance of the position held and the dimensional and sectoral characteristics of the

Rules of conduct of the Board of Statutory Auditors of listed companies.

Therefore, we invite the Shareholders' Meeting, which will soon be called upon to elect the new auditing body, to define fees for the auditing body in line with the commitment required and the responsibilities assumed.

The Board of Statutory

Auditors