



**REPORT  
ON CORPORATE GOVERNANCE AND  
OWNERSHIP STRUCTURE**

pursuant to article 123-*bis* of the TUF

(approved by the Acea S.p.A. Board of Directors on 14 March 2022)

- FINANCIAL YEAR 2021 -  
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## **GLOSSARY**

**Chief Executive Officer/CEO:** highest-ranking executive responsible for the management of the business.

**Corporate Governance Code/CG Code:** the Corporate Governance Code for listed companies approved in January 2020 by the Corporate Governance Committee.

**Civil Code:** the Italian Civil Code.

**CG Committee/Corporate Governance Committee:** The Italian Corporate Governance Committee for listed companies, promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

**CRC:** Control and Risks Committee.

**ARC:** Appointments and Remuneration Committee

**Board of Directors/Board/BoD:** the Issuer's Board of Directors.

**ER/Executive Responsible:** Financial Reporting Officer.

**Issuer:** the issuer of securities to which the Report refers.

**Financial year:** the financial year to which the Report refers.

**MOG:** Organisation, management and control model pursuant to Italian Legislative Decree 231/2001.

**SB:** Supervisory Body.

**Consob Issuers Regulation:** the Regulation issued by Consob with resolution no. 11971 of 1999 (as subsequently amended) regarding issuers.

**Consob Markets Regulation:** the Regulation issued by Consob with resolution no. 20249 of 2017 regarding markets.

**RPT Regulation:** the Regulation issued by Consob with resolution no. 17221 of 12 March 2010 (as subsequently amended) regarding transactions with related parties.

**Report:** the report on corporate governance and ownership structure that companies are required to prepare and publish pursuant to art. 123-bis of the TUF.

**Report on remuneration:** the report on the remuneration policy and on the fees paid that companies are required to prepare and publish pursuant to art. 123-ter of the Consolidated Law on Finance (TUF) and 84-quater of the Consob Issuers' Regulation.

**SCIGR/Control System:** internal control and risk management system.

**Articles of Association:** the Issuer's Articles of Association

**Consolidated Law on Finance/TUF:** Italian Legislative Decree 58 of 24 February 1998.

## **I. THE ISSUER'S PROFILE**

Acea, a company listed on the online stock market organised and managed by Borsa Italiana S.p.A. since 1999, is a leading Italian multiutility company that has been operating for more than a century in the sectors of energy (from the generation, distribution and sale of electricity and gas to the management of public lighting and value-added smart city services), integrated water services (from capture and distribution to purification) and environmental services (the treatment and economic management of waste), adopting a circular economy approach.

Acea has always been conscious of the principles of corporate responsibility and bases its business activities on the principles of sustainable development, according to which the need to ensure economic efficiency and generate long-term value for shareholders represent the result of a business approach centred on environmental protection, the mitigation of negative externalities, the promotion of social development among the communities we serve and a focus towards other important stakeholders.

Acea promotes the integration of industrial growth and sustainability in its strategic objectives, and inspires its management to contribute to these targets through a remuneration policy that includes variable short and long-term incentive schemes based on the achievement of quantitative sustainability targets (for more details, please refer to paragraph 8 of this Report), which are also considered when allocating dividends from Green Bonds.

Acea pursues sustainable performance through the use of consistent organisational, procedural and cultural tools: the company has established an internal Ethics and Sustainability Committee (for more details, see paragraph 9 of this report), and procedures have been implemented to monitor sustainability targets and activity classifications, including in relation to recent European legislation (European Taxonomy for Sustainable Activities). Furthermore, procedures have been adopted to facilitate engagement with significant stakeholders (for more details, see paragraph 13 of this Report) and the company constantly promotes the integration of sustainability into its corporate ecosystem through initiatives aimed at Acea personnel, training and management culture programmes, and strategic analysis. With regard to the risk factors that may impact the generation of long-term value, the Company has launched a study to explore the relationship between ERM logics and methods and the most relevant sustainability topics.

Acea has progressively been awarded positive ratings by accredited external bodies, ratings agencies and benchmark providers, in recognition of the company's corporate management oriented towards sustainable success across various integrated dimensions, as well as on a economic, social and environmental level.

According to the most recent data, to date the Acea Group is the leading national operator in the water sector for inhabitants served, one of the major Italian operators in the distribution

of electricity to users (the third for volumes distributed), the third operator for energy volumes sold to end users, and the sixth national operator in Waste-to-Energy (environmental sector). This Report illustrates the corporate governance system adopted by Acea and is published in line with the principles and recommendation of the Code, as well as the recommendations provided by Consob on the subject and, more generally, international best practices, also with regard to the ninth edition of the “Format for the Report on Corporate Governance and Shareholding Structure” published by Borsa Italiana in January 2022<sup>1</sup>.

Acea regularly publishes a Consolidated Non-financial Statement pursuant to Italian Legislative Decree no. 254 of 2016, prepared with the maximum level of adoption (“comprehensive”) of the GRI standards. This document is available on the Company website, [www.gruppo.aceait](http://www.gruppo.aceait), in the “Governance” section.

The governance system adopted by the Company is in line with the recommendations which, in order to ensure proportionality, the Code has introduced for large businesses and those with concentrated ownership, with the exception of the board evaluation activities pursuant to recommendation 22, which Acea currently conducts on an annual basis. For more information on board evaluation activities please refer to paragraph 7.1 of this Report.

### **The governance model**

Acea has adopted a traditional corporate governance model according to the definition provided by Italian law, which comprises the following bodies: the Shareholders’ Meeting which, for the topics within its jurisdiction, passes resolutions that represent the shareholders’ wishes; the Board of Directors (composed of 9 members), which is responsible for the strategic supervision of the pursuit of the corporate purpose and the management of major operators, while operational management is entrusted to the Chief Executive Officer, who transfers it to the rest of the organisation through the system of delegates and proxies; and the Board of Statutory Auditors, responsible for ensuring compliance with the law, the Articles of Association and the principles of sound administration, and the adequacy and operation of the organisational, administrative and accounting structure. The statutory audit of the accounts is entrusted to an independent auditing firm (*PricewaterhouseCoopers S.p.A.*) listed on the specific register of qualified auditors, appointed by the Shareholders’ Meeting by a grounded proposal of the Board of Statutory Auditors.

The Supervisory Body, pursuant to Italian Legislative Decree 231/01, is appointed by the Board of Directors.

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<sup>1</sup> The format recommended by Borsa Italiana format is available at the following web address: <https://www.borsaitaliana.it/Comitato-corporate-governance/documenti/format2022.pdf>



In the context of the traditional model, Acea's corporate governance system is based on the following key pillars:

- the central role of the Board;
- the correct management of conflicts of interest;
- transparent communication of corporate management decisions;
- the efficacy and efficiency of the SCIGR.

This system complies with the applicable law and the principles enshrined in the Code, and is based on national and international best practices.

The composition, appointment and methods of operation of the corporate bodies are regulated by law, by the Articles of Association, by the BoD's regulation, by the regulations of the committees and by the resolutions adopted by the competent bodies, as well as by the principles and criteria enshrined in the Code, adopted by the company since its foundation in 1999.

The information contained herein refers to financial year 2021 and, in relation to specific subjects, is updated as at 14/03/2022, the date of the Board of Directors' meeting which approved this Report.

## **2. INFORMATION ON THE OWNERSHIP STRUCTURE (art. 123 bis TUF, paragraph 1)**

### **a. Structure of the share capital (as per art. 123 bis TUF, para. 1 lett. a)**

The Company's capital, equal to € 1,098,898,884.00, entirely underwritten and paid up, is divided into 212,964,900 ordinary shares with a par value of € 5.16 each, listed on the online stock market organised and managed by Borsa Italiana (see Table 1).

There are no shares with limited voting rights or without voting rights, except 416,993 treasury shares for which the voting right is suspended pursuant to art. 2357-ter of the Civil Code.

### **b. Restrictions on share transfers (as per art. 123 bis TUF, para. 1 lett. b)**

There are no restrictions on share transfers except for individual constraints of the single shareholders.

### **c. Relevant stakes (as per art. 123 bis TUF, para. 1 lett. c)**

Relevant stakes, held directly or indirectly, pursuant to art. 120 of the TUF, according to the information published on 14/03/2022 on the Consob website and the communications made in compliance with the same article, are listed in *Table 1*.

### **d. Shares bearing special rights (as per art. 123 bis TUF, para. 1 lett. d)**

The Articles of Association do not provide for the issue of multiple voting shares or shares with increased voting rights.

No shares bearing special controlling rights have been issued.

**e. Stakes held by employees: the voting rights exercise mechanism (art. 123 bis TUF, para. 1 lett. e)**

Article 13 of the Articles of Association states that, to facilitate the collection of proxies from shareholding employees of the Company, its subsidiaries and affiliates and shareholders' associations, with the requisites contemplated by the relative provisions in force, specific spaces are made available for the communication and the collection of the proxies according to terms and methods set by the Board of Directors directly or through its proxies.

There are no particular mechanisms for exercising rights.

**f. Restrictions on voting rights (as per art. 123 bis TUF, para. 1 lett. f)**

Under art. 6 of the Articles of Association, with the sole exception of Roma Capitale, any shareholder whose stake exceeds 8% of the share capital must be disclosed to the Company. This limit is considered as reached, in both direct and indirect terms, as specified in more detail in paragraphs 2 and 3 of the said article and as described in the paragraph on Shareholders' Meetings of this Report. In the case of breach of this rule, the exercise of the vote for the shares exceeding the said limit will be prohibited and, in the case of a resolution by a determining vote deriving from the shares exceeding said limit, the resolution may be challenged pursuant to and according to the methods defined in art. 2377 of the Italian Civil Code.

**g. Shareholders' agreements (as per art. 123 bis TUF, para. 1 lett. g)**

The Company is not aware of any shareholders' agreements of any kind, as contemplated under art. 122 of the TUF, nor of any special powers of veto or of any other extraordinary influence on the decisions that are not direct expressions of the shares held.

**h. Change of control clauses (pursuant to art. 123-bis of the TUF, par. 1, lett. h) and Articles of Association provisions on takeovers (pursuant to art. 104, para. 1-ter and 104-bis, par. 1)**

Acea has signed a number of significant agreements which become effective or are annulled in the case of a change of control for the contracting company.

Following are the significant agreements in place where the change of control involves the initiation of a negotiation procedure, where (a) the occurrence of such a case is disclosed, (b) the parties consult within a defined time frame to assess possible mitigations to any adverse effects of the change of control, and (c) if the outcome of the consultations is negative, the bank may request early repayment:

- ✚ Long term loan totalling an initial € 100 million from CDP (Cassa Depositi e Prestiti);
- ✚ Long term loan totalling an initial € 150 million from the European Investment Bank (Water segment);
- ✚ Long term loan totalling an initial € 200 million from the European Investment Bank in favour of Acea SpA (Water segment II);
- ✚ Long term loan totalling an initial € 200 million from the European Investment Bank in favour of Acea SpA (Network Efficiency III);
- ✚ Long term loan totalling € 250 million from the European Investment Bank in favour of Acea SpA (Water segment III), not yet disbursed as at 31 December 2021;
- ✚ Revolving Credit Facility for a total of € 350 million in favour of Acea S.p.A., not disbursed as at 31 December 2021.

With regard to takeovers, the Company's Articles of Association do not waive the provisions of art. 104, paragraphs I and I bis, of the TUF, nor provide for the application of the neutralisation rules contained in art. 104 bis, para. 2 and 3 of the TUF.

**i. Delegations for capital increases pursuant to art. 2443 of the Civil Code or the directors' power to issue financial instruments and authorisation for the purchase of treasury shares (art. 123 bis TUF, para. 1 lett. m)**

As at 31 December 2021 and also at the date of this Report, the Board of Directors has not been delegated to increase the share capital or to buy treasury shares.

Additionally, as stated, the Company presently holds 416,993 treasury shares for which voting rights are suspended, pursuant to art. 2357-ter of the Civil Code, the remaining treasury shares authorised by an Ordinary Shareholders' Meeting resolution of 23 October 1999, amended by an Ordinary Shareholders' Meeting resolution of 29 April 2000, renewed by an Ordinary Shareholders' Meeting resolution of 31 October 2001 and with the additions inserted by an Ordinary Shareholders' Meeting resolution of 30 April 2002.

**j. Management and coordination (pursuant to art. 2497 and subsequent, Civil Code)**

The Company is not subject to management and coordination activities pursuant to art. 2497 et seq. of the Italian Civil Code.

Pursuant to art. 16, paragraph 4 of the Markets Regulation, please note that Acea defines its own strategic guidelines and has full control of organisation, management and negotiation.

It must be noted that:

- ✓ the information required by art. 123 bis, para. 1, lett. i) (*“agreements between the Company and the directors...which provide for indemnity in the case of resignation or dismissal without just cause or if their professional relationship ceases subsequent to a takeover”*) is contained in the Report on remuneration policy and compensation paid published pursuant to art. 123-ter of the TUF;
- ✓ the information required by art. 123-bis, para. 1, lett. l) (*“regulations applicable to the appointment and replacement of directors ... as well as to amendments to the Articles of Association, if different from the legal and regulatory rules applicable”*) are illustrated in the section of the Report on the Board of Directors (paragraph 4 of this Report);
- ✓ the information required by art. 123-bis, para. 1, letter l, second section (*“regulations applicable ... to the amendment of the Articles of Association, if different from the applicable legal and regulatory rules”*) is illustrated in the section dedicated to the Shareholders’ Meeting (paragraph 14) of this Report.

**3. COMPLIANCE (pursuant to art. 123-bis, para. 2, lett. a), TUF)**

On 16 December 2020, the Board of Directors of Acea voted in favour of the adoption of the new Code, the recommendations of which came into force on 1 January 2021.

Acea applies the prescriptions of the Code, which contains an articulated series of recommendations relating to the methods and rules for the governance and control of listed companies. The Code contains highly innovative principles and institutions which, in order to be correctly implemented, must be adopted gradually.

The complete text of the Code is available to the public on the Borsa Italiana website <https://www.borsaitaliana.it/Comitato-corporate-governance/codice/2020.pdf>.

The Company provides information annually on its governance system and on its adhesion to the Code by means of a Report, drawn up also pursuant to art. 123-bis of the TUF, which shows the degree of adhesion to the principles and recommendations established by the Code itself and to international best practices.

The yearly Report is made available to the Shareholders, together with the documentation required for the Shareholders’ Meeting called to approve the financial statements, and it is also

immediately published on the Company's Internet site ([www.gruppo.acea.it](http://www.gruppo.acea.it)) in the "Governance" section.

Information regarding the application of the remuneration recommendations is based on the 2022 Report on the Remuneration Policy and on the fees paid in 2021, prepared pursuant to art. 123-ter of the TUF, published in accordance with the law.

Acea and its subsidiaries with strategic importance are not subject to any non-Italian legal provisions that may influence the corporate governance of the organisation.

## **4. BOARD OF DIRECTORS**

### **4.1 ROLE OF THE BOARD OF DIRECTORS**

The Company's Board of Directors holds a central role in the sphere of the Company's governance, and all the departments and the managers of the Company and of the Group with strategic and organisational responsibilities report to the Board of Directors, in line with the pursuit of sustainable performance. Taking its role into account, the Board of Directors meets regularly, to guarantee the effective performance of its duties.

More specifically, based on provisions provided by law, by the Articles of Association, by the Board resolutions that regulate the structure of powers of corporate bodies, and by the guidelines of the Internal Control and Risk Management System (hereinafter "Guidelines") last updated on 22 January 2020, the duties listed below are reserved to the Board of Directors:

- define strategic and general management guidelines and steer the Company's development; economic-financial coordination of the Group's activities by approving medium-term strategic plans which incorporate the Group's development guidelines, the investment plan, the financial plan and the annual budgets;
- by proposal of the Control and Risks Committee, define the guidelines of the Internal Control and Risk Management System so that the main risks concerning Acea and its subsidiaries – including the various risks that can become relevant in the light of sustainability over the medium-long term period – are correctly identified and adequately measured, managed and monitored;
- define the nature and level of risk compatible with the identified strategic objectives;
- approve and amend the internal regulations concerning the general organisational structure of the Company - including the code of conduct on internal dealing - the Group's macrostructure and any amendments to the same that have a significant impact on the Group's organisation;
- appoint the General Manager if deemed appropriate;
- define the corporate governance system and see to the establishment of specific internal committees, for which it appoints the members and approves the respective operating rules;

- adopt the organisational model pursuant to Italian Legislative Decree no. 231/2001, appoint the Supervisory Body and examine the half-yearly reports prepared by the SB on implementation of the MOG;
- appoint the directors and statutory auditors due to Acea at significant subsidiaries and investees, understood to be (i) those listed on regulated markets and (ii) those which require commitments of capital, shareholder loans or guarantees exceeding € 10 million;
- attribute and revoke delegations to the delegated directors, defining the limits and procedures of their exercise;
- approve all extraordinary operations, as well as the acquisition/disposal of shares, excluding intragroup transactions;
- exercise, on behalf of Acea and its subsidiaries, powers for amounts exceeding € 7.5 million if in line with the budget, and above € 1 million for off-budget expenditure for a series of significant operations;
- determine the remuneration of the Chairperson, Chief Executive Officer and other Directors with specific duties, upon a proposal by the relevant committee and after hearing from the Board of Statutory Auditors, as well as the remuneration due to the members of Board of Directors committees and remuneration of executives with strategic responsibilities, except for cases in which this latter has been approved by the Appointment and Remuneration Committee;
- define the Guidelines, after hearing from the Control and Risks Committee, whose responsibilities are illustrated in paragraph 9 of this Report, so that the main risks relative to Acea and the main Group companies are properly identified, measured, managed and monitored;
- evaluate the adequacy of Acea's organisational, administrative and accounting structure, as well as that of subsidiaries with strategic relevance, particularly with reference to SCIGR;
- assess the general business performance (art. 2381 of the Civil Code) taking into consideration, in particular, the information received from the delegated bodies, periodically comparing the results achieved with those programmed;
- appoint and revoke:
  - the Internal Audit Function Manager, subject to the favourable opinion of the CRC and by proposal of the Director responsible for the SCIGR, and having consulted with the Board of Statutory Auditors, making sure that said Department is provided with adequate resources for the performance of its duties and defining the remuneration consistent with Company policies;

- a Financial Reporting Officer, unless already provided for by the Shareholders' Meeting, by the favourable opinion of the Board of Statutory Auditors (as per art. 22-ter of the Articles of Association), ensuring the adequacy of their powers and means for the performance of their duties;

- approve the Audit Department Manager's work plan on an annual basis, having consulted with the Control and Risk Committee, the Board of Statutory Auditors and the SCIGR appointed Director;
- assess, having consulted with the Board of Statutory Auditors, the results found by the independent auditor contained in the letter of suggestions, where applicable, and in the report on fundamental issues that have come to light during the audit of the accounts;
- assess, at least once every year, the adequacy of the SCIGR in consideration of the Company's characteristics and risk profile, describe its main characteristics in the Report on Corporate Governance, expressing its opinion on adequacy of the same, after hearing from the Control and Risks Committee;
- establish corporate measures of protection for the processing of personal or sensitive data by third parties;
- adopt the procedures necessary to protect workers' health and appoint the subjects responsible for ensuring safety in the workplace;
- act so as to establish continuous dialogue with shareholders, based on understanding of the reciprocal roles;
- promote initiatives to support the widest possible participation of shareholders at Shareholders' Meetings and to make the exercising of voting rights easy;
- adopt the procedures for the internal management and the external disclosure of documents and information regarding the Company, especially price sensitive information and information relating to transactions in financial instruments carried out by persons who, due to their office, have access to relevant information;
- carry out self-assessment at least once a year on the functioning of the Board itself and of its committees, and on their size and composition;
- assess, at least once a year, the independence of its non-executive members.

**A summary of the main activities carried out by the Board of Directors of the Company in 2021 is given below. In particular, the Board:**

- assessed the general business trend as representing in its financial reporting (the draft financial statements of the period as at 31 December 2020; the six-monthly interim financial report; the interim management reports on the 1st and 3rd quarters of the

- period), taking into consideration, in particular, the information received from the delegated bodies, and periodically comparing the results achieved with those forecast;
- resolved on the organisational amendments to the macrostructure of Acea;
  - approved the remuneration policy of the Company, which includes variable short and long-term incentive schemes based on quantitative sustainability targets;
  - approved the Policy for the management of relations with institutional investors, shareholders and bondholders of Acea; for more information, see paragraph 13 of this Report;
  - authorised, between the end of financial year 2020 and the start of financial year 2021, the issue of a Green Bond, traded on the regulated market of the Luxembourg Stock Exchange;
  - approved the Sustainability Report/Consolidated Non-Financial Disclosure for 2021, pursuant to Italian Legislative Decree no. 254/2016;
  - adopted the “Group Regulatory System” Governance Guidelines which define the universal governance Regulatory System for Acea and its subsidiaries, structuring the types of legislative tool by hierarchical classification;
  - approved a Group Regulation that aims to define the general guidelines for governance relations between Acea and the subsidiaries subject to management and coordination activities pursuant to art. 2497 *et seq.* of the Italian Civil Code;
  - having consulted with the Board of Statutory Auditors, evaluated the results presented by the independent auditor in the letter of recommendations and the supplementary report addressed to the Board of Statutory Auditors.

On 14/03/2022, the Board of Directors:

- assessed the adequacy of the Internal Control and Risks Management System and the adequacy of the Company’s organisational, administrative and accounting framework and that of its strategically relevant subsidiaries, deeming the Acea Control System, as a whole, to be functioning, suitable and consistent with the current guidelines for the internal control and risk management system;
- proceeded, as an integral part of this process, with the self-evaluation of the composition and functioning of the Board and its internal Committees. This self-evaluation regarded the Board of Directors’ independence, structure and composition, the functioning of the Board and of its committees, and the information flows received by the Board and its committees in the performance of their duties. For the execution of the assessment tasks, the Board of Directors consulted a company specialised in the sector, as illustrated in paragraph 7.1 of this Report.



## **4.2 APPOINTMENT AND REPLACEMENT (art. 123 bis, para. 1, lett. I, TUF)**

### **Appointment of the Board of Directors**

Directors are appointed and replaced in compliance with the laws in force, as adopted and integrated, within the limits allowed, by the provisions of the Articles of Association.

According to the provisions of the Company's Articles of Association, the Board of Directors is composed of no less than five and no more than nine members, appointed by the Ordinary Shareholders' Meeting (which determines the number within those limits) for a term equal to three financial years and they may be re-elected on expiry of their mandate.

Directorships can only be held by those with the requisites laid down by law and by the regulatory provisions.

Directors are elected as described in art. 15.I of the Articles of Association, which establishes that:

- gender balance must be ensured in the composition of the Board of Directors, as governed by law<sup>2</sup>;
- the directors are elected on the basis of lists, each of which contains as many candidates, each indicated by a progressive number, as the number of directors to be elected, and each list must have at least two candidates qualified as independent as contemplated by law, one of which must be first or second on the list and the other must be within the first four on the list;
- the election is carried out as follows:

*“A. from the list that has obtained the majority of votes (hereinafter, for brevity, the “Majority List”), half plus one of the directors to be elected, rounded down to the nearest whole number in the case of a fractioned number, will be chosen in the progressive order in which they are placed on the said list;*

*B. without prejudice to the rulings of law and the provisions of the Articles of Association on the limits to the connection with the Majority List, the remaining directors will be taken from the other lists. For this purpose, the votes obtained by the said lists will be divided, within the sphere of each list, by 1, 2, 4 and 8 and so on, up to the number of directors to be elected. The ratios thus obtained will be progressively assigned to the candidates of said lists, according to progressive order by which they are indicated. The ratios thus attributed to the candidates of the various lists will be placed in a single classification in decreasing order. Those with the highest ratios will be elected.*

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<sup>2</sup> Please note that Law no. 160 of 27 December 2019 (“Budget Law 2020”) amended the provisions of art. 147-ter and 148 of the TUF regarding gender balance in the corporate bodies of listed companies, requiring that at least two fifths (40%) of the positions be reserved for the least-represented gender. This new criteria is effective from the first renewal of the management and control bodies after the entry into force of the Budget Law 2020 on 1 January 2020, for six consecutive mandates.

*If several candidates have obtained the same ratio, the candidate elected will be that on the list of which no director is otherwise elected or the list with the lowest number of elected directors.*

*If no director is elected from such lists or if the same number of directors is elected from such lists, the candidate elected will be the one that has obtained the highest number of votes. In the case of parity between the list votes and of parity of ratios, the entire Shareholders' Meeting will vote again and the candidate with the simple majority of votes will be elected.*

*In any case, if a correctly drawn up list is presented in addition to the Majority List, the candidates of such a list will be elected according to the order of presentation”.*

The adopted election mechanism guarantees that at least one director represents the minorities and that the legally required minimum number of independent directors is elected (one in the case of a Board of Directors with no more than seven members, two if there are more than seven members) in compliance with art. 147-ter, paragraph 4, TUF. In fact, art. 15 of the Articles of Association establishes that the Board of Directors must contain a minimum number of directors holding the independence requirements established under the law, applicable regulations and the Code, as well as those established from time to time by current legislation.

The appointment of the Board of Directors is regulated by art. 15 of the Articles of Association, according to which members are appointed on the basis of the lists presented at least twenty or twenty-five days before the date set for the first meeting respectively by the outgoing Directors or by Shareholders who - individually or together with other Shareholders - represent, at the date on which the lists are filed - at least 1% of the shares with voting rights in the Shareholders' Meeting, or the minimum portion of the share capital determined by Consob pursuant to art. 144-quater of the Issuers' Regulation. In this regard, please note that the portion requested by Consob under Executive Determination no. 60 of 28 January 2022, for the presentation of the lists is 1%.

The lists will be made public at the Company's headquarters and announced in three national newspapers, two of which are financial publications, as well as according to the various methods indicated by applicable law.

No candidate may be on more than one list and no shareholder may vote for more than one list.

For information on the role of the Board of Directors and the advisory committees in the processes of self-evaluation and the succession of directors, please refer to paragraph 7 of this Report.

### **Termination of office of Director**

Pursuant to art. 15.3 of the Articles of Association: *If a director appointed on the basis of the above-mentioned list vote leaves office, the Board of Directors will provide for his replacement by the co-option, pursuant to art. 2386 of the Civil Code, with the first candidate not elected on the list on which the outgoing director was a candidate, in respect of the legal provisions on gender balance, or, if that list has no more candidates, with the first of the non-elected candidates regardless of the relative list; however, if the outgoing director is not on the Majority List, the absence of connection with the Majority List must be respected. If the outgoing director had the requisites of independence and/or belonged to the less represented gender and the number of independent directors and/or those of the less represented gender consequently fall below the minimum number required by law, the first non-elected candidate of the list of the outgoing director with the requisites of independence required by law and/or of the less represented gender will be appointed. Directors thus appointed will remain in office until the next Shareholders' Meeting”.*

### **Replacement of Director**

Pursuant to art. 15.4 of the Articles of Association: *“If a director leaves office during the financial period, the Shareholders' Meeting, by a relative majority vote, will elect his replacement, as far as possible in respect of the rules in force on independence and gender balance, from the non-elected candidates on the same list as that of the outgoing director. The newly appointed director must have provided, at least ten days before the date scheduled for the Meeting, written confirmation of his candidature as well as the declarations that no reasons exist for his ineligibility or incompatibility and that he holds the requisites prescribed for the office by the laws in force and the Articles of Association. If this replacement procedure is not possible, a resolution must be passed by a relative majority vote, always in respect of the representation of the minorities and the minimum number of independent directors.*

*A director thus appointed will remain in office until the expiry of the term of office of the other directors. If, for any reason, the number of Board Directors falls below half the established number, the entire Board of Directors will fall from office and the Shareholders' Meeting must be summoned immediately for its reconstitution. However, the Board of Directors will remain in office for the execution of acts of ordinary administration until the Shareholders' Meeting has resolved on its renewal and until at least half of the new directors have accepted their appointment”.*

### **4.3 COMPOSITION (as per art. 123 bis, para. 2, lett. d, TUF)**

The Board in office as at 31/12/2021, composed of 9 directors, was appointed by the Shareholders' Meeting on 29 May 2020.

The term of office applies equally to all directors.

The Shareholders' Meeting of 29 May 2020 resolved to determine a three-year term of office of the Board of Directors, which will therefore expire with the approval of the financial statements for financial year 2022.

During the Shareholders' meeting of 29 May 2020, three lists of candidates were presented, transcribed below and indicating the relative proposing party:

**LIST OF CANDIDATES FOR DIRECTOR NO.1**

Shareholder Roma Capitale, holder of 108,611,150 shares, representing 51% of the share capital of Acea SpA:

Candidate no. 1 Michaela Castelli born in Rome on 07/09/1970

Candidate no. 2 Giacomo Larocca born in Rome on 13/05/1978

Candidate no. 3 Giuseppe Gola born in L'Aquila on 23/08/1964

Candidate no. 4 Gabriella Chiellino born in Pordenone on 21/03/1970

Candidate no. 5 Liliana Godino born in Genoa on 08/04/1962

Candidate no. 6 Stefano Pareglio born in Vercelli on 25/03/1963

Candidato no. 7 Maria Verbena Sterpetti born in Rome on 23/07/1986

**LIST OF CANDIDATES FOR DIRECTOR NO.2**

Shareholder Suez S.A., holder of 23,106,700 shares, representing 10.85% of the share capital of Acea

SpA and indirectly, through Suez Italia S.p.A., 26,584,395 shares, representing 12.483% of the share capital of Acea SpA:

Candidate no. 1 Diane Galbe born in Paris on 14/01/1981

Candidate n. 2 Giovanni Giani born in Lecco on 14/01/1950

Candidate no. 3 Aurelia Binet Carrere born in Les Lilas (France) on 03/07/1978

Candidato n. 4 Angel Simon Grimaldos born in Manresa (Spain) on 09/11/1957

**LIST OF CANDIDATES FOR DIRECTOR NO.3**

Shareholder Fincal SpA, holder of 5,700,000 shares, representing 2.676% of the share capital of Acea SpA:

Candidate no. 1 Alessandro Caltagirone born in Rome on 27/12/1969

Candidate no. 2 Massimiliano Capece Minutolo Del Sasso born in Naples on 07/04/1968

Candidate no. 3 Azzurra Caltagirone born in Rome on 10/03/1973

Candidate no. 4 Mario Delfini born in Rome on 19/04/1940

Candidate no. 5 Tatiana Caltagirone born in Rome on 03/07/1967

Candidate no. 6 Fabrizio Caprara born in Rome on 12/11/1959

Candidate no. 7 Annalisa Mariani born in Avezzano (Aq) on 08/03/1980

At the end of the vote, the following directors were taken from the majority list, presented by the shareholder Roma Capitale: Michaela Castelli, Giuseppe Gola, Giacomo Larocca, Gabriella Chiellino and Liliana Godino.

Alessandro Caltagirone and Massimiliano Capece Minutolo Del Sasso were elected from the minority list presented by Fincal SpA, while Giovanni Giani and Diane Galbe were elected from the minority list presented by Suez S.A. Please note that the minority lists declared the absence of any relationship or connection, including of an indirect nature, with the majority list.

The Board of Directors as at 31 December 2021 was made up as follows: Michaela Castelli, Giuseppe Gola, Gabriella Chiellino, Liliana Godino, Giacomo Larocca, Alessandro Caltagirone, Massimiliano Capece Minutolo del Sasso, Giovanni Giani and Diane Galbe.

Please note that following the end of the financial year, on 25/02/2022, Ms. Diane Galbe resigned from the office of Member of the Board of Directors.

Therefore, as of the date of this Report, the Board of Directors is composed as follows: Michaela Castelli, Giuseppe Gola, Gabriella Chiellino, Liliana Godino, Giacomo Larocca, Alessandro Caltagirone, Massimiliano Capece Minutolo del Sasso and Giovanni Giani.

Of the above directors in office, one is an executive director – Giuseppe Gola - whom the Board of Directors has appointed as Chief Executive Officer with individual managerial powers, whereas the remaining 8 are non-executive directors.

The number and competencies of the non-executive directors are such to ensure a significant weighting in the adoption of board decisions and to guarantee effective monitoring of the business management.

Please note that five directors meet the requirements of independence provided for by applicable law and by the Code.

Seniority of office from the first appointment is shown in Table 2 “*Structure of the Board of Directors at year-end*”.

Some information of a personal and professional nature on the directors in office is given below.

## **MICHAELA CASTELLI**

### **CHAIRPERSON – NON-EXECUTIVE**

Michaela Castelli was born in Rome on 7 September 1970. After graduating in Law and specialising in Financial Law, she began working in London in Capital Markets. She subsequently gained experience in leading Italian law firms, dealing with corporate law and financial markets. She worked for 9 years at Borsa Italiana S.p.A. where she dealt with the primary market and was involved in assisting listed issuers with extraordinary transactions, corporate reporting, compliance and corporate governance. She is registered on the Milan Bar Association and has developed extensive experience as a member of the Boards of Directors and Control Bodies of leading listing and unlisted companies. Author of trade publications and lecturer in various continuing education courses in corporate and financial market law, she has participated in numerous conferences as a speaker.

Appointed on the basis of list no. 1 presented by Roma Capitale (including: 1) Michaela Castelli, 2) Giacomo Larocca; 3) Giuseppe Gola, 4) Gabriella Chiellino, 5) Liliana Godino, 6) Stefano Pareglio, 7) Maria Verbena Sterpetti); the relative proposal obtained a favourable vote from 69.9949% of voters.

## **GIUSEPPE GOLA**

### **MANAGING DIRECTOR – EXECUTIVE**

Giuseppe Gola was born in L'Aquila in 1964.

From September 2017 to May 2020 he was the CFO of the Acea Group.

Since May 2002 he has worked for Wind Telecomunicazioni, where, from October 2007 to December 2016, he served as CFO. Previously he was Management Control Director. From January 2017 to August 2017 he worked as a senior advisor, collaboration with ZTE and Cellnex.

From 1998 to 2002 he worked for various telecommunications operators, including IPSE 2000, as the Management Control Director, Albacom, as the Strategic Planning Director and Wind Telecomunicazioni, where he was the Business Plan Director.

He began his career with the Enel Group, from May 1991 to June 1996, where in the IT Department he was the Investment Planning Director. In 1997 he became the Business Plan Director for Enel mobile services, with the objective of developing a joint venture to enter the telecommunications market as a competitor to Telecom Italia.

Giuseppe Gola obtained a degree in Electronic Engineering in 1990 and a Master in Business Administration from the LUISS Guido Carli School of Management.

Appointed on the basis of list no. 1 presented by the aforementioned Roma Capitale.

## **GABRIELLA CHIELLINO**

### **DIRECTOR – NON-EXECUTIVE – INDEPENDENT**

Gabriella Chiellino was born in Pordenone on 21 March 1970; she graduated in Environmental Science at Ca' Foscari University in Venice in 1994. She has worked in the field of sustainability for over 20 years, covering various roles in the university context, teaching scientific subjects regarding environmental and energy management in companies. She was a member of various scientific technical committees in the public and private sector, also coordinating international events on matters linked to sustainability (water, waste, smart city). 20 years ago she founded an environmental and energy engineering company, of which she now chairs the BoD, which operates in Italy and overseas, as well as several innovative start-ups. As an expert of corporate Sustainability Governance, she steers and coordinates various Corporate Sustainability Committees. She is the author of various publications and articles on environmental and ethical matters and is a lecturer in various university courses.

Appointed on the basis of list no. 1 presented by the aforementioned Roma Capitale.

### **LILIANA GODINO**

#### **DIRECTOR – NON-EXECUTIVE – INDEPENDENT**

Liliana Godino was born in Genoa on 8 April 1962; she completed her education at HEC Paris, specialising in “Corporate Economy and Marketing”.

She has been the Chief Procurement Officer at Ignazio Messina & C. S.p.A., since October 2018. From April 2015 to September 2018 she was the General Affairs and Organisation Director at Baglietto Srl, which produces certified steel for shipyards across the globe. She was the Purchases and Logistics Director of Grandi Navi veloci SpA, MSC Group. She spent 18 years in Danone SA, a global agro-food company, first in consumer marketing with experience on national and international level and then in procurement, her last role being the Worldwide Sourcing Director for Packaging at the Headquarters. She was a member of the Board of Directors of the International School in Genoa.

Appointed on the basis of list no. 1 presented by the aforementioned Roma Capitale.

### **GIACOMO LAROCCA**

#### **DIRECTOR – NON-EXECUTIVE – INDEPENDENT**

Giacomo Larocca was born in Rome on 13 May 1978, he graduated in Statistical and Actuarial Science at La Sapienza University in Rome.

He currently works as the Programming and Management Control Director at SACE BT, a company he has worked for since 2009.

Appointed on the basis of list no. 1 presented by the aforementioned Roma Capitale.

### **ALESSANDRO CALTAGIRONE**

#### **DIRECTOR – NON-EXECUTIVE – INDEPENDENT**

Alessandro Caltagirone was born in Rome on 27 December 1969; he graduated in Economics and Commerce at La Sapienza University in Rome. Currently a member of the Board at various companies, including: Il Messaggero S.p.A and, Caltagirone S.p.A., as well as Deputy Chairperson of the Board of Directors of Cementir Holding N.V., Alborg Portland Holding A/S and Caltagirone Editore SpA.

Appointed on the basis of list no. 2 presented by Fincal S.p.A. which, as of the date of the Shareholders' Meeting of appointment, held 2.676% of the share capital (including 1) Alessandro Caltagirone, 2) Massimiliano Capece Minutolo Del Sasso, 3) Azzurra Caltagirone, 4) Mario Delfini, 5) Tatiana Caltagirone, 6) Albino Majore, 7) Annalisa Mariani), which obtained a favourable vote from 19.1328% of the voters.

## **MASSIMILIANO CAPECE MINUTOLO DEL SASSO**

### **DIRECTOR – NON-EXECUTIVE – INDEPENDENT**

Massimiliano Capece Minutolo Del Sasso was born on 07 April 1968; he is registered in the register of engineers of Rome since 1992. Vast experience in the real estate and infrastructure sector with competencies in design, development and management of large urban and construction projects. In the course of his professional career he has developed experience in the cement, banking, renewable energy and publishing sectors. He is currently Chairman of the Board of Directors of “IL MATTINO S.p.A.”. He is also manager of the company Vianini Lavori S.p.A. And Director/Member of the Board of Directors of various companies operating in the real estate development and management sector.

Appointed on the basis of list no. 2 presented by the aforementioned Fincal SpA.

## **DIANE GALBE (in office until 25/02/2022)**

### **DIRECTOR – NON-EXECUTIVE**

*CV updated as at 31/12/2021*

Diane Galbe was born in Paris on 14 January 1981 and was appointed Deputy General Manager of Suez with responsibility for the Worldwide Smart & Environmental Solutions Business Unit. She continues to manage Group Strategy and the “Shaping SUEZ 2030” Transformation Plan. She is also a member of the Suez Group Executive Committee. The new Smart & Environmental Solutions Business Unit aims to accelerate the development and worldwide deployment of digital and decentralised solutions based on performance and environmental quality, Smart City, smart agriculture, climate and air. A graduate of Commercial Law from Panthéon-Assas University in Paris II and former lawyer at Bredin Prat law firm, she joined the SUEZ Group in 2007, where she held various responsibilities both in central functions in Paris and for the Asia Business Unit based in Hong Kong. She was appointed Chief of Staff of the Group’s Managing Director in 2013. In January 2017 she became Director of Finance and Strategy for the Italy, Central and Eastern Europe Business Unit and General Manager of the Group’s Soil Depollution and Industrial Decommissioning activities. Since May 2019, she has been Director of Group Strategy and Project SUEZ 2030.

Appointed on the basis of list no. 3, presented by Suez S.A., which as of the date of the Shareholders’ Meeting held 10.85% of share capital (including 1) Diane Galbe, 2) Giovanni Giani, 3) Aurelia Carrera Binnet, 4) Angel Simon Grimaldos), which obtained a favourable vote from 10.6568 % of voters.

## **GIOVANNI GIANI**

### **DIRECTOR – NON-EXECUTIVE**



Giovanni Giani was born in Lecco (Como) on 14 January 1950, engineer, manager with vast international experience in business development and the management of companies in the industrial, engineering and public services sectors. Expert in international relations.

Awarded the “Officier de l’Ordre du Mérite de la République Française”. Since 2018, he has served as the Chairperson and Managing Director for Italy for the Suez Group, as well as holding various offices within group companies internationally.

He currently serves as a Senior Advisor to the Suez Group as well as a Member of the Board of Directors of Formez PA, an in-house company of the Presidency of the Council of Ministers.

He also offers strategic consulting in the industrial sector.

Appointed on the basis of list no. 3 presented by the aforementioned Suez S.A..

### **Diversity criteria and policy in the composition of the Board and the corporate structure**

On 9 March 2020, after receiving the opinion of the Appointment and Remuneration Committee, the Board of Directors adopted the “Diversity policy for the composition of the administrative and control bodies” (“Diversity Policy”), promoted by the Ethics and Sustainability Committee.

The Diversity Policy aims to ensure the proper operation of Acea’s corporate bodies by regulating their composition and ensuring that their members have personal and professional requirements that meet the highest degree of diversity and competence.

In fact, the Board of Directors is aware of the fact that diversity and gender balance are fundamental elements of the corporate culture of a corporate group. In particular, as fundamental elements of sustainability in the medium-long term, diversity and gender balance represent a reference paradigm for both Acea Group employees and members of the company’s management and control bodies.

In line with the content of the Diversity Policy, in view of the Shareholders’ Meeting of 29 May 2020 called to appoint the Directors, the Acea Board expressed its position to the shareholders on the optimal qualitative and quantitative composition of the new Board. In particular, with regard to the composition of the Board, the outgoing Board had underlined the need to take into account, among other things, diversity, in terms of both gender and seniority, in line with applicable legal provisions. Furthermore, the Board highlighted the opportunity for the competencies of the members of the Board to be balanced for the correct performance of board activities. The current composition appears to be in line with the above orientation.

Following the entry into force, from 1 January 2000, of the provisions of the Budget Law 2020, amended by art. 147-ter, paragraph 1-ter, and 148, paragraph 1-bis, of the TUF, concerning gender balance in the corporate bodies of listed companies, the minimum quota currently

required for the least represented gender is at least two fifths of the members of the Board of Directors.

Please note that the composition of the current Board of Directors complies with the gender balance called for under applicable regulations.

Furthermore, in line with the principles enshrined in the Code of Ethics, Acea has promoted a culture of equal opportunities and the management and promotion of diversity, through (i) the adoption of the Utilitalia Pact 2019 - “Diversity makes the difference”, which represents a preparatory document aimed at promoting inclusive policies at all levels of the organisation, such as a positive work-life balance, the transparent management of merit and the adoption of internal and external awareness-raising policies, and (ii) the adoption of an annual Diversity & Inclusion (“D&I”) action plan.

In particular, this action plan, promoted through an engagement campaign aimed at the entire company workforce, facilitated the integration of D&I principles, strategies and targets into a specific plan of measures aimed at raising awareness, informing and training Group personnel on the principles and values of diversity and inclusion.

To support this plan, the Group has adopted a series of internal indicators to monitor and analyse the processes linked to HR strategies, with a focus on D&I targets (gender, age, disability, culture), in order to observe, understand, guide and anticipate D&I trends and compare the analysed results with market best practices.

The Group has also adopted a detailed corporate welfare plan aimed at supporting the health, physical and mental wellbeing and work-life balance of its employees, based on the conviction that the centrality of the Group's personnel is a strategic factor in the company's success.

In order to continuously improve HR strategy policies, the Group is rated on specific indexes and participates in certification schemes to measure the rate of application of the relative principles and the impacts of its initiatives on its business.

In 2021, for example, Acea participated in the GEI Bloomberg certification, an international index that measures business performance based on gender equality, earning an above-average ranking for the utility sector, and in the Top Employers certification, an institution that analyses the HR policies and strategies of thousands of businesses at a global level, which placed the Acea Group among the ranking of the 131 best performing companies in Italy.

In July 2021 Acea also signed a memorandum of understanding with Trade Unions concerning diversity and inclusion, aimed at engaging all social partners in the promotion of active values and the rejection of all forms of discrimination in the workplace. It also consolidated its observance of the legal provisions regarding the support of victims of violence by extending the period of leave and providing for the payment of specific financial compensation.

### **Maximum number of offices simultaneously held in other companies**

At its meeting on 16 December 2020, after the investigation carried out in 2020 by the previous Appointment and Remuneration Committee, as well as that currently in office, the Board of Directors resolved to update the guidelines already expressed on 23 March 2011 with regards to the maximum number of offices held.

To that end, it defined the “other significant companies”, for the purposes of calculating the total in addition to other listed companies, financial, banking or insurance companies, or those with shareholders’ equity exceeding € 1 billion.

Furthermore, the Board resolved that:

- a) a Director should not hold the office of non-executive Director or Auditor in more than 6 (six) of the aforementioned companies;
- b) an executive director should not hold the office of non-executive Director of another issuer of which an Acea Director is an executive Director.

Further, it decided (i) to not consider the position held in Acea when calculating offices held; (ii) to not consider any offices held in direct or indirect subsidiaries of Acea, or in companies in which Acea holds an equity investment when calculating offices held; (iii) to not consider positions held on internal Board committees for the purposes of reaching the maximum limit for offices held.

On the basis of the updated communications received by the Company in implementation of the resolutions passed, all the Directors, at 14 March 2022, cover a number of roles compatible with the guidelines laid down by the Board itself.

*Table 1*, at the foot of this Report, lists the offices held by the Directors and Statutory Auditors in other companies listed on regulated markets, also abroad, in financial, banking and insurance companies and companies with shareholders’ equity exceeding € 1 billion.

### **4.4 FUNCTIONING OF THE BOARD OF DIRECTORS (pursuant to art. 123-Bis, paragraph 2, letter d) of the TUF)**

The Board meets on a regular basis - usually monthly, and in any case at least quarterly - in compliance with the law and the calendar of works, approved annually and published on the Company website, at least for meetings significant to the applicable law. However, meetings are called whenever the Board deems it opportune or at the request of the CEO, the majority of the Directors in office or the Board of Statutory Auditors.

The BoD is structured and operates to guarantee the efficient and effective performance of its duties. In order to regulate and set appropriate timelines for its operations, the Board has

adopted a Board Regulation, last amended in March 2021 to adapt to the provisions introduced by the Code.

Resolution proposals and information for the Board of Directors must be sent - along with any other useful documentation and having been reviewed by the managers of the departments, functions and areas responsible for the specific matters - at least 10 calendar days prior to the date set for the Board meeting, to the secretariat of the Acea corporate bodies, which shall forward it without delay, in agreement with the Secretary, for the approval of the CEO in order to draw up the draft Agenda.

The Chairperson ensures that the pre-meeting information and any supplementary information provided during the meetings is such to enable the Directors to conduct their roles in an informed manner. In particular, the Chairperson monitors that adequate information is provided on the items on the Agenda of each meeting and that such information is provided within the deadlines set by the internal regulations, according to which the Agenda and any relative documents must be made available to Directors at least three days prior to the meeting. The documentation is made available to Directors and Auditors in such a way as to guarantee the necessary confidentiality, including through an appropriate IT system, pursuant to the provisions of the current BoD Regulation.

However, the justification of non-compliance with the aforementioned deadlines on the grounds of confidentiality is not permitted. In this regard, Acea has adopted specific software in order to enable the secure management of Board meetings and facilitate the secure and confidential transmission of information and documentation.

This system makes it possible to use various levels of security. Therefore, increasing usage of this platform and usage of the higher security levels that it offers makes it possible to protect even the need for greater information protection which may arise, without compromising completeness, usability and timeliness.

In certain cases, in the course of 2021, when it was not possible to meet the above deadline set by the Regulation for the provision of pre-meeting information due to the documentation being particularly copious or complex, at the meeting, as well as dedicating ample time to discuss the relative topic and any requests for clarification or further information, the manager of the relevant internal department was generally present.

Board meetings may also be held using remote technology (audio, video or tele-conferencing systems), as long as all participants can be duly identified by the Chairperson of the Board of Directors or by the Secretary in the event that the Chairperson is also attending remotely, and that all Directors are able to follow the discussion and engage in real time in the discussion of the items on the Agenda, as well as exchange documents relative to the topics under discussion and take part in the voting. The use of such remote methods of participation shall be acknowledged in the minutes.

At each meeting, the Chairperson of the Board of Directors invites Directors who, in relation to the items on the Agenda, may represent certain interests on their own behalf or on behalf of third parties, to make such interests known.

The Secretary draws up the minutes of the Board meetings and submits them in draft form to the Chairperson who, having consulted with the CEO, orders their transmission to the individual Directors. The approval of the minutes of the previous meeting is usually the first item on the Agenda of the next Board meeting.

In 2021, the Board of Directors met 14 times. The average duration of the meetings was 3 hours and 30 minutes. The meetings were attended by the members of the administrative body and the Board of Statutory Auditors.

The attendance of each Directors at the Board of Directors' meetings is detailed in Table no. 2.

At the date of this report, 2 meetings have been held since the beginning of 2022.

The calendar of the main corporate events 2022 (communicated to the Market and to Borsa Italiana S.p.A. in accordance with regulatory requirements) includes 3 more meetings on the following dates:

- 11 May 2022 – approval of the interim report on operations as at 31 March 2022;
- 27 July 2022 – approval of the semi-annual report as at 30 June 2022;
- 19 November 2022 – approval of the interim report on operations as at 30 September 2022.

#### **4.5 ROLE OF THE CHAIRPERSON OF THE BOARD OF DIRECTORS**

Pursuant to art. 20, paragraph 4 of the Articles of Association, the Chairperson of the Board of Directors, Michela Castelli, is the legal and institutional representative of the Company, and holds the powers of signature.

The Chairperson of the Board liaises between the executive and non-executive Directors and is responsible for the effective operation of the Board, and is supported in these duties by the Secretary of the Board of Directors.

Furthermore, the Chairperson oversees the perceived quality indicators and the issues relating to environmental impacts and corporate social responsibility of company activities and processes.

The Chairperson supervises the secretary of the Board of Directors and all related activities, and is also vested with the powers to represent and promote the image of the Company and the Group and to manage external institutional communications.

With specific reference to the supervisory role over the secretary of the Board of Directors, the Chairperson:

- i) ensures the prompt and complete provision of meeting and pre-meeting information;

- ii) ensures that appropriate information flows are in place between Acea and Group companies, in order to monitor the consistency between the Group's strategic guidelines and its performance;
- iii) verifies the implementation of the resolutions adopted by the Board of Directors and the rules and principles of corporate governance, also in compliance with the powers reserved to the Board of Directors.

The Chairperson, therefore, coordinates the activities of the Board of Directors, calls the Board meetings, establishes the Agenda and directs the meeting, ensuring that the Directors are promptly given – except in the case of need or urgency – the documentation and information necessary to allow the Board to give a conscious opinion on the matters submitted to its examination.

In 2021 the Chairperson:

- ensured that the call notice - containing the date, time and place of the meeting and the topics to be discussed - and the documentation relating to the items on the Agenda were provided within the deadline provided for by the Articles of Association, i.e., at least 3 days prior to the meeting itself. In order to facilitate the review of the topics under discussion during Board meetings, a document is made available that summarises the most significant points relevant to the proposed resolutions on the Agenda, it being understood that this document does not in any way replace the complete documentation provided to Directors;
- promoted a structured scheduling process among the Board of Directors and its internal committees in order to coordinate the activities of the committees with those of the Board;
- ensured, in concert with the Chief Executive Manager, that the department or area managers responsible for the items on the Agenda were available to participate, where required, in Board meetings. These managers attended Board meetings exclusively to discuss the topics relevant to their area of competence and left the meeting when the Board came to make its resolution;
- prepared, in concert with the Chief Executive Officer a training programme for the Board that was also attended by the Board of Statutory Auditors, aimed at providing the Directors with a thorough knowledge of the Company's activities and organisation, of its sector and the regulatory framework and self-regulatory framework, of the company dynamics and their evolution and the role to be performed with respect to the specificities of Acea. The induction initiatives carried out in 2021 concerned, *inter alia*, topics linked to sustainability, corporate governance and business. Furthermore, the directors are kept constantly informed by the competent corporate functions regarding the main legislative and regulatory novelties concerning the Company and

the exercise of their functions. The Chairperson and the Secretary ensured that the Directors and Auditors were able to participate in the induction sessions in person or remotely;

- supervised the self-evaluation of the Board, which also involved the Appointments and Remuneration Committee (for more details see paragraph 7 of this Report);
- ensured that the Board was informed of the development and significant content of discussions with all shareholders. In particular, at the meeting of 3 February 2022, the competent internal departments reported to the Board on the evolution of relations with the financial community on 2021, as provided for by the Policy for the management of relations with Institutional Investors, Shareholders and Bondholders of Acea approved by the Board of Directors (for more details see paragraph 13 of this Report).

### **Secretary of the Board of Directors**

Article 18, paragraph 1 of the Articles of Association states that the Board of Directors elects, from among its members or externally, a Secretary who will draw up in the minutes of the Board meetings.

As noted in the paragraph regarding the functioning of the BoD, on 1 March 2021 the Board of Directors approved the new Regulation on the functioning of the Board of Directors, introducing measures on the appointment and duties of the Secretary.

In particular, the first paragraph of the aforementioned article states that the Board resolves, on the proposal of the Chairperson, on the appointment or revocation of the Secretary of the administrative body, assessing the existence of the appropriate requirements of professionalism and defining, where necessary, any other appointments.

On this basis, on 12 October 2021 the Board of Directors appointed, subject to the positive assessment of the requirements of professionalism, Mr. Cosmo Damiano Marzulli as the new Secretary of the BoD.

In line with the duties assigned, in 2021 the Secretary supported the activities of the Chairperson and provided impartial assistance and advice to the administrative body on all aspects relevant to the correct operation of the corporate governance system.

In particular, the Secretary supported the Chairperson of the Board of Directors in the performance of the various activities of competence, in order to ensure that:

- a) pre-meeting information was accurate, complete and clear, and that supplementary information provided during the meetings was such to enable Directors to act in an informed manner;
- b) the activities of the internal board committees were coordinated with those of the Board of Directors;

- c) Directors of the Company and of Group companies were able to participate in Board meetings to provide any necessary details on the items on the Agenda;
- d) all Board members and Auditors could participate, following their appointment and during their term of office, in the specific induction activities focused on corporate dynamics and their evolution, including with a view to sustainable success and the principles of sound risk management;
- e) the self-evaluation process of the administrative body was adequate and transparent.

## **4.6 EXECUTIVE DIRECTORS**

### **Managing Director**

In May 2020 the Board of Directors appointed Giuseppe Gola as Managing Director, to whom, pursuant to art. 20 of the Articles of Association, the ordinary management of the Company, the Company's signature and legal representation before third parties and in court are delegated, as well as all powers within the scope of the delegations conferred and within set commitment limits.

The Chief Executive Officer is vested with all powers of administration of the Company, with the exception of those otherwise assigned by law and by the Regulation, the Articles of Association or the structure of powers last approved in October 2021.

In particular, the Chief Executive Officer:

- ❖ operates on the basis of long term plans and the annual budgets approved by the Board, and guarantees respect for the managerial guidelines deriving from the same. In this context, the powers of the Managing Director are exercised for transactions with a value up to € 7.5 million (tender contracts, procurement, rents, disposals, participation in tenders, etc.), if in line with the budget and up to € 1 million for off-budget transactions; for Group subsidiaries operating in the electricity and gas markets, the powers granted to the Managing Director include: i) issuing sureties or other guarantees up to € 12 million if in line with the budget and up to € 2 million if off-budget, ii) issuing all sureties and other obligatory guarantees in favour of Arera, GSE, GME, Terna S.p.A., the Single Buyer, other public entities and distribution concessionaires;
- ❖ signs tender contracts of any amount awarded on the basis of Italian Legislative Decree 50/2016, as amended;
- ❖ implements organisational and procedural changes to Company activities in line with the guidelines resolved by the Board of Directors;
- ❖ presides over and coordinates the Management Committee, a consulting Committee consisting of Company executives, which is responsible for monitoring the Group's



economic and operating situation and that of the individual companies, identifying any discrepancies with regards to planned objectives;

- ❖ ensures correct management of corporate information. In this regard, please refer to Chapter 5 “Management of Corporate Information”;
- ❖ is responsible for the activities regarding the management and coordination of subsidiary and investee companies of the Acea Group, including through the establishment of targets and the monitoring and control of the activities and results of Group companies, in line with the Group's strategies. The CEO is also responsible for ensuring the management and organisational coordination of companies subject to management and coordination by Acea or otherwise controlled pursuant to art. 2359 of the Italian Civil Code.

The Managing Director informs the Board of Directors and the Board of Statutory Auditors at least every quarter and, in any case, on the occasion of the Board of Directors' meetings, on the activity performed and the Company's business trend, on the business outlook and on transactions of major relevance for their dimensions or features, carried out by the Company or its subsidiaries, in compliance with art. 20.1 of the Articles of Association.

Furthermore, the Chief Executive Officer is responsible for establishing and maintaining the Internal Control and Risk Management System (SCIGR), as provided for by the Code (for a detailed description of the duties assigned to the Chief Executive Officer with regard to the SCIGR see paragraph 10.1 of this Report).

With reference to the topics reserved to the Board by the structure of powers and by art. 20.2 of the Articles of Association, see paragraph 4.1 of this Report.

### **Chairperson of the Board of Directors**

The Chairperson has not received management powers and does not play a specific role in the development of corporate strategies.

For the appointments and powers of the Chairperson, see paragraph 4.5 of this Report.

### **Joint Powers of the Chairperson and Chief Executive Officer**

By Board resolution of 29 May 2020, as amended on 12 October 2021, joint powers were delegated to the Chairperson and the Chief Executive Officer who, in the case of proven urgency and need, are thus authorised to i) exercise the powers normally reserved to the Board in relation to contracts, purchases, company transformation, participation in tender procedures, (the relative limits of which are based on the financial commitments or expenses or charges or debts that may be incurred by the Company in the event of an award) and the issue of sureties, and ii) appoint the members of the Boards of Statutory Auditors and the

Boards of Directors of the most important subsidiaries and partly held companies, these being understood as:

- a) those listed on regulated markets or with securities on issue as under art. 116 of the TUF;
- b) those requiring capital commitments, shareholders' loans or guarantees exceeding € 10 million.

The Chairperson and Chief Executive Officer inform the Board of any measures adopted at the next meeting; the Board establishes the existence of proven urgency and need.

In addition, the Chairperson and the Managing Director designate the members of the Boards of Statutory Auditors and the Boards of Directors of the companies of the Acea S.p.A. Group other than those considered of “more importance”.

### **Information provided to the Board by Board members/delegated bodies**

Pursuant to art. 20 of the Articles of Association, the delegated bodies report to the Board of Directors and the Board of Statutory Auditors on a quarterly basis on the general business trend and the relative outlook, as well as on operations deemed significant - due to their size or characteristics - carried out by the Board or by its subsidiaries.

In this regard, in 2021 the Chairperson and the Chief Executive Officer gave a quarterly report to the BoD and the Board of Statutory Auditors regarding the exercise of the powers vested in the delegated bodies by the BoD.

In the case of events and/or operations of particular significance to the Company, the delegated bodies report to the BoD and the Board of Statutory Auditors at the next meeting.

### **Other executive directors**

No other Directors on the Board of Directors of Acea qualify as executive under the definitions provided by the Corporate Governance Code.

## **4.7 INDEPENDENT DIRECTORS AND LEAD INDEPENDENT DIRECTOR**

### **Independent Directors**

The Company's Board of Directors has a number of independent directors who represent the absolute majority of its members.

Their number and competencies are appropriate to the needs of the business and to the operation of the Board, as well as to the constitution of the relative committees.

The Board conducts checks to verify the independence of its members at the time of appointment and subsequently on an annual basis.

In particular, in March 2022, the process to evaluate the independence of the directors was completed, pursuant to the Code and to art. 148, paragraph 3 of the TUF.

The actions taken by the Company may consider the following methods.

First of all, the assessment of independence of the members of the Board of Directors is based on the information held by the Company regarding the existence of any significant relationships as well as on any declarations made by each individual member.

In the event that it deems the available information not to be sufficient to complete the assessment, or if the information available to the Company raises doubts or concerns regarding the independence, the Company sends a request for further information or clarification to the member in question.

In order to ensure the functional performance of the assessment process and the correct interpretation of the available information, the Board of Directors reserves the right to consult with a qualified external consultant.

Moreover, each independent director shall promptly inform the Board of Directors in the event of situations that may theoretically impact the position of independence.

In the event that the Board of Directors resolves not to apply any of the criteria of significance to one or more directors, it provides adequate, transparent and exhaustive reasons for the reasons for this non-application.

The Board of Statutory Auditors verifies the correct application of the criteria and of the assessment procedures adopted by the Board of Directors to assess the independence of non-executive members, and the outcome of these controls is made available to the market in this Report or in the report made by the Auditors to the Shareholder's Meeting.

Following the outcome of the activities in 2022, the Board of Directors, based on the information available to the Company, the information provided by individual Directors and any declarations received, ascertained in March 2022 - the existence of the requirements of independence contained in art. 148, paragraph 3 of the TUF and in Recommendation 7 of the Code, in relation to the following Directors: Giacomo Larocca, Gabriella Chiellino, Liliana Godino, Massimiliano Capece Minutolo Del Sasso and Alessandro Caltagirone.

Insofar as necessary, when verifying the existence of the independence requirements of the current administrative body, the Board gave its assessment in accordance with the criteria contained in the Code.

Moreover, within the framework of the tasks attributed to it by law the Board of Statutory Auditors has verified the correct application of the assessment criteria and procedures adopted by the Board to evaluate the independence of its members and disclose the outcome of the verification to the market in the Corporate Governance Report.

It is noted that for the sake of diligence, the Chairperson of the Board of Directors considered it preferable that their position not be qualified as an independent director despite not being included, for the purposes of independence, (i) in the circumstances listed in art. 148, paragraph 3 of the TUF, referred to for directors under article 147-ter of the TUF and (ii) in the

circumstances listed in Recommendation 7 of the Code, which appear to compromise independence.

During the year, there was no need to hold a separate meeting for the independent directors, also in consideration of the quality of the information received by the delegated bodies and their active participation on the Board and on the internal board committees.

With reference to the recommendation contained in the letter of the Corporate Governance Committee of 3 December 2021, it is noted that the Board continued its deliberations regarding the identification - possibly as part of a procedure to assess the independence of directors - of certain quantitative and/or qualitative criteria to assess the significant nature of commercial, financial and professional relationships held by Directors, as well as any additional remuneration received by them pursuant to Recommendation 7 of the Code.

#### **Lead Independent Director**

On 14/03/2022 the BoD verified that, as in previous years, no circumstances pursuant to Recommendation 13 of the Code that would require the appointment of a lead independent director had arisen.

In fact, at Acea the Chairperson of the Board of Directors is not the chief executive officer, is not vested with significant powers of administration, and is not a shareholder with control, including joint control, over the Company.

As at the date of this report, no requests regarding the appointment of a lead independent director have been received from the independent directors.

## **5. MANAGEMENT OF CORPORATE INFORMATION**

As proposed by the Chief Executive Officer, the Acea Board of Directors has adopted Regulations for internal governance and for the external disclosure of the Company's documents and inside information that:

- establish the methods for the processing and disclosure of corporate information within the Group;
- rule that Company representatives who gain knowledge of information of which the early disclosure could be prejudicial to the Company's equity and/or that of the Shareholders must treat the same with maximum reserve, and that the Company, in the case of specific circumstances, must give immediate and full information to the market;
- prescribe that a procedure must be established for the drafting of press releases relating to price sensitive information, to prevent possible distortions or irregularities in the communication of such information.

This Regulation is available on the Acea website at:

<https://www.gruppo.acea.it/governance/sistema-controllo-interno-gestione-rischi/trattamento-informazioni-societarie>.

The creation is also required, pursuant to art. 18, par. 1, lett. a) of Regulation (EU) no. 596/2014 (MAR), of a List of persons with access to Inside Information.

The list is divided into:

- a “permanent section”, which indicates entities who have access to all Inside Information;
- a section for each inside information, where the persons who have access to the specific inside information are registered, if the delay procedure is activated.

Art. 7 of the MAR regulation establishes that inside information means *“information of a precise nature, which has not been made public, directly or indirectly relating to one or more issuers or one or more financial instruments and which, if rendered public, could have a significant effect on the prices of those financial instruments or on the prices of related derivative financial instruments”*. Information is deemed precise if *“it refers to a series of existing circumstances or which could be reasonably held to occur or an event which has occurred or which could be reasonably understood to occur and if this information is sufficiently specific to allow the drawing of conclusions about the possible effect of this combination of circumstances or of the event on prices of financial instruments or the relative derivative financial instrument [...] In this respect in the case of a protracted process that is intended to bring about, or that results in, particular circumstances or a particular event, those future circumstances or that future event, and also the intermediate steps of that process which are connected with bringing about or resulting in those future circumstances or that future event, may be deemed to be precise information”*.

Rules have also been adopted on Internal Dealing in compliance with the provisions of art. 19 of the MAR which rules that transactions in financial instruments carried out by “relevant subjects” and by persons closely linked to the same must be communicated to Acea and to Consob immediately and, in any case, within three working days from the transaction, at the request of the relevant subjects.

Relevant subjects and persons closely linked to the same must inform the Company, pursuant to the referenced regulation, of all transactions carried out on their behalf once the aggregate amount of such transactions reaches the threshold of € 20,000.00 over one calendar year.

## **6. INTERNAL BOARD COMMITTEES (pursuant to art. 123-bis, para. 2, lett. d) TUF)**

The Board of Directors has set up three internal committees to support the administrative body, namely: the Appointments and Remuneration Committee, the Control and Risks Committee and the Ethics and Sustainability Committee.

For information on the Related Party Transactions Committee, see paragraph 11 of this Report.

In adopting its Regulation, the Board of Directors established that the duties and composition of each Committee must be set at the time of its constitution by Board resolution, and that the activities of the committees may be regulated by specific operating regulations that establish operating procedures for the duties assigned to them.

Therefore, the composition, duties and functioning of each Committee are governed by the Board of Directors through the adoption of specific regulations in line with the criteria laid down by the Code.

Committee members (totalling a minimum of three per committee) are appointed by the Board and are selected from among the members of the Board. The Board determined the composition of the Committees by prioritising the skills and experience of the relative members, even if the structure of the committees themselves, given the composition of the Board, implies a certain concentration of duties.

The chairpersons of the committees, who are nominated by the Board from among its members, call the meetings, set the agendas, prepare the works and coordinate the discussion. At the next Board meeting, the committee chairs report on the relevant activities conducted by the committees and on the proposals and opinions issued.

In the event of absence or impediment, the chairpersons are replaced by the committee member with the highest seniority by age. For the organisation of their work, the committees are supported by the Secretary of the Board of Directors or by a party indicated by the Committee itself. Each committee meets, on the invitation of its chairperson, at the location established in the call notice issued to all members at least 3 business days before the date set for the meeting; in urgent cases, this period may be reduced to 24 hours before the time set for the meeting. The meeting documentation is made available to the committee members at the same time as the call notice is issued by the Secretary of the respective Committee. The documentation regarding the Agenda is made available to members by the Secretary of the respective Committee usually at least three business days prior to the date of the meeting, except in exceptional circumstances.

The members of each Committee and all participants in the meeting are bound by the legal obligations on inside information and the confidentiality of data and information received in the execution of their duties.

Moreover, Acea has adopted specific software in order to enable the secure management of committee meetings and facilitate the secure transmission of information and documentation. For more information on this software please refer to paragraph 4.4 of this Report.

The committees meet according to a schedule approved by each committee, based on the proposals of the respective chairpersons. This schedule is updated when deemed opportune and/or necessary by the respective chairperson in the light of developments to the corporate activities.

Based on the specific invitation of the respective chairperson, the meetings of each committee may be attended by other members of the Board of Directors or by representatives of company departments or third parties whose presence may be of assistance in the best performance of the Committee's functions.

The Chairperson of the Board of Statutory Auditors or another statutory auditor designated by the same also participates in committee meetings (it being understood, in any case, that other current statutory auditors are also entitled to intervene).

Resolutions are taken by absolute majority vote; in the event of a tie, the vote of the Chairperson of the Committee shall prevail.

The minutes of each meeting are signed by the Chairperson of the Committee and the Secretary. In the performance of their activities, committees are entitled to access the information and company departments deemed necessary for the performance of their duties and may also consult external consultants, according to the terms established by the Board.

The committees provided for by the Code shall be provided with an adequate annual budget assigned by the Board.

In line with best practices, independent directors represent the majority of members on the advisory committees provided for by the Code, and the position of chairperson is entrusted to an independent director.

#### **Other committees (not provided for by law or recommended by the Code)**

Upon the expiry of the previous Executive Committee, a Committee for the Region was established, composed of three non-executive directors, the majority of which are independent, and with an advisory and supervisory role over the granting process for sponsorships and donations. The Committee is responsible, *inter alia*, for

- a) reviewing, on a preliminary basis, the needs represented by Acea and its subsidiaries with regard to the regions in which the Group operates and as reflected in the guidelines prepared each year to define and steer the areas of intervention for sponsorship initiatives and donations to be presented for approval by the Board of Directors;
- b) reviewing, on a preliminary basis, the management rules and procedures on sponsorships and donations which establish roles, responsibilities, monitoring principles and codes of conduct;
- c) reviewing, on a preliminary basis, the annual spending budget to be presented for approval by the Board of Directors;
- d) expressing opinions regarding the formalisation of the sponsorships and donations identified by the competent body/department of Acea or of its subsidiaries, verifying

that the donation or sponsorship is consistent with the budget and the guidelines defined from time to time;

In 2021, the Committee, *inter alia*:

- a) approved the “Guidelines for the management of sponsorships and donations 2022” and presented the same to the Board of Directors for approval;
- b) in the course of all meetings held, approved the sponsorships and donations presented by the competent department of Acea. The Committee duly reported to the Board of Directors upon the conclusion of each meeting.

## **7. SELF-EVALUATION AND SUCCESSION OF DIRECTORS - APPOINTMENTS COMMITTEE**

### **Evaluation of the functioning of the Board of Directors and its Committees**

On 23 September 2020, the Board of Directors resolved to carry out the evaluation process on the size, composition and functioning of the Board and its committees on an annual basis (Board Review), making use of an independent external consultant.

In the context of the activities surrounding the relative appointment, the Appointment and Remuneration Committee discussed the start of the self-evaluation process and methods for executing the same. After a competitive process, the company appointed Koinè (which held the necessary independence requirements) to assist it in this process for the three-year duration of its term and, therefore, for the years 2020, 2021 and 2022.

The Board Review process is presided over by the Chairperson of the Acea Board of Directors and the Appointment and Remuneration Committee. The Chairperson of the Board of Directors is responsible for ensuring that the methods used to carry out the self-evaluation process are effective and consistent with respect to the complexity of the Board’s work and that the corrective measures established to deal with any problems found are effectively adopted. The Appointment and Remuneration Committee, with the assistance of the consultant Koinè, is responsible for supporting the Board during the various stages of the process.

The Appointment and Remuneration Committee, supported by the Board of Directors Secretary, carried out research and supported the entire board review process.

The 2021 board review was structured by the Appointment and Remuneration Committee and the initial stage was carried out through the completion of a questionnaire prepared by Koinè by each Director, intended to evaluate the size, composition and functioning of the Board of Directors and internal Board Committees. The second stage of the 2021 board review involved individual interviews carried out by the Koinè team to further investigate the most significant aspects identified from the questionnaire answers.



More specifically, the questionnaire prepared by Koinè to carry out self-evaluation relative to the size, composition and functioning of the Board of Directors and board committees for 2021 contained specific questions intended to, among other things, obtain information from directors with regards to the adequacy of the process used to define and approve the strategic plan, the time dedicated to investigating its various aspects, the level of involvement of the administrative body in monitoring its implementation, and evaluating the sustainability of the business, based on adequate understanding of risks and management of the same by management.

The questionnaires and interviews concerned in particular:

- the qualitative/quantitative size and composition of the Board of Directors;
- organisation of work and execution of Committee work;
- method of working, cohesion and interaction of Directors;
- the composition and operation of the committees and the effectiveness of their activities in support of the Board of Directors;
- the role and coordination of independent directors;
- Board dynamics and the overall efficacy of Board work.

When designing the structure of the questionnaire and evaluating the results, reference was made to the outcome of the 2020 self-evaluation.

Therefore, the questionnaire considered the situation after the implementation or follow-up of actions identified by the board review in the previous year. This aspect will also be taken into consideration in the subsequent self-evaluation exercise, for the issues and areas that arise, following the guidelines and directives approved by the Board of Directors to that end.

As part of the board review process, the consulting company also carried out benchmarking with regards to the structure and functioning of the Board of Directors and internal committees of Acea with two distinct groups of peers, represented by (i) 42 non-financial Mid-Cap companies and (ii) 13 listed companies in the public utilities sector.

This comparison obtained positive results with regards to (i) the high weight of the non-executive (and independent) directors, also from minority interests, (ii) the number of meetings, in line with those of peers, both in terms of size and sector, and (iii) high participation in corporate events (in line with peers).

The results of the board review for financial year 2021 provide a widely satisfactory overall judgement relative to the size and composition of the Acea Board of Directors and its committees, the efficacy of Board dynamics and the work and contributions provided by the internal committees. Therefore, in line with the previous year, a positive assessment was given with regards to the functioning of these bodies, their efficacy and transparency, in compliance with national and international best practices for corporate governance.

In particular, the results of the board review for 2021 revealed the following main strengths:

- the composition (executive, non-executive, independent) of the Board was judged appropriate and balanced in terms of diversity (gender, age, background, etc.);
- the number and frequency of Board of Directors meetings was judged appropriate, as was the participation of the individual directors;
- meeting documentation was clear, complete and easily accessible;
- the presentation of items on the agenda at meetings was precise and accurate, and provided the directors with the relevant information to act in an informed manner;
- the presence of the company department managers at Board meetings helped the Directors to better understand the items on the Agenda;
- the climate within the Board of Directors is positive and encourages debate, which is always open, of high quality and respectful of the roles held by each Director; the Board is able to find harmonious solutions even in problematic and complex situations;
- the BoD received adequate information regarding the management and adequacy of the Internal Control and Risk Management System;
- the BoD is involved in all of the main business decisions and is able to provide appropriate details on all significant topics; the Chief Executive Officer responds effectively, promptly and comprehensively to questions posed by other Directors;
- the committees carry out their activities autonomously and independently and effectively support the Board in the issues for which they are responsible;
- the Committees help to streamline the work of the BoD, enabling discussions to be focused on the most important topics.

With regards to areas for improvement identified, which should in any case be considered as part of an overall positive environment, these included:

- the opportunity to devote greater attention to the analysis of certain strategic topics in the medium to long term;
- the opportunity to further optimise the advisory role of the committees with a view to ensuring the continued smooth operation of committee meetings;
- the opportunity to consider strengthening reporting flows to the BoD on the Group's operations.

On the basis of the comments received and the analysis carried out, the Board of Directors expressed a positive judgement on Acea's application of the indications of the Code, and confirmed the overall basic stability of its corporate governance structure, the functioning of the Board of Directors and the level of support from company structures.

### **Succession plans**

In the context of the analysis conducted to ensure the full implementation of the new Code, the Board was informed of the opportunity to launch, during the course of the present Board's

term, activities aimed at the adoption of a succession plan for the CEO, which defines the procedures to be followed in the case of early termination of office, the periodic updating of the same and the methods for implementation.

In this regard, the Board of Directors of the Company, while recognising the importance of succession plans to promote generational exchange, to improve the management of the termination of office of executive directors and senior management and to contain the negative impact of any discontinuity in management, did not deem it necessary to prepare a succession plan for executive directors.

This is directly related to the current appointment methods of executive directors and the representation and evaluations of the majority shareholder.

If an executive director leaves office, the Board of Directors may co-opt a new director in their place and determine the powers to be vested on the latter.

Their successive inclusion on the Board of Directors shall be confirmed at the next Shareholders' Meeting.

To ensure effective continuity of management, the Company has also adopted a personnel development plan aimed at promoting the identification and differentiation of the succession profiles of management positions.

The process aims to guarantee appropriate organisational controls, defining, where possible, the potential successors for each management position and the necessary development actions required to support the respective professional growth.

For each position, three readiness profiles have been identified (depending on the time necessary to develop the technical and managerial skills necessary for the target positions), categorising candidates as “ready now”, “ready later” and “ready in an emergency”.

## **7.1 APPOINTMENTS AND REMUNERATION COMMITTEE**

As of the date of this report, the Appointment and Remuneration Committee consists of four non-executive directors, of whom the majority independent, specifically: Massimiliano Capece Minutolo del Sasso (Chairperson, independent), Liliana Godino, Gabriella Chiellino and Giovanni Giani.

The Board of Directors recognised that Giovanni Giani holds the requisite of adequate knowledge and experience in accounting and financial matters and retributive policies.

The Committee's secretariat duties are performed by the Board of Director's Secretary or by another subject chosen by the Committee itself.

With respect to the tasks assigned, the Appointments and Remuneration Committee offers research, proposals and consulting. In particular, it is responsible for assisting the Board of Directors in assessments and decisions relating to its composition and to remuneration policies

regarding the Managing Director, the directors who hold particular offices and the managers with strategic responsibilities.

It should be noted that the powers relating to appointments and remuneration are merged into a single Committee, in line with the express provisions of the Code, in compliance with the rules relating to the composition of each Committee, so as to ensure the correct use of the relative powers in an effective and efficient manner.

In particular, the Appointments and Remuneration Committee:

1. proposes to the Board of Directors the policy for the remuneration of directors and executives with strategic responsibilities, with a view to promoting sustainability and the creation of value in the medium-long term;
2. periodically assesses the adequacy, the overall consistency and the concrete application of the remuneration policy relating to directors and senior management, on the basis of information provided by the Chief Executive Officer, and presents proposals regarding said remuneration to the Board of Directors;
3. in the case of co-option, proposes candidates for the office of director to the Board of Directors;
4. it presents proposals to the Board of Directors on the fees of the executive directors and the other directors that hold special offices, and on the performance targets linked to the variable part of said fees;
5. it monitors the application of the decisions adopted by the Board, checking, in particular, on the effective achievement of the performance targets;
6. it submits the Remuneration Report to the Board pursuant to art. 123-ter of the TUF, which the Directors present to the annual Shareholders' Meeting;
7. 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;
8. issues preliminary and non-binding opinions regarding the positions to be classified as having strategic responsibilities;
9. for the purposes of expressing its preventive and non-binding opinions, it gathers the preliminary investigations according to the choice of the executives with strategic responsibilities as well as those relating to the appointments of the Directors and Auditors in the most significant companies.

At the meeting of 1 March 2021, the Board of Directors integrated the competencies already recognised to the Appointments and Remuneration Committee with the additional responsibility, for the purposes of formulating preliminary and non-binding opinions, of the investigations conducted on the basis of the selection of executives who, while not classifiable

as executives with strategic responsibilities, perform duties relevant to the achievement of the Acea Group's performance (“Key Resources”).

Directors must refrain from participating in Committee meetings when the Committee discusses proposals to be submitted to the Board of Directors relating to their own fees.

In 2021, the Committee met on six occasions, with an average duration of 1 hour and 33 minutes, with the minutes duly recorded and characterised by the regular attendance of its members. The Chairperson of the Board of Statutory Auditors and/or another Auditor also participated in the meeting and provided valuable contributions to the discussion.

As at the date of this report, 2 meetings have been held.

The attendance of each Director at the Committee meetings is detailed in Table no. 3.

The Committee meetings were also attended by other members of the Board of Directors or representatives of competent company departments whose presence was deemed opportune for the optimal performance of the duties of the Committee itself; such attendees were specifically invited by the Chairperson and their presence was notified to the Chief Executive Officer.

The Committee had access to the information and company departments necessary for the execution of its responsibilities.

With regard to remuneration, during 2021 among other things the Committee:

- submitted the Remuneration Report pursuant to art. 123-ter of the TUF to the Board of Directors for approval and, in particular, the section on the Remuneration Policy for directors and executives with strategic responsibilities for the year 2021;
- monitored the concrete application of the remuneration policy for directors and executives with strategic responsibilities;
- noted the achievement of economic/financial objectives and authorised payment of the short-term variable incentive programme *MBO 2020* (“*Management By Objectives*”);
- acknowledged the achievement of the performance objectives for the 2018-2020 period indicated in the long-term incentive plan (LTIP);
- submitted a proposal to the Board of Directors on establishing performance objectives for the short-term variable component “*MBO 2021*” for the CEO and executives with strategic responsibilities;
- following the outcome of the analyses regarding the Company's remuneration policies, presented the new variable Long Term Incentive Plan 2021-2023 for approval by the Board of Directors;
- presented the allocation of the first cycle of the Long Term Incentive Plan 2021-2023 for approval by the Board of Directors;

- formulated, based on the constitution of the Committee, a proposal to the Board of Directors regarding the remuneration of the Committee for the Region;
- reviewed the vote expressed by institutional investors regarding the Report on the Remuneration Policy and on the Fees Paid in 2021.

As regards its duties concerning appointment, the Committee:

- presented its opinion to the Board regarding the list of persons to be classified as executives with strategic responsibilities;
- acknowledged the updates on the project to identify succession profiles for management positions to ensure the effective continuity of senior management;
- supported the Board in the self-evaluation of the Board and of its Committees.

The Board of Directors confirmed the allocation of an annual budget for 2022 of € 25,000.00 (twenty five thousand point zero zero) for the Committee so as to allow the latter, should it be deemed necessary, to confer external mandates instrumental to the performance of its duties.

## **8. DIRECTORS' REMUNERATION**

### **Remuneration Policy**

The Remuneration Policy for Directors and Senior Management (“Remuneration Policy”), defined by the Board of Directors, is described in detail in the “Report on the Remuneration policy and on the fees paid” (“Remuneration report”) produced pursuant to art. 123-ter of the TUF and available on the website [www.gruppo.acea.it/it](http://www.gruppo.acea.it/it) in the “Governance - Remuneration” section, to which reference should be made.

The Appointments and Remuneration Committee and the Board of Directors of the Company play a central role in defining the Remuneration Policy.

The Human Resources unit, in coordination with the other competent corporate departments/units and involving the top management, sets up in a proactive, clear and transparent manner the process of developing the remuneration policies. The preliminary phase begins with the monitoring of the most widespread market practices, also through benchmarks prepared by leading operators in the sector, with the intention of aligning and/or keeping aligned its Remuneration Policy with the best practices.

The result of these activities enables the competent bodies to submit to the shareholders remuneration policies and guidelines increasingly appropriate for the professionalism, competence and commitment required. 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.

On the basis of the documents produced by the Human Resources unit, the Appointments and Remuneration Committee submits the Remuneration Report to the Board for approval.

The Committee provides information to the Board of Statutory Auditors, in order to enable the latter to check the consistency of the proposals on the subject of the directors' remuneration with the remuneration policy for the purpose of expressing the opinion pursuant to art. 2389 of the Italian Civil Code.

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

### **Remuneration of Executive Directors and Executives with Strategic Responsibilities**

The Remuneration Policy defines guidelines that are consistent with the topics indicated below:

- a significant part of the remuneration of the Company's Executive Directors and key managers, as expressly required by the Code, is linked to the economic results achieved by the Company and, possibly, to the achievement of specific performance targets – pre-set, measurable and aimed at promoting sustainable success – indicated in advance by the Board of Directors itself, as detailed in Section I of the “Remuneration Report”;
- a system of medium-long term variable incentives (Long Term Incentive Plan) is contemplated, to be vested in three years. The aim of this plan is to encourage the management to pursue the Group's economic-financial and sustainability results in the interests of the shareholders;
- as of 2015, in line with a growing need for transparency expressed by the Self-Governance Code and in view of an increasingly responsible remuneration policy, the claw back clause, already adopted for executives and key managers, has been extended also to the managerial roles which have greater impact on the Group's business. Based on this clause, the Company is granted the right to request the restitution of variable remuneration (both short and long-term), should these components be found to 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.

Please note that in a market context in which the connection between variable remuneration mechanisms and the achievement of social and environmental as well as economic results is increasingly widespread, also after Legislative Decree 49/19 to encourage long-term commitment from shareholders, for many years the Acea Group has sought to further integrate sustainability into its business. In fact, in line with previous years, the short-term

incentive plan includes both economic and financial objectives and those relating to sustainability. Similarly, the Long Term Incentive Plan includes parameters intended to align the interests of management with those of shareholders and closely linked to the Group's Business Plan, through the use of economic/financial indicators and indicators which recognise the creation of value which is sustainable over the medium/long-term.

For details on the remuneration package for the Chairperson and the CEO, as well as for other executives with strategic responsibilities, please refer to Section II of the Report on Remuneration, pursuant to art. 123-ter, TUF.

### **Remuneration of non-executive Directors**

The remuneration of non-executive directors is not linked to the economic results achieved by the Company, but to the commitment requested of them and their possible membership of one or more committees. No share incentive plans involve non-executive directors.

With the assistance of the competent Appointments and Remuneration Committee, for many years the Board of Directors has undertaken a process of analysis aimed at aligning the remuneration paid to corporate bodies with market best practices.

It should be noted that in the light of the benchmarking activities carried out, with the support of the competent internal departments and external consultants, the total remuneration paid to members of the administrative body is below the median of similar companies.

### **Accrual and payment of remuneration**

At the end of the reference period of the Remuneration Policy, the Board of Directors, on the proposal of the Appointments and Remuneration Committee, approves the achievement of the performance objectives associated with the variable incentive schemes, verifying the consistency with the terms set in the remuneration policy, which is considered an effective lever in the pursuit of the goals of the Strategic Plan.

### **Indemnity for Directors in the case of revocation, resignation, dismissal or discontinued office subsequent to a takeover (art. 123-bis, par. 1, lett. i, TUF).**

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, which refers to the Collective Labour Agreement (CCNL), considers the short and long-term fixed and variable components



of the monthly salary payments. 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 directors in office which contemplate non-competition agreements or indemnity in the case of their dismissal or resignation/revocation without just cause.

## **9. ETHICS AND SUSTAINABILITY COMMITTEE**

The Committee is a panel body having full and autonomous powers of action and control designated with providing preliminary, propositional and advisory support to the Board of Directors within the context of corporate ethics and environmental, social and governance topics (ESG Environmental, Social and Governance).

The composition and operation of the Committee are disciplined by specific Regulations approved by the Board of Directors.

The Committee consists of four non-executive directors from Acea, the majority of which are independent, specifically: Gabriella Chiellino (Chairperson, independent), Giovanni Giani, Massimiliano Capece Minutolo Del Sasso and Giacomo Larocca.

As required by the aforementioned Regulations, Ms. Chiellino has adequate experience in environmental matters and/or corporate social responsibility, assessed by the Board of Directors upon appointment.

The Committee's secretariat duties are performed by the Board of Director's secretary or by another subject chosen by the Committee itself.

So as to fulfil its responsibilities, it carries out the following duties:

- a) promote the integration of sustainability in the strategies and culture of the company and favour its circulation among employees, shareholders, users, clients, the territory and all the stakeholders in general;
- b) supervise sustainability issues, also in relation to reporting aspects required under Italian Legislative Decree 254/2016, associated with the exercising of business activities and interaction dynamics between the company and all stakeholders and examine the main corporate rules and procedures proving to be of relevance upon comparison;
- c) examine the guidelines of the sustainability plan and the procedures for implementing them;
- d) monitor the implementation of sustainability plan approved by the Board of Directors;
- e) examine the no profit strategies of the company;
- f) monitor, regarding matters of competence, the adequacy of the Code of Ethics and its effective implementation;
- g) express, by request of the Board of Directors, opinions on other matters regarding sustainability;

- h) report to the Board of Directors, at least on a half-yearly basis and no later than the term for approving the annual or interim financial report, about the activity carried out;
- i) liaise with the pertinent corporate structures and bodies in relation to aspects of ethics and sustainability.

It is noted that the duties assigned to the Ethics and Sustainability Committee include supporting the Board of Directors in reviewing and approving the business plan of the company and the Group, including on the basis of the analysis of topics relevant to the generation of long-term value.

During the period, the Ethics and Sustainability Committee held 7 meetings, with an average duration of 1 hour 52 minutes, mostly attended by its members. The Chairperson of the Board of Statutory Auditors and/or another Auditor also participated in the meeting and provided valuable contributions to the discussion.

The attendance of each Director at the Committee meetings is detailed in Table no. 3.

In 2022, as at the date of this Report, the Committee had met on two occasions.

In 2021, the Ethics and Sustainability Committee:

- received an update on the progress of Acea's 2021 Diversity and Inclusion plan aimed at consolidating Diversity and Inclusion actions to promote a shared corporate culture;
- was updated on the project on sustainability in the supply chain, by adding a sustainability indicator to the vendor rating model;
- was periodically informed on actions implemented by Acea to deal with the health emergency in terms of safety;
- received an update on the sustainability initiatives, events and projects implemented by the Company;
- to the extent of its responsibility, examined and shared the process that led to the definition and identification of the corporate scope for the non-financial consolidated statement for the financial year 2021;
- acquired information from the relevant structures on the evolution of the GRI Standards and evaluation of the applicability of the new standards for the non-financial reporting cycle for financial year 2021;
- examined the interim report from the Ethics Officer, which serves to monitor compliance with the values of transparency, legality, equity and ethical integrity in relations with employees, suppliers, customers and all stakeholders, with regards to notifications received on presumed violations of the Ethics Code the law, internal regulations governing Group activities and any other conduct in violation of the behavioural principles established by the Acea Group (whistleblowing system);

- was informed about the activities implemented by the Company with reference to the Carbon Disclosure Project.

The Board of Directors confirmed the allocation of an annual budget for 2022 of € 25,000.00 (twenty-five thousand point zero zero) for the Committee.

It is noted that the Ethics and Sustainability Committee is also responsible for supporting the administrative body in the review and approval of the business plan of the company and the Group, including on the basis of the analysis of topics relevant to the generation of long-term value.

## **10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM - CONTROL AND RISKS COMMITTEE**

Acea's Internal Control and Risk Management System, an essential element of the Group's Corporate Governance system, consists of all the people, tools, organisational structures, rules and regulations aimed at enabling the Acea Group to be managed soundly, correctly and consistently with corporate objectives, through an adequate process of identification, measurement, management and monitoring of the main risks, in order to contribute to the sustainable success, the structuring of adequate information flows to ensure the circulation of information and the coordination of the various players in the Control System.

This system is constantly reviewed and updated through specific projects aimed at increasing its integration into the more general organisational and corporate governance structures adopted by Acea, aligning it with the recommendations of the Code, adopted by the Board of Directors on 16 December 2020, and the best national and international practices.

The definition of an adequate SCIGR contributes to a healthy, legitimate and consistent management of the company through the making of informed decisions compatible with the risk appetite defined by the Board of Directors, and helps to ensure the protection of the company's assets, the efficiency and effectiveness of processes, the reliability of the information provided to corporate bodies and the market and compliance with laws, regulations, the Articles of Association, the Code of Ethics and internal procedures, thus constituting a fundamental prerequisite for assessing the adequacy of the Company's general organisational, administrative and accounting structure.

The "Internal Control and Risk Management Guidelines" ("Guidelines") were approved by the Board of Directors in January 2020, with the aim of:

- ✓ providing guidelines for various actors involved in the SCIGR, so as to ensure the main risks impacting the Acea Group are properly identified and adequately measured, managed and monitored;
- ✓ identifying principles and responsibilities with regards to governing, managing and monitoring risks linked to company activities;

- ✓ establishing control activities at all operational levels and clearly identifying tasks and responsibilities in order to avoid any duplicated activities and ensure coordination between the main subjects involved in the SCIGR;
- ✓ defining the architecture of the Control System adopted by the Group, and in particular outlining the stages that make up the definition process;
- ✓ defining specific information flows among the various actors of the Control System, through the preparation of a matrix that identifies actors, objectives, frequency and description of the flow as well as the recipients or other actors who are informed based on their role in the SCIGR.

Updating the guidelines is one of the fundamental elements for the definition of the Acea Group's control model aimed at strengthening and consolidating the culture of control and risk management.

In the second half of 2021, projects were launched to update the Guidelines in view of organisational changes to the corporate context, regulatory changes and the associated best practices.

#### **a. Roles and responsibilities in the Internal Control and Risk Management System**

The governance and implementation of the complete SCIGR involves actors with diverse roles within the Company (governance and control bodies, Company departments, management, employees). In line with the recommendations of the Code and the best practices of reference, the Guidelines describe the roles and responsibilities of these actors. For a description of the roles and duties of the main actors, we invite you to refer to the specific paragraphs of this Report (Board of Directors, internal committees within the Board, the Managing Director, the Internal Audit function manager, Risk & Compliance function manager, the Financial Reporting Officer and the Supervisory Body).

Beyond the tasks or responsibilities specifically identified for these actors, the management, the employees and all the people working for Acea, each for their own area responsibility, must contribute to the adequacy and effective operation of the SCIGR. To this end, with the support of specific training, Acea strives to ensure that the management, employees and all people working in the company acquire, each according to their role, all the skills and professionalism necessary to allow an effective operation of the SCIGR.

#### **b. Risk identification, assessment and management**

Given the nature of its business, the Acea Group is exposed to various types of risks, therefore to manage these risks, analyses and monitoring are carried out by each company as part of a

structured and coordinated process implemented at a Group level through the integration of two complementary approaches (Enterprise Risk Management and Continuous Risk Management), aimed at assessing and treating the risks of the entire organisation in an integrated logic, consistent with its risk appetite, with the aim of providing management with the information needed to make the most appropriate decisions to achieve strategic and business objectives, to safeguard, grow and create value for the company.

This combination is designed to ensure effective control of the entire universe of main risks the Group is potentially exposed to, guaranteeing management of the Group's overall exposure in line with the objectives of the Business Plan and Sustainability.

Group management is responsible for identifying and evaluating risks, on the basis of the guidelines and methodological instruments defined. These activities are done so as to guarantee appropriate responses are suitably defined, to mitigate and monitor risks. The Risk & Compliance function and other second-level control functions for specialised risks provide support throughout the entire risk identification, assessment and management process.

The control activities are wholly or partially integrated into the operations, involve all organisational levels and include a set of various operations, like approvals, authorisations, checks, comparisons, review of operational performance, controls of information systems, controls to safeguard company assets, separation of duties, etc.

Responsibility for controls is divided into three complementary levels:

- the first level of control is aimed at ensuring the proper conduct of business processes through the identification, assessment, management and monitoring of risks, for which it implements appropriate mitigation actions. The responsibility for their execution is generally assigned to the line structures;
- the second level of control is aimed at controlling specific company risks as well as verifying the adequacy and effective operation of the controls in place to manage the main risks. Furthermore, it provides support to the first level of control in defining and implementing mitigation actions for the main risks;
- the third level of control is entrusted to the Internal Audit function and provides independent and objective verification of the adequacy of the design and the effective operation of the SCIGR as a whole.

The activities of the Internal Audit function are regulated by the Board of Directors through the Audit Charter, which defines its purpose, remit, authority, responsibilities and other relevant provisions.

In particular, the Internal Audit function manager is responsible for verifying that the Control System is always adequate, fully operational and functioning. They report to the Board of Directors, they are not responsible for any operational activities and they may have direct access to all information useful for the performance of their duties. They report to the

Chairperson, the CEO, the Control and Risks Committee and the Board of Statutory Auditors on the operation, adequacy and effectiveness of the Control System. The Internal Audit function operates on the basis of an Audit Plan, developed on the basis of a structured process of analysis and prioritisation of the main risks, which takes into account the results deriving from the monitoring performed by the company departments responsible for second level controls and any proposals received from Acea Functions/Departments/Operating Segments, as well as any requests from the Control and Risks Committee, the Board of Statutory Auditors and the Supervisory Body. The Audit Plan is approved annually by the Board of Directors, subject to the favourable opinion of the Control and Risks Committee and after having consulted the Board of Statutory Auditors and the CEO.

### **c. Qualifying elements of the Control System**

#### Internal control environment

The foundations of Acea's SCIGR consist of a set of different elements, consistent with each other, which contribute in an integrated manner to establishing the environment Acea's people operate in, directing their activities within their assigned responsibilities and encouraging the taking of conscious decisions aimed at achieving corporate objectives.

Constituent elements of the internal control environment include: the adoption of ethical principles and standards of conduct; the adoption of regulatory instruments; the dissemination of a risk management culture in support of growth; a system of delegations and powers and the development of the skills of People working in Acea.

#### Second-level company control functions for particular risk categories

The CEO identified certain corporate functions – including some that are not exclusively dedicated – which identify, measure, manage and monitor specific types of risk connected with the Group's operations.

These centralised controls are the manner by which a transversal view of the risks and of the connected systems of control between the diverse processes within the Group is possible.

The company structures and the relative risk management models through guidance and/or monitoring activities are summarised below.

- Compliance: Antitrust and Unfair Commercial Practices Model; Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/01;
- DPO Office: Group Privacy Governance Model;
- Enterprise Risk Management: analysis of the evolution of the Group's overall risk profile, development of a mitigation strategy and monitoring of its implementation;

- Integrated Certification Systems: Integrated Environment and Safety Management Systems;
- Executive Responsible: Group Management and Control Model pursuant to Italian Law 262;
- *Cyber Security*: Group Cyber Security Model.

#### **d. Comprehensive assessment of the adequacy of the Control System**

For details, see paragraph 4.1 of this Report regarding the Board of Directors.

### **MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS (art. 123-bis, par. 2, lett. b), TUF)**

#### **INTRODUCTION**

In the Internal Control and Risk Management System, with reference to financial reporting, particular relevance is held by the “Group’s Management and Control Model pursuant to Law 262” (the “262 Model”), adopted on the occasion of the updating of the Group’s Internal Control System to the requirements of Law 262/2005. In particular, in 2007 Acea began a process of adaptation to the needs expressed by Law 262/2005 aimed at planning an effective system of Internal Control over Financial Reporting (“ICFR”), subject to constant improvement and adaptation to the evolution of the Group and reference best practices, which can allow the Financial Reporting Officer and Chief Executive Officer of Acea to issue the market certifications required by art. 154-bis of the TUF.

The system is defined as all the activities for identifying the risks/ controls and for defining specific procedures and tools adopted by Acea to ensure, with reasonable certainty, the achievement of the aims of the credibility, accuracy, reliability and immediacy of the financial information.

The Model 262 defines the guidelines, the methodological references and the responsibilities for the institution, assessment and maintenance of the ICFR.

The Model 262 is developed on the basis of the fact that the ICFR must be a part of the broader Internal Control and Risk Management System and an essential element of Acea’s Corporate Governance, and that the credibility of the information disclosed to the market on the Company’s situation and results is a fundamental element for all the stakeholders.

On 15 May 2019, the Board of Directors approved the “Management and Control Model of the Acea Group pursuant to Italian Law no. 262/05”, which consists of documentation that defines the founding aspects of the system. In detail:

- Financial Reporting Officer Regulation: defines the figure of the Financial Reporting Officer and governs their activities based on that established in the Articles of Association and applicable laws, as well as regulating their relations with internal and external stakeholders.
- Periodic internal reporting of the Acea Group: governs the internal information flows for the Acea Group (internal certifications) that allow the Acea Financial Reporting Officer and CEO to issue certifications pursuant to art. 154-bis of the TUF. The document includes the new Letter of Internal Declarations structure.
- 262 Management and Control Model: defines the guiding principles and methodological approach for the establishment, assessment and maintenance of the Control System that oversees the preparation of the financial statements and illustrates the main components of the 262 Framework adopted by the Acea Group.

In addition to the three documents mentioned above which constitute the 262 Model, the Internal Control System for Financial Reporting is also regulated by the following documents:

- Group Accounting Standards Manual,
- Guide to the Closing of the Consolidated Financial Statements,
- Checklist for the collection and processing of accounting data at the end of the period.

When defining its 262 Model, Acea took inspiration from the principles of national and international best practices such as the CoSo Report<sup>3</sup>. In the context of the methodology defined by the CoSo Report, the analysis was conducted on two different levels: the Entity Level analysis, and the Process Level analysis.

This approach is consistent with the Guidelines published by Confindustria and ANDAF for the performance of the duties of the Financial Reporting Officer, with the Framework presented in the Research document Assirevi no. 131-ter, and with national and international best practices (e.g. Models for adjustments to the Sarbones Oxley Act).

## **DESCRIPTION OF THE MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS**

The Model 262 defines the guidelines of reference for creating and managing the Internal Control System for Acea Financial Reporting and for its consolidated companies of relevance to Financial Reporting (“relevant companies”), regulating the main steps and responsibilities.

### **a) Phases of the Internal Control and Risk Management System in relation to the financial reporting process**

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<sup>3</sup> The CoSo Report (Committee of Sponsoring Organizations) issued by the Treadway Commission defines the Internal Control system as the combination of the following elements: Control environment, Risk assessment, Control activities, information and communication, and monitoring activities.



*Defining the scope of analysis.* Every year Acea updates the scope of analysis of the system of administrative-accounting controls and of the monitoring of the underlying processes, to guarantee that the risks relating to the financial reporting of the more significant accounting items within the consolidation perimeter are covered.

The scope of the analysis is initially determined by the contribution of each major company of the Group on the consolidated financial statements, taking into account the relevance for the same of the associated significant accounts and administrative-accounting processes; successively, the results of the analysis are integrated by considerations of a qualitative nature to take into account both the Group's structure and the features of specific financial statement items.

*Entity level analysis.* The Entity Level Controls analysis considers the cross-cutting and infrastructural aspects of the Internal Control System, which mainly concern the corporate governance measures taken by the Company's administrative boards and management.

The identification of Entity Level Controls was conducted on the basis of the CoSo Report which represents the reference Framework for the assessment of the Internal Control System, duly adapted to the characteristics of the Group. The methodological approach defined by the CoSo Report establishes 17 core principles associated with 5 typical components of a control system (control environment, risk assessment, control activities, information and communication, and monitoring activities) which are interconnected and deeply integrated in management processes.

The 17 principles of the CoSo Report are reflected in the Entity controls implemented by Acea, in order to identify the organisational and legislative tools adopted that comply with these principles.

*Analysis of process risks and controls.* The approach adopted by Acea makes it possible to identify and assess the risks and key controls deemed significant for the consolidated financial statements. To this end, processes are analysed according to the following stages:

- breakdown of the process into sub-processes and activities;
- identification of responsibilities (process & risk owner, control owner);
- identification and assessment of inherent risk, not taking into account the existence and effective implementation of specific control techniques intended to eliminate the risk or reduce it to an acceptable level;

- identification of existing controls and their assessment to identify the key controls i.e., those deemed most effective and efficient in guaranteeing that material errors in financial disclosures are prevented or promptly identified;
- assessment of residual risk, after controls, based on the characteristics of the control (detective vs. preventive and automatic vs. manual) and the adequacy of the same in terms of design;
- identification of any areas for improvement.

The output of the process analyses is represented by the risk and control matrix, which represents the administrative and financial procedures.

Monitoring. The successful implementation of controls in administrative and financial procedures, ascertained by the process and risk owner and the control owner as part of the Group's internal certification process, is corroborated by the implementation of an independent test plan defined by the Financial Reporting Officer, aimed at ensuring that the controls are effectively implemented and are effective to the pursuit of the target. Considering the Risk-Based approach, the test plan is defined on a three-year basis, with the aim of evaluating all of the Key Controls identified in administrative and financial procedures.

The tests are carried out with the support of the Acea Internal Audit department and leading consultancy firms.

The Financial Reporting Officer implements a process for sharing and circulating the results of the test activities, so that the managements of reference can put into practice the necessary corrective action in their own structures.

Group internal certification process. The information contained in the administrative and financial procedures, prepared during the process level analysis phase, and the Entry Level Controls implemented by Acea in the entity level analysis phase, are validated by the process & risk owners of the Group's operating companies and by the managers of Acea's departments/functions through the Group internal certification process.

In fact, considering the nature of the Group's business consolidation and the consequent legal requirement to produce consolidated financial statements and issue the relative statements to the Market, it is necessary to coordinate effective information flows to Acea. This coordination is based on the internal “chain” certifications issued by the parties involved on various levels in company processes and in the entity level controls.

The information communicated to the Financial Reporting Officer via the internal “chain” certifications is summarised in the Group Internal Certification Statements, which contain the following information:

- assessment of the design and operation of the controls defined in administrative and financial procedures;
- application of appropriate measures/control procedures able to guarantee the adequacy and operation of the internal control system on financial reporting;
- any critical issues identified by the checks as well as the relative action plan;
- application of the reporting standards in force for the preparation of the Group reporting package and description of the main risks as defined in the Report on Operations;
- reasonableness of the assessment methods and significant assumptions used to determine estimates;
- absence of any significant events after year-end;
- knowledge of cases of fraud or suspected fraud.

*Corrective Action Plan.* If, on the basis of the analyses carried out by the business lines, the controls are found to be absent, not documented or not carried out correctly according to the company’s procedures, the manager of the organisational unit concerned, up to the level of the Delegated Administrative Bodies for the companies of the Group, defines and implements a remedy plan with indication of the timing and responsibilities for the execution of the corrective action. The corrective action plan is submitted to the Financial Reporting Officer, for comprehensive evaluation of the system and coordination of the activities to be implemented, and is updated every six months by the relevant entities.

*Comprehensive evaluation.* The Group internal certification process authorises the Acea Financial Reporting Officer and the CEO to issue the certifications pursuant to art. 154-bis of the TUF. Therefore, the comprehensive evaluation of the Internal Control System on Financial Reporting is based on a complex evaluation process that considers:

- the results of the entity level and process level analyses;
- the internal “chain” certifications issued by the Acea management, by the Delegated Administrative Bodies of consolidated Companies in concert with the Managers of the industrial areas and the head of the Chief Operating Office (where consistent with the organisational structure);
- the results of the tests;
- final analysis of areas for improvement identified, with reference to their significance in financial reporting.

Any important shortcomings that are found are communicated to the control bodies according to the procedures laid down in the Financial Reporting Regulations.

#### **b) Roles and Functions involved**

The Model 262 is based on the clear internal attribution of responsibilities in the planning, assessment and maintenance over time of the ICFR, without prejudice to the responsibilities attributed by law to the FRO and to the delegated administrative body. For this purpose, the Group internal certification process aims to ensure the adequate internal formalisation of the responsibilities for the adequacy and effective application of the entity level controls and the administrative and reporting procedures, to monitor the corrective action plan, when necessary, and to immediately detect possible modifications to controls of the business lines and change/risk factors that arise in the course of ordinary process operations that may influence the adequacy of the ICFR.

The evaluation process of the Financial Reporting Officer and the CEO upon which, according to the Consob model, the certification of the financial statements is based, therefore considers the internal certifications issued, in particular, by the Acea department/function managers and, or consolidated companies, by the process & risk owners/the Delegated Administrative Bodies, along with the managers of the industrial areas and the head of the Chief Operating Office (where consistent with the organisational structure).

The 262 Model identifies the main parties involved in the financial reporting process, in addition to the FRO and the delegated administrative bodies, with the relative responsibilities.

The Control Owner is responsible for the execution and certification of the execution of the controls for which they are responsible, according to the procedures and timing laid down by the administrative and accounting procedures, reporting to the Process & Risk Owner, providing the basic information for the certification process.

The process and risk owner is responsible for a related series of activities necessary for achieving a specific control objective, including i) the conduction of an overall assessment of the design and implementation of the control, indicating whether the controls have been adapted to monitor the risks identified and monitored during the risk assessment, and ii) the responsibility for updating and ensuring the implementation of the corrective action plan.

The 262 Administrative Contact for the company/Acea Function represents the contact person within the Group's relevant companies or within the Acea Function for all the activities necessary to allow the Acea FRO to issue the certification; they are responsible for

consolidating all the information received from the process and risk owners and for assembling the overall assessment of the design and implementation of the controls for the company/Acea Function in question, which they then submit to the major company's delegated board of directors: they are also responsible for guaranteeing the information flows to and from the FRO.

The Delegated Administrative Body of relevant companies is responsible for evaluating the design and functioning of controls for the relevant company and for sending the internal certification letter to the FRO, using the established format, together with the duly validated Corrective Action Plan, also communicating any changes/risks which have arisen during the reference period which could influence the adequacy of the ICFR.

Acea department/function managers are responsible for evaluating the design and functioning of entity level controls for the relevant department/function and for sending the internal certification letter to the FRO, using the established format, together with the duly validated corrective action plan, also communicating any changes/risks which have arisen during the reference period which could influence the adequacy of the ICFR.

Finally, with reference to the other governing and internal and external control bodies for the Group, Acea has established a process to exchange information, to and from the FRO, structured and modulated to foster as broad an overall view as possible of the internal control system on the part of said bodies.

## **10.1 CHIEF EXECUTIVE OFFICER**

The Acea Board of Directors has identified the Chief Executive Officer as the director appointed for the institution and maintenance of an effective Control System and has conferred mandate to the same to implement the Guidelines.

In 2021, the CEO – with the support of the ERM unit within the Risk & Compliance function and of the information coming from the second level controls on specialised risks – identified the main business risks, taking into account the characteristics of the activities carried out by Acea and its subsidiaries, and submitted them to the Board for examination. He has put into practice the guidelines drawn up by the Board of Directors, ensuring the planning, execution and management of the Internal Control System through the relevant structures and the constant monitoring of the overall adequacy, effectiveness and efficiency.

He has also provided for the adaptation of the system to the dynamics of the operating conditions and the legislative and regulatory context.

The CEO may request the Internal Audit function, notifying the Chairperson of the Board of Directors, the Control and Risks Committee and the Board of Statutory Auditors, of the

execution of verifications on specific operating areas and on respect for the internal rules and procedures in the execution of Company operations.

The Chief Executive Officer also promptly informs the Control and Risks Committee and the Board of Directors of problems and critical situations that arise in the performance of their activities or which come to their knowledge.

## **10.2 CONTROL AND RISKS COMMITTEE**

The Control and Risks Committee was established to assist the Board of Directors, ensuring the latter adequate preliminary investigation and support in the assessments and the decisions related to the Control System, as well as related to the approval of the financial and non-financial reports.

As of the date of this report, the Control and Risks Committee consists of four non-executive directors, of whom the majority are independent, specifically: Liliana Godino (Chairperson, independent), Massimiliano Capece Minutolo Del Sasso, Giacomo Larocca and Giovanni Giani. The Committee possesses appropriate expertise in the business sectors in which the Company operates such to enable the effective evaluation of the relative risks. The Board of Directors recognised that Liliana Godino meets the requirement of adequate knowledge and experience in reporting and financial matters and risk management.

The Committee's secretariat duties are performed by the Board of Director's Secretary or by another subject chosen by the Committee itself.

The Committee carries out its inquiries and issues opinions to the Board of Directors regarding:

1. the definition of the Guidelines for the Internal Control and Risk Management System, so that the main risks that may impact Acea and its subsidiaries – including the various risks which may become significant with a view to medium-long term sustainability – are correctly identified, and adequately measured, managed and monitored;
2. the determination of the degree of compatibility of the main risks with a management consistent with the strategic objectives identified;
3. the assessment, at least once a year, of the adequacy of the SCIGR in respect of the Company's characteristics and the risk profile adopted, as well as the effectiveness of the said system;
4. the appointment and revocation of the Internal Audit function, defining the remuneration thereof in line with company policies as well as the adequacy of the resources assigned to the function;
5. the approval, at least once a year, of the work plan drawn up by the Internal Audit function manager;

6. the assessment, having consulted with the Board of Auditors, of the results explained by the statutory audit in a letter of suggestions, where applicable, and in the report on fundamental issues that have come to light during the audit of the accounts;
7. a description, within the annual report on corporate governance, of the main features of the SCIGR and the methods of coordination among the persons involved therein, expressing its opinion on the overall adequacy of the same.

Additionally, the Committee assists the Board of Directors by:

- evaluating, having consulted with the Financial Reporting Officer, the independent auditor and the Board of Statutory Auditors, of the proper use of accounting standards and their uniformity relative to preparation of the Consolidated Financial Statements;
- evaluating the capacity of the periodic financial and non-financial reporting to correctly represent the business model, the company strategies, the impact of its business and the performance achieved, in coordination with the Ethics and Sustainability Committee;
- evaluating, together with the relevant Acea function, after hearing from the independent auditor and the Board of Statutory Auditors, the proper use of accounting standards adopted for the purposes of preparing the non-financial declaration pursuant to Italian Legislative Decree 254/2016;
- supporting, through adequate research, the assessments and decisions of the Board of Directors with regards to management of risks deriving from prejudicial events of which the Board of Directors has become aware;
- expressing opinions to the Board of Directors on specific aspects inherent to the identification of the main risks for the company;
- reviewing and evaluating the reports prepared by the FRO and expressing an opinion to the Board of Directors regarding the adequacy of the powers and means assigned to the FRPO and the effective application of administrative and reporting procedures, to enable the Board to exercise its supervisory duties provided for by law;
- monitoring, for matters within its competence, the adequacy of the Code of Ethics and its effective implementation;
- examining periodic reports evaluating the SCIGR and those of particular significance prepared by the Internal Audit function;
- monitoring the autonomy, adequacy, efficacy and efficiency of the Internal Audit function;

- requesting, where required, the Internal Audit function to carry out audits in specific operational areas, duly notifying the Chairperson of the Board of Statutory Auditors, Chairperson of the Board of Directors and the Director assigned to the Control System, with the exception of cases in which the subject matter of the audit request specifically concerns the activity of such subjects.

The Committee reports to the Board, at least every six months, at the approval of the annual and half-yearly financial report, regarding the activity performed as well as the adequacy of the SCIGR and, at least once a year, assesses its own size, composition, function and independence with respect to the assigned duties.

In 2021, the Committee met on 11 occasions, with an average duration of 2 hour and 53 minutes, with the minutes duly recorded and characterised by the regular attendance of its members. The Chairperson of the Board of Statutory Auditors and/or another Auditor also participated in the meeting and provided valuable contributions to the discussion.

As at the date of this report, 2 meetings have been held.

The attendance of each Director at the Committee meetings is detailed in Table no. 3.

The meetings were also attended, at the invitation of the Chairperson of the Committee, by company department representatives to illustrate certain items on the Agenda, and their attendance was notified in advance to the Chief Executive Officer.

In 2021 the Committee performed the tasks reserved to it by the Corporate Governance Code and, in particular:

- it assisted, carrying out the necessary enquiries, the Board of Directors in its decisions and assessments related to the control system, and those related to the approval of the periodic financial reports;
- it examined the process used to prepare the Non-Financial Statement relative to financial year 2021, as well as progress in assurance activities with regards to the document by the auditing firm PricewaterhouseCoopers;
- it shared, with the competent corporate functions, the various stages of the process to define the Non-Financial Statement for 2021; in this regard, it was informed on the evolution and evaluation of applicability of the new GRI standards for the non-financial reporting cycle for the 2021 financial year;
- it evaluated, after consulting with the Financial Reporting Officer, the independent auditor and the Board of Statutory Auditors, the proper use of accounting standards and their homogeneity relative to preparation of the Consolidated Financial Statements;
- it expressed a favourable opinion on the Internal Audit's Plan, prior to its presentation to the Board for approval;



- it examined the periodic reports from the Internal Audit function regarding progress with the Audit Plan, the results of individual audit activities, implementation status for improvement actions established by management with regards to issues identified (monitoring and follow-up) and evaluations regarding the appropriateness of the SCIGR issued by the Internal Audit Function Manager;
- it monitored the autonomy, adequacy, efficacy and efficiency of the Internal Audit function;
- it examined and assessed the Reports prepared by the Financial Reporting Officer and the action plan regarding the adequacy of the powers and means assigned to the same Officer and on effective compliance with administrative and accounting procedures;
- it expressed a favourable opinion on the “Policy for the management of relations with Institutional Investors, Shareholders and Bondholders of Acea” prior to its presentation to the Board of Directors for approval;
- it expressed a favourable opinion on the new Internal Group Regulatory System and, in line with the provisions therein, on the subsequently prepared Governance/Compliance Guidelines;
- after the emergency caused by the Covid-19 pandemic, it was informed about the actions implemented by the Company to deal with the emergency and guarantee compliance with the restrictive measures imposed to protect public health;
- it reported to the Board, at least once every six months, at the time of the approval of the annual and interim financial reports, on the activity it performed and on the adequacy of the Internal Control and Risk Management System.

The Committee had access to the information and company departments necessary for the execution of its responsibilities.

The Board of Directors confirmed the allocation of an annual budget for 2022 of € 25,000.00 (twenty five thousand point zero zero) for the Committee so as to allow the latter, should it be deemed necessary, to confer external mandates instrumental to the performance of its duties.

### **10.3 THE INTERNAL AUDIT FUNCTION MANAGER**

On 22 January 2019, the Board of Directors, on the proposal of the Chief Executive Officer, with the favourable opinion of the Control and Risks Committee and after consulting the Board of Statutory Auditors, resolved on the appointment of Mr. Simone Bontempo as Manager of the Internal Audit function from 1 February 2019 and defined his salary, in accordance with the Company’s policies.

On the proposal of the Chief Executive Officer, after receiving the favourable opinion of the Control and Risk Committee, as well as after consulting the Board of Statutory Auditors, the

Board of Directors ensures that the Internal Audit Function Manager is provided with adequate resources to carry out the responsibilities assigned to them.

The Guidelines of the Internal Control and Risk Management System approved by the Board of Directors define the Internal Audit Function's mission and activities, according to which this Department has a central role in the coordination of the SCIGR. The Internal Audit function manager is required to verify the operation and adequacy of the SCIGR and the consistency with the relative guidelines by means of verifications, both continuously and in relation to specific needs, on the operations and suitability of the Control System and the support of the Chief Executive Officer in the activities to identify and establish the priorities of the main risks to which Acea and its subsidiaries are exposed.

At its meeting on 12 May 2021, the Board of Directors approved the Internal Audit function's work plan and at the same time it verified the adequacy of the resources allocated to the Department for the performance of its duties.

The Internal Audit function manager in office had direct access to all useful information for the performance of his mandate, had no responsibility for operational areas, nor is he hierarchically subordinate to the managers of the operational areas and reported directly to the Board of Directors.

During the financial year the Internal Audit function, performing its duties as described, carried out the following activities:

- a) it verified, both continuously and in relation to specific needs and consistently with the international standards for professional internal auditing, the operativity and the suitability of the Control System, through the activity plan of the Internal Audit function approved by the Board of Directors;
- b) it carried out additional audits with respect to the Audit Plan, requested by top management and the control bodies;
- c) it prepared reports after individual audits and requested the competent functions/companies, when necessary, to draw up action plans for overcoming the critical issues found, monitoring the implementation and reporting the results to the Control and Risks Committee;
- d) it constantly informed, by means of drawing up specific reports, the Chairperson of the Board of Directors, the Chief Executive Officer, the Control and Risks Committee about the activities carried out and related results; it drew up reports on significant events at the request of the Chairperson of the Board of Directors and the CEO;
- e) within the sphere of the Audit Plan, it verified the reliability of the information systems, including those of accounting disclosure;
- f) it supported the Acea Supervisory Body and those of the subsidiaries in the audits pursuant to Legislative Decree 231/2001;

- g) it monitored initiatives for overcoming anomalies found in the implementation and functioning of the controls, also through follow up activities;
- h) supporting the Ethics Officer, it collected and processed, following the guidelines defined in the whistleblowing procedure, reports received relating to cases of alleged violations involving failure to comply with the law, internal regulations and the Code of Ethics;
- i) it internally assessed the compliance of available resources and of the methodology adopted by the Internal Audit function in the execution of its activities with regards to the Internal Professional Practice Framework issued by the Institute of Internal Auditors;
- j) it drafted the final report in which it gave an assessment of the suitability of the Control System and sends it to the Chairperson of the Board of Directors, the Control and Risk Committee and the Board of Statutory Auditors, as well as the Chief Executive Officer.

#### **10.4 ORGANISATIONAL MODEL pursuant to Legislative Decree 231/2001**

With the adoption of the Organisation, management and control model pursuant to Italian Legislative Decree 231/2001, Acea holds it has complied with the provisions of the law, the principles inspiring Legislative Decree 231/2001 (the “Decree”), the Code and the recommendations issued by the supervisory and control authorities, with the aim of strengthening the control and Corporate Governance systems, in particular to prevent the predicate crimes of the Decree.

With the adoption of the MOG, Acea has set itself the following goals of a general nature:

- to achieve awareness of the activities that present a risk of offences under the Decree (risky activities) and awareness on the part of the addressees of the rules (methods and procedures) that discipline the risk activities;
- the circulation, personal acquisition and concrete affirmation of a corporate mentality based on legality, in the awareness of the Company’s express disapproval of any behaviour contrary to law, the self-regulating provisions, the indications of the supervisory and control authorities and internal provisions;
- the dissemination, personal acquisition and concrete affirmation of a control culture, to safeguard the achievement of objectives;
- the circulation, personal acquisition and concrete affirmation of a mentality of control, which must govern the pursuit of objectives; implementation of a structured system of procedures and controls that reduces the risk of committing crimes referred to in the Decree and of offences in general.

In relation to the various types of crime contemplated by Legislative Decree 231/01 and the relative sensitive activities, the MOG identifies functional and instrumental company processes, within the areas at risk of crimes, also referencing the general and specific safeguards which

characterise the internal control system and which, consequently, recipients must carry out when performing their duties.

After its first approval in May 2004 by both Acea and its subsidiaries, the MOG was continually updated following the introduction of new predicate crimes within the catalogue of offences referred to in the Decree, of the evolution of case law, as well as changes in the company's organisation.

The current MOG was updated to take into account fiscal offences and the PIF Directive and was approved by the BoD of Acea at the meeting of 15 December 2021. The general section of the MOG (which illustrates the principles of Italian Legislative Decree no. 231/01, the Acea internal control system, the methodology used to prepare the Model, the establishment and role of the Supervisory Body, the Whistleblowing system and the disciplinary system), is available on the company website at [www.gruppo.aceait](http://www.gruppo.aceait), under the "Governance" section.

The Supervisory Body set up pursuant to art. 6, para. 1, lett. b) of Italian Legislative Decree no. 231/2001 is the body that has full and autonomous powers of initiative, action and control regarding the proper functioning, effectiveness and observation of the MOG.

The SB supervises the effectiveness and adequacy of the MOG, monitoring its state of implementation and proposing any necessary updates to the Board of Directors. It must also report to Acea's competent bodies any breaches of the MOG, ascertained or subject to pending investigations, which could lead to liability bearing on the Company.

With regard to the composition of the SB, a collegial body is appointed by the administrative body, with two external members, one of which is the Chairperson, who are experts on internal control and corporate criminal liability, as well as an internal member represented by the Internal Audit function manager.

The current Supervisory Body, appointed by the Acea Board of Directors at the meeting of 16 December 2020, will remain in office until the approval of the financial statements subsequent to those whose approval will coincide with the expiry of the current Board of Directors or, in the case of early expiration of the latter, will remain in office for 3 years.

The Board of Directors provides the SB with a specific annual budget of € 25,000.00 (twenty five thousand and zero cents), it being understood that, pursuant to that established in the Acea MOG, the Board of Directors ensures the SB has financial resources available to it for all requirements linked to the proper execution of its responsibilities, in order to guarantee and make concrete its autonomous "power of initiative and control", which the Decree recognises it.

#### **10.4.1 Code of Ethics**

With the Code of Ethics, adopted by Acea as early as 2001 and modified in the current version during 2018, Acea affirms and explicates the values, principles and behavioural standards that

underlie its actions and those of its internal and external stakeholders. Observance of these values is deemed of fundamental importance not only for achieving business development and efficiency objectives, but also to guarantee correctness and transparency in company practices, as well as reliability and reputation for the Company and persons operating on their account. Specifically, the Code sets out the general ethical principles that all company practices must be linked to, specifying the criteria of conduct towards each category of stakeholder and defining the mechanisms for implementing the principles and controlling the behaviour of the people who work in the Company's interest.

The Code of Ethics is therefore a fundamental element in the control environment of Acea, which circulates the knowledge thereof among personnel, both upon recruitment and in cyclical training activities, also carried out in e-learning mode. Compliance with the Code of Ethics is explicitly required of employees, suppliers and all those contributing in the Company's activity (advisors, collaborators, etc.).

By resolution of their Boards of Directors, the subsidiaries transpose the Acea Code of Ethics, which forms an integral part of the organisational and management models as per Legislative Decree 231/2001.

In the second half of 2021, projects were launched to update the Code of Ethics in view of the organisational and regulatory changes that had developed since it was last approved. The principles and core values of the Acea Group, which already represent a key asset for the company, were revised to ensure their alignment with the evolution of civil awareness, the corporate context and the regulations relative to the Code.

In implementing the principles of the Code of Ethics, Acea has adopted a specific procedure to receive, analyse and process notifications of presumed violations of the Code of Ethics and the Organisation and Management Model pursuant to Legislative Decree 231/01, which ensures confidentiality and protects good faith whistle-blowers.

In compliance with regulatory provisions, in addition to traditional notification channels Acea has adopted a dedicated IT platform, through which internal and external entities can send notifications of suspect phenomena or behaviour, of irregularities in business actions, events or facts which could constitute a violation of internal or external norms, for Acea and its subsidiaries, with the maximum guarantee of confidentiality.

Responsibility for managing notifications and for monitoring compliance with the values of transparency, legality, equity and ethical integrity in relations with employees, suppliers, clients and all stakeholders is entrusted to a collegial body called Ethics Officer (for more information see paragraph 10.6.2).

## **10.5 INDEPENDENT AUDITOR**

Pursuant to art. 22 bis of the Articles of Association in force, the certified audit of the accounts is carried out by an auditing firm appointed and operating pursuant to law and pursuant to the regulations dictated for issuing companies listed on regulated markets. In particular, it verifies that the accounts have been regularly kept and that the management events have been correctly recorded in the accounts during the period, and it also verifies the Company's financial statements and the consolidated financial statements of the period.

The Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2016, held on 27 April 2017 in conformity with the provisions of law, by recommendation of the Board of Directors, with recommendations from the Board of Statutory Auditors, conferred PricewaterhouseCoopers S.p.A. the assignment of auditing the Company's financial statements and the consolidated financial statements for a term of nine financial years – specifically 2017-2025, in other words until the approval of the financial statements of the last year of the said mandate – and established the relative fees.

In the performance of its activity, the independent auditing firm had access to the company's information and data, in both documentary and electronic format, its archives and assets and those of its subsidiaries.

For information on the provisions of Recommendation 33, letter f) of the Code, please refer to paragraph 4.1 of this Report.

## **10.6 THE FINANCIAL REPORTING OFFICER AND OTHER CORPORATE ROLES AND FUNCTIONS**

### **10.6.1 The Financial Reporting Officer**

At its meeting on 29 May 2020, the Board of Directors resolved to appoint Fabio Paris, formerly the Manager of the Administrative, Planning and Control Office, as the Financial Reporting Officer for Acea, pursuant to art. 154-bis of Italian Legislative Decree no. 58/1998, who subsequently, with the Board resolution dated 17 June 2020, also took on the position of Finance and Control Administration Director for Acea.

As required by the Articles of Association, the Financial Reporting Officer has a number of years of experience in the performance of managerial duties in administration and control activities at capital companies of significant size and is responsible for establishing and maintaining the Internal Control System regarding Financial Statements and to issue a specific certificate according to the model published by Consob, together with the CEO-

The figure of the Financial Reporting Officer, introduced by Law 262/05, was adopted by Acea with an amendment to the Articles of Association of 13 November 2006, which requires this figure to be appointed by the Board of Directors.

In line with the provisions of art. 22-ter of the Articles of Association of Acea and the Regulation of the FRO, the FRO is vested with the following powers and means:

- to request, within Acea and the companies included with the scope of consolidation of the Group, all information of an administrative and accounting nature that may facilitate the evaluation of the design and operation of the control system that oversees the process to prepare the financial reports and the consolidated financial statements, including interim reports;
- to request, within Acea and the companies included with the scope of consolidation of the Group, all information of an operational nature regarding events that may in any way significantly influence the performance of the Company and the Group;
- to access the data of the Acea departments and functions as well as those of Group companies, the archives and the company assets whenever deemed necessary;
- to propose, to the Board of Directors and to the Delegated Administrative Body of Acea, guidance aimed at all companies included with the scope of consolidation of the Group on the methodologies to be applied, as well as on the organisational structure of the administrative and control system;
- to draft, with the support of the Organisation and Governance Process Office and the operational departments, the company procedures regarding processes, including those of a cross-cutting nature, associated with the areas under the direct control of the Financial Reporting Officer;
- to propose changes to company processes and procedures for which the Financial Reporting Officer is not the process owner, including IT processes, which have an indirect impact on the preparation of the financial statements;
- to conduct controls on any company process that has a direct or indirect impact on the preparation of the financial statements;
- to analyse the design of the Group internal control system and, in particular, the general entity level controls;
- to request assistance from other company functions and qualified external consultancy firms for the performance of risk assessments and to evaluate the design and functionality of the controls in place;
- to request certifications regarding the correct application of company procedures and their functionality in the reference period from other Acea functions and Group companies;
- to request changes to the Internal Control System on Financial Reporting (understood as the combination of people, tools, information and rules established to mitigate risks) of Acea and of the companies included within the Group's scope of consolidation;
- to act with financial independence and to operate in accordance with the general guidelines of the Company and in line with existing procedures, shared by the Financial

Reporting Officer with the Delegated Administrative Body at the approval of the annual budget.

Pursuant to art. 154 bis of the TUF, the Board of Directors ensures that the Financial Reporting Officer has adequate powers and means to perform the tasks assigned to him or her, as well as effective compliance with the aforementioned procedures.

At the meeting held on 14 March 2022, the Board of Directors confirmed the adequacy of the powers and means available to the Financial Reporting Officer, as well as compliance with the administrative and accounting procedures prepared thereby.

#### **10.6.2. Ethics Officer**

The Ethics Officer is the Group's collegial body with the responsibility for managing the system of reporting alleged violations for non-compliance with the law, internal regulations and the Code of Ethics (Whistleblowing System), as well as monitoring compliance with the values of transparency, legality, fairness and ethical integrity in relations with employees, suppliers, customers and all stakeholders. Its responsibilities also include promoting communication programmes and activities intended to further disseminate the principles of the Code of Ethics within the companies of the Group, as well as any updates made to the Code of Ethics, and issuing guidelines and operating procedures to reduce the risk of violations of the Code.

The Ethics Officer is composed as follows:

- External component (Ethics Officer coordinator);
- Risk & Compliance Function Manager for Acea SpA;
- Human Resources Department Manager for Acea SpA;
- Internal Audit Function Manager for Acea SpA.

The Ethics Officer makes use of support from a Technical Secretariat consisting of the Acea Internal Audit Function, to carry out its tasks and to send to the CEO and to Acea's control bodies (Control and Risk Committee, Ethics and Sustainability Committee, Board of Statutory Auditors and Supervisory Board) periodic reports on the notifications received, the studies carried out and the initiatives agreed to in the field of training and communication.

#### **10.6.3. The Risk & Compliance Function**

In consolidating the governance and management tools of the SCIGR, the company integrated the Risk & Compliance Function into the Group's macrostructure with a view to:

- planning, implementing and monitoring the Group's Risk Governance model, identify, describing and measuring the main risk factors that could compromise the achievement of the Group's strategic and business objectives, defining and proposing risk management and mitigation policies, guiding the implementation and evolution of the Group's Enterprise Risk Management (ERM) framework;



- guaranteeing the effective and continuous implementation of the ERM process, also by coordinating and cooperating with other internal control structures, and ensuring reporting is provided to senior management and corporate and control bodies on the evolution of the Group's overall risk profile, possible impacts on strategic and business objectives and on the implementation and monitoring of actions to respond to risks;
- serving a preventive and proactive role in the before the fact assessment of non-compliance risks for company actions relative to reference regulations (antitrust, Legislative Decree 231/2001, environment, anti-corruption. etc.), examining the efficacy of processes with the objective of preventing violations of norms and rules, both internal and external, and suggesting, in the case of discrepancies, the most appropriate solutions;
- assessing the most appropriate measures to incorporate compliance requirements into the current privacy legislation for business processes, developing proposals and actions for changes and updates to policies, procedures and security measures, and verifying the actual effective implementation of the governance policies for the risks related to the processing of personal data;
- guaranteeing the definition, implementation and control over implementation of quality, environmental, safety and energy policies, in order to ensure QASE certification is obtained and maintained for the relevant processes;
- ensuring the design, implementation, monitoring and updating of the risk management system relating to processes and the Group's governance model, in line with current regulations and best practices for the sector/market;
- guaranteeing alignment of governance tools to the Group's operating model, ensuring the adequacy of the company's procedural and regulatory system and verifying the consistency of the same for the purposes of proper functioning of the Governance structure.

## **10.7 COORDINATION AMONG SUBJECTS INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

In order to allow the various subjects involved in the SCIGR to adequately perform the role assigned in relation to such system, specific informatory flows are defined among the various levels of control and the competent management and control bodies, duly coordinated in terms of content and timing.

Acea's Guidelines contemplate the definition of a series of activities for the coordination between the various subjects involved in the Control System, in order to ensure continuous

monitoring of the adequacy and its operation, and to facilitate the efficient exchange of information. These methods briefly consist of:

- periodic coordination meetings regarding, in particular, the processing of the financial information and the assessment, monitoring and mitigation of the risks (economic-financial, operational and compliance risks);
- information flows between the subjects involved in the Control System;
- coordination meetings and joint meetings between the Board of Statutory Auditors, Control and Risk Committee, audit firm, Financial Reporting Officer and the Internal Audit Function Manager;
- structured information flows between the second level control entities, top management, the Internal Audit function, the Risk & Compliance function and the control bodies;
- communication flows between the Internal Audit function and the Risk & Compliance function to support the specific activities of competence. In particular, the Risk & Compliance function informs the Internal Audit function about the main corporate risks useful for preparing the risk-based Audit plan proposal and receives the results of the internal audit activities where relevant to performing its task;
- structured information flows between the Supervisory Bodies of Acea’s subsidiaries and the issuer’s Supervisory Body;
- periodic reports to the Board of Directors;
- support from the Internal Audit function for Acea Supervisory Body activities and for those of the subsidiaries;
- communication flows within each Group company between the Board of Statutory Auditors and the Supervisory Body;
- information flows between the Board of Statutory Auditors and the Control and Risks Committee for the exchange of information necessary to the completion of the respective duties.

## **11. DIRECTORS’ INTERESTS AND RELATED PARTIES TRANSACTIONS**

Prior to discussion on each item on the agenda during the board meeting, every director must report any interests that it holds, directly or on behalf of third parties, connected with the topics or questions to be dealt with, specifying the nature, the terms, the source and the extent. With regard to related party transactions, the Procedure for Related Party Transactions (“RPT Procedure”) defined pursuant to article 2391-bis of the Civil Code was adopted in compliance with the principles established by the RPT Regulation, and was last amended by the Board of Directors on 21 June 2021, effective from 1 July 2021.

The RPT Procedure applies to transactions conducted directly by Acea, or by its direct or indirect subsidiaries, with related parties.

Based on amount, transactions are divided up as follows:

- transactions of Major Relevance: transactions in which at least one of the indices of relevance, indicated in Annex 3 of the RPT Regulation, is above the threshold of 5%, which must be approved by the Acea Board of Directors;
- transactions of negligible amount: transactions for which the value, calculated on the basis of the indicators set out in Annex I, does not exceed, in relation to the described type of transaction, the following thresholds:
  - 1) Natural Person:
    - 1.a) € 30,000 for sponsorships and other similar initiatives;
    - 1.b) € 150,000 for the remaining types of transactions.
  - 2) Legal Entity:
    - 2.a) € 120,000 for sponsorships and other similar initiatives;
    - 2.b) € 200,000 for the remaining types of transactions;
- transactions of Minor Relevance, which includes all the transactions with related parties that cannot be classified as of major relevance or of negligible amount.

According to the RPT Procedure, before the approval of a transaction with a related party, whether of Major or Minor Relevance, the Transactions with Related Parties' Committee expresses an opinion on the Company's interest in the execution of the transaction and on the convenience and on the substantial correctness of the related conditions.

As at the date of this Report, the Committee for Related Party Transactions was composed of 3 directors, all of which were independent, specifically Liliana Godina (Coordinator), Massimiliano Capece Minutolo Del Sasso and Giacomo Larocca.

The Committee's secretariat duties are performed by the Board of Director's secretary or by another subject chosen by the Committee itself.

The works are coordinated by the Coordinator who reports on the activities at the next meeting of the Board of Directors.

The Committee held 9 meetings in 2021, duly recorded in minutes and regularly attended by all the members as well as the members of the Board of Statutory Auditors, with an average duration of approximately 2 hours 24 minutes each.

In particular, in 2021 the Committee:

- updated the RPT procedure in view of the new regulatory provisions on related party transactions;
- conducted preliminary activities for the issue of an opinion of the Committee regarding a transaction with a related party of Acea.

In 2022, as at the date of the Report, no Committee meetings had been held.

The attendance of each Director at the Committee meetings is detailed in Table no. 3.

The Board of Directors has confirmed the allocation of an annual budget for 2022 of € 50,000.00 (fifty thousand point zero zero) for the Committee so as to allow the latter, should it be deemed necessary, to confer external mandates instrumental to the performance of its duties.

For more information, please refer to the “Governance” section of the website [www.gruppo.acea.it](http://www.gruppo.acea.it).

## **12. BOARD OF STATUTORY AUDITORS**

### **12.1 APPOINTMENT AND REPLACEMENT**

In compliance with the provisions of the law and of the Articles of Association, the Board of Statutory Auditors is composed of three standing auditors and two alternative auditors, appointed by the Ordinary Shareholders’ Meeting for a term of three financial periods, and they can be re-elected on expiry of their mandate.

There must be a gender balance in the composition of the Board of Statutory Auditors, as governed by the applicable laws in force from time to time.

The Board of Statutory Auditors is appointed, in compliance with art. 22 of the Articles of Association, by the methods illustrated in paragraph 4.1 for the appointment of the Directors.

The appointment of the Board of Statutory Auditors is regulated by art. 22 of the Articles of Association, according to which members are appointed on the basis of the lists presented by the Shareholders who - individually or together with other Shareholders - represent, at the date on which the lists are filed - at least 1% of the share capital, or the minimum portion of the share capital determined by Consob pursuant to art. 144-quater of the Issuers’ Regulation. In this regard, please note that the portion requested by Consob under Executive Determination no. 60 of 28 January 2022, for the presentation of the lists is 1%.

In particular, half plus one of the standing auditors to be elected will be drawn from the list that has obtained the majority of votes, in the progressive order in which they are placed on the list, rounded down to the nearest whole number in the case of a fractioned number, and one alternative auditor.

For the other members of the Board of Statutory Auditors, the standing auditor and alternate auditor will be respectively those who have obtained the first and second highest quotient in the minority list; pursuant to the combined provision of arts. 15 and 22 of the Articles of Association, in case of equal percentage, the standing auditor will be the one on the minority list that has obtained most votes. In any case, at least one standing auditor must be elected by the minority shareholders. If an auditor leaves office during a financial period, the alternative auditor on the same list as the outgoing auditor will take his/her place.

The appointment of Auditors who, for any reason, are not elected according to the above-illustrated procedure, must be approved by a Shareholders' Resolution passed with the majority required by law.

The Chairperson of the Board of Statutory Auditors will be chosen from those effectively elected from the minority list.

## **12.2 COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (pursuant to art. 123-bis, para. 2, lett. d, TUF)**

The current Board of Statutory Auditors was appointed by the Shareholders' Meeting of 17 April 2019 and its mandate will expire on the approval of the financial statements for 2021.

For the appointment by the Shareholders, two lists were presented: i) List no. 1 presented by Roma Capitale with three candidates, Maria Francesca Talamonti, Pina Murè and Maria Federica Izzo, and ii) List no. 2 presented by the shareholder Fincal S.p.A. with two candidates, Maurizio Lauri and Mario Venezia. List no. 1 was voted by 73.59% and List no. 2 by 26.31% of voters.

Please note that the minority list declared the absence of any relationship or connection, including of an indirect nature, with the majority list.

All Auditors declared themselves to meet the requirements of professionalism, integrity and independence required by applicable law and by the Corporate Governance Code.

According to the appointments at that Meeting, the Board of Statutory Directors is formed, as described in Table 4, by the individuals below, for which, pursuant to art. 144 - decies of the Issuers' Regulation, a short professional description of each is provided:

- **Maurizio Lauri, Chairperson.** Born in Rome on 16 August 1962. Degree in Economics from LUISS, Master of Laws (LL.M.) – London School of Economics and Political Science, University of London. He has served as a director, also with top positions, for companies, including listed and public, as well as serving as a member of the control bodies for various companies and non-commercial entities.

A Chartered Accountant and Auditor, he was a member of the Task Force to Establish Behavioural Guidelines for Control Bodies, within the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Council of Chartered Accountants and Accounting Experts).

- **Pina Murè, Standing Auditor.** Born in Rome on 16 January 1967. Ordinary Professor of “Financial Intermediary Economics” and “Compliance and Internal Control in Banks” (Specialist Masters' Programme) at the Faculty of Economics at La Sapienza University, Rome. Since 2014, she has been the manager of the Casmef (Centro Arcelli per gli Studi Monetari e Finanziari) Research Centre of LUISS University, a research and consulting project on administrative fines for banks and their effects on performance. During her career she has developed extensive and diverse academic experience as

programme director for courses including “Compliance and internal control systems in banks”, “Financial Intermediary Economics”, “Asset Management and Pension Funds”, “Bank Management”, “Financial Intermediary Risk Management”, “Applied Economics of Financial Markets” and “Business Loans” at the faculty of Economics at La Sapienza University, Rome. She is a qualified auditor. She provides consulting services for financial intermediaries and businesses on M&A matters and business strategies, organisation, internal control systems, organisational, strategic and financial restructuring, and provides training for banks and financial intermediaries on organisation, internal control systems, strategic planning, governance and banking regulations.

- **Maria Francesca Talamonti, Standing Auditor.** Born in Rome on 05 January 1978. Graduated in Economics and Business at LUISS Guido Carli, PhD in Business Administration from Roma Tre University. She is a member of the Order of Chartered Accountants of Rome and is listed on the Register of Certified Auditors. Since 2006 she has provided corporate consulting, in particular: company appraisals, preparation of recovery plans and certifications pursuant to art. 67, 182-bis and 161 of the Italian Financial Law, preparation of opinions and technical consulting on accounting and corporate matters. Since 2006, she has considered an expert, with a research grant and various additional teaching contracts at the LUISS Guido Carli, Roma Tre and Unitelma Sapienza universities. She is a member of the administrative and control bodies at both listed and unlisted companies.
- **Mario Venezia, Alternate Auditor.** Born in Rome on 27 June 1957. A Chartered Accountant and Auditor, he is an adjunct professor of business economics at La Sapienza in Rome and a member of the Board of Statutory Auditors for both listed and unlisted companies and on the Supervisory Body.
- **Maria Federica Izzo, Alternate Auditor.** Born in Ascoli Piceno on 27 January 1981. A Chartered Accountant and Auditor, she is an academic, in particular at L.U.I.S.S. University in Rome and at foreign universities. She is the author of several publications, in particular on corporate governance and integrated reporting.

The auditors have been chosen amongst people who can be qualified as independent and they must act with autonomy and independence, also as regards the shareholders that have elected them.

Soon after her appointment, the Board of Statutory Auditors verified and confirmed that she met the independence requirements envisaged by law and the Code and communicated the result of this verification to the Company’s Board of Directors. The outcome of the checks carried out was communicated to the market with a press release.

Subsequently, the Board of Statutory Auditors duly ascertained the existence of the requirements of independence (for more information see paragraph 4 of this Report) pursuant

to the law and the Code regarding its effective members, verifying the existence thereof and submitting the outcome of the verifications to the Board.

The Board of Statutory Auditors receives from the administrative body, at the Board of Directors' meetings, information on the activity performed by the Board of Directors, by directly participating in the Board of Directors' meetings and by examination of the material which illustrates the items on the agenda, which it receives in advance in the same format and within the same terms as the documentation received by the Directors.

With regard to induction, the Chairperson of the Board of Directors ensured that the Statutory Auditors can participate in training initiatives. For more information see the paragraph "Role of the Chairperson of the Board of Directors".

The Board of Statutory Auditors exercises the powers and performs the duties contemplated by the provisions in force. In carrying out its duties, it coordinates with the Internal Audit function mainly through periodic meetings to illustrate the work plan for independent monitoring activities and results of the main actions carried out during the year. It also cooperates with the Control and Risks Committee, by the participation of the Chairperson and/or the Auditors at the meetings.

The remuneration of statutory auditors is commensurate with the commitment required, the importance of the role held and the company's size and sectorial characteristics.

In particular, the Shareholders' Meeting determined the annual lump sum fees due to the Chairperson of the Board of Statutory Auditors and for each Standing Auditor in the amount of, respectively, € 150,000.00 and € 100,000.00, as well as reimbursement of expenses necessary to carry out the role of Auditor.

Each member of the Board of Statutory Auditors is required to promptly and comprehensively inform the other members and the Chairperson of the Board of Directors of the nature, terms, origin and extent of any potential interest in a certain operation of Acea, both on their own behalf or on behalf of third parties.

During the period, the Board of Statutory Auditors held 17 meetings, with an average duration of 3 hours 32 minutes, regularly attended by the statutory auditors.

In 2022, as at the date of this Report, the Committee had met on five occasions.

### **Diversity criteria and policy**

The information regarding the diversity criteria and policies applied in relation to the composition of the control bodies with regard to aspects such as age, gender balance and professional and educational background pursuant to art. 123-bis, paragraph 2, letter d-bis of the TUF is illustrated in the section of the Report devoted to the Board of Directors (paragraph 4.3).

### **13. RELATIONS WITH SHAREHOLDERS**

Information regarding the Company is precisely and immediately disclosed to the market and to the relative Supervisory Authorities. This information is made available in the “Investors” section of the company website [www.gruppo.acea.it](http://www.gruppo.acea.it) and is constantly updated.

Acea’s organisational structure includes an Investor Relations & Sustainability Function which reports to the Chief Executive Officer, whose Manager is Stefano Raffaello Songini, The Investor Relations Unit reports to this Function, the manager of which is Elvira Angrisani.

On the approval of the annual, six-monthly and quarterly results of the Business Plan and of the execution of possible extraordinary price sensitive transactions, the Company organises special conference calls/webcasts/presentations with institutional investors and financial analysts. In this context, Acea maintains a dialogue with investors based on the principles of propriety and transparency in compliance with EU and national regulations on market abuse and with international best practices.

In 2021 Acea engaged with approximately 410 Institutional Investors, Analysts and Bondholders through the attendance of several events held virtually due to the pandemic. These included “one on one” meetings and broader presentations promoted by the Investor Relations and Sustainability Function or requested by the Market; Investor Conferences organised by Borsa Italiana and leading Commercial Banks, including events aimed specifically at SRI investors; national and international roadshows; reverse roadshows. Furthermore, conference calls and webcasts were held for the approval of the company’s interim and annual results.

#### **Relations with Shareholders**

At the meeting of 10 November 2021, the Board of Directors of Acea adopted the “Policy for the management of relations with Institutional Investors, Shareholders and Bondholders of Acea” (“Relations Management Policy”), in line with the provisions of Principle 4, Recommendation 3 of the Corporate Governance Code.

Acea believes that promoting constant and constructive dialogue with the financial community can contribute to achieving company goals, strengthening the generation and sharing of value and ensuring the principles of transparency, timeliness, correctness and reliability which are the foundation for all the activities in the Group’s mission.

The Relations Management Policy of Acea defines:

- the topics to be discussed with Institutional Investors/Shareholders/Bondholders;
- the corporate functions and departments responsible for engagement, and the methods and deadlines for reporting to the Board of Directors;
- the channels of communication through which the financial community can engage with the Company (shareholders’ meeting, meetings with analysts, industry conferences, investor days, webcasts, company website, press releases, etc.).



The implementation of engagement activities is entrusted to the CEO and the Chairperson. The Chairperson periodically reports to the BoD on the development and significant content of engagement activities with the market.

The Investor Relations and Sustainability Function coordinates and manages dialogue with Institutional Investors, Shareholders and Bondholders, operating as a point of contact and an internal link for reactive and proactive engagement.

#### **14. SHAREHOLDERS' MEETING (pursuant to art. 123-bis, para. 2, lett. c, TUF)**

The regulations governing the operation of the Shareholder's meeting are defined in the Articles of Association of Acea, making reference to applicable law.

In particular, with regard to the methods of convocation of the Meeting, art. 10 of the Articles of Association states that, without prejudice to the powers of convocation contemplated by specific provisions of law, the Shareholders' Meeting, whether ordinary or extraordinary, is called by the Board of Directors by a notice indicating the date and place of the meeting and the list of items on the agenda.

The meeting may also be held in a place other than the registered office, as long as the alternative location is within Italy. The relative notice is published on the Company's website, in the Official Journal of the Italian Republic and in the daily newspaper "Il Sole 24 Ore" within the terms laid down by the laws in force, if necessary also calling subsequent meetings.

The Ordinary Shareholders' Meeting must be held at least once a year for the approval of the financial statements within 120 days from the end of the financial period, or within 180 days of the said closure in the case of the conditions contemplated by art. 2364 of the Civil Code, while the Extraordinary Shareholders' Meeting is held whenever it is necessary to pass a resolution reserved to the same by law.

The Shareholders' Meeting, whether ordinary or extraordinary, is also held when requested by as many shareholders as represent the percentages contemplated by the laws in force, and the request must specify the items to be discussed, or when requested by the Board of Statutory Auditors or members of the same in the cases contemplated by law. In addition, as many Shareholders as represent the percentages contemplated by the laws in force may request, in respect of the terms laid down by the laws in force, additions to the subjects to be discussed, indicating in the request the additional items that they propose. The convocation and the addition of items to the agenda at the request of Shareholders are not admitted on matters on which the Shareholders' Meeting is obliged by law to pass resolutions on Directors' proposals or on the basis of a project or a report prepared by the Directors.

The majorities necessary for the Meeting, whether ordinary or extraordinary, and its resolutions to be quorate are those contemplated by law. In particular, with reference to amendments to the Articles of Association, the Extraordinary Shareholders' Meeting, pursuant

to art. 12 of the Articles of Association, will adopt the necessary resolutions with the majorities required by law.

Entitlement to participate in the Shareholders' Meeting and to exercise the right to vote is testified by a communication to the issuer made by the intermediary, in conformity with the accounting evidence, in favour of the subject holding the right to vote, according to the procedures and terms laid down by the laws in force (the so-called record date). Shareholders entitled to participate in the Meeting may be represented pursuant and according to the procedures of law.

As indicated in paragraph 2, letters b) and f) of the Report, the exception of Roma Capitale or its subsidiaries that have become shareholders, voting rights cannot be exercised, even by proxy, in a measure in excess of 8% of the share capital. For more information on this matter please refer to the aforementioned paragraph 2, letter f) of this Report.

As noted in paragraph 2, letter e) of this Report, pursuant to article 13.3 of the Articles of Association, in order to facilitate the collection of proxies from shareholding employees of the Company, its subsidiaries and affiliates and shareholders' associations that meet the requirements contemplated by the relative legal provisions in force, specific spaces are made available for the communication and the collection of the proxies according to terms and methods set by the Board of Directors directly or through its proxies. If a proxy is conferred electronically, according to the procedures contemplated by the regulations in force at any moment, said proxy maybe communicated via the Company's Internet site according to the procedures specified in the notice of convocation.

The conduction of Shareholders' meetings is regulated by law, by the Articles of Association and by a specific Regulation published in the "Shareholders' Meeting" section of the website [www.gruppo.acea.it](http://www.gruppo.acea.it).

In particular, article 7.3 of the Regulation concerning the methods in place to guarantee the right of shareholders to take the floor on the topics under discussion, establishes that the request to speak on the individual items of the agenda may presented to the Chairperson of the Shareholders' Meeting from the moment that the Meeting is validly constituted and until the Chairperson of the Meeting declares the discussion on the relative item closed.

In giving the floor, the Chairperson of the Shareholders' Meeting normally follows the order of the presentation of the requests for the floor. Each shareholder may take the floor only once on each item on the agenda, and for no more than ten minutes.

The meeting is chaired by the Chairperson of the Board of Directors or, in the case of their absence or impediment, by another person appointed by the same. In the absence thereof, the meeting elects its own chairperson.

The Chairperson, having been appointed by the meeting, appoints a Secretary, who is responsible for preparing the minutes, to be signed by the Chairperson and the Secretary,

which document the resolutions taken by the meeting. In the cases provided for by law or if requested by the chairperson of the meeting, the relative minutes are drafted by a notary.

The Chairperson of the meeting, *inter alia*, verifies that the meeting is quorate, ascertains the identify and legitimacy of those present, regulates the execution of the works and verifies the results of the voting, which must be recorded in the relative minutes.

It is noted that, in consideration of the Covid-19 pandemic and taking into account the legislative provisions issued to contain the virus, at the Shareholders' Meeting of 22 April 2021 the Company exercised the right provided by Decree Law no. 18 of 17 March 2020, converted by Law no. 27 of 24 April 2020 and amended by art. 3, paragraph 6 of Decree Law no. 183 of 31 December 2020, establishing that interventions by entitled parties could take place exclusively through the representative appointed by the Company pursuant to art. 135-undecies of the TUF, to which the shareholders could, by way of exception, confer proxies or sub-proxies also in the forms provided for by art. 135-novies of the TUF.

In 2021 the Board of Directors has reported to the Shareholders' Meeting the activity performed and programmed, thus ensuring that the shareholders are correctly informed on the elements necessary to allow them to take informed decisions on the matters of their competence.

The Board of Directors considers the Shareholders' Meeting to be a particularly significant moment for its relations with the shareholders; therefore, it makes all efforts, as far as falling within its competence, to encourage and facilitate the broadest participation possible of the shareholders at the meetings.

The directors who participated in the 2021 Shareholders' Meeting numbered 2.

In the course of the 2021 financial year, the Ordinary Shareholders' Meeting met on 22 April 2021 with the following agenda:

- i) approval of the Financial Statements at 31 December 2020; Board of Directors' Report on Operations and reports of the Board of Statutory Auditors and of the Independent Auditor. Presentation of the Consolidated Financial Statements at 31 December 2020 and information on the consolidated non-financial disclosure under the terms of Italian Legislative Decree no. 254/2016 (2020 Sustainability Report). Resolutions on the approval of the Separate Financial Statements at 31 December 2020;
- ii) resolutions on the allocation of result for financial year 2020;
- iii) approval of the Report on the Remuneration policy and on the fees paid.

## **15. OTHER CORPORATE GOVERNANCE PRACTICES (pursuant to art. 123-bis, para. 2, lett. a), TUF)**

### **Executive Committee**

With a resolution dated 29 May 2020, the Board of Directors established an Executive Committee composed of Giovanni Giani (Chairperson), Michaela Castelli, Giuseppe Gola and Massimiliano Capece Minutolo Del Sasso, to whom the powers relating to institutional affairs, sponsorships and donations have been delegated, to be managed within the budget established by the Board.

It is noted that the Board of Directors, at the meeting of 22 March 2021, resolved to appoint an internal committee - replacing the aforementioned Executive Committee - known as the Committee for the Region, with an advisory role regarding the assessment and monitoring of the Group's sponsorships and donations and with the aim of strengthening relations with the relative region (for more information see paragraph 6 of this Report).

In 2021, the Executive Committee met 2 times with an average meeting duration of 1 hour.

The attendance of each director at the Committee meetings is detailed in Table no. 3.

## **16. CHANGES SINCE THE CLOSURE OF THE FINANCIAL YEAR**

The changes that have taken place after closure of the period until this day are described in the specific sections.

## **17. CONSIDERATIONS ON THE LETTER OF 3 DECEMBER 2021 OF THE CHAIRPERSON OF THE CORPORATE GOVERNANCE COMMITTEE**

On 3 December 2021, as part of the monitoring of the implementation of the Code by issuers, the Chairperson of the Corporate Governance Committee sent a communication that identifies a series of areas where it would be best to improve compliance with the recommendations of the Code itself.

At the meeting on 3 February 2022 the Company's administrative body examined the text of the letter and the points made, and with the support of the relevant corporate functions it noted that, without prejudice to further improvements, Acea's Corporate Governance system is substantially aligned with the indications contained in the letter.

The pertinent recommendations made in the letter were also submitted to the Control and Risks Committee at the meeting of 1 February 2022, and to the Acea Board of Statutory Auditors at the meeting of 16 February 2022.

For more details, please refer to the specific sections of the Report and, in particular, to section 4 ("Board of Directors"); 7 (Self-evaluation and succession of directors") and 8 (Directors' Remuneration").

For the Board of Directors  
The Chairperson  
Michaela Castelli

**TABLE I: INFORMATION ON THE OWNERSHIP STRUCTURE AS AT 14/03/2022**

<b>SHARE CAPITAL STRUCTURE</b>				
	no. Shares	No. of voting rights	Listed on Borsa Italiana's online stock exchange	Rights and obligations
Ordinary shares (shares with increased voting rights are not permitted)	212,964,000	212,964,000	100 %	
Preferential shares	-----			
Multiple voting shares	-----			
Other share categories with voting rights	-----			
Savings shares	-----			
Convertible savings shares	-----			
Other share categories without voting rights	-----			
Other	-----			

<b>OTHER FINANCIAL INSTRUMENTS</b> (granting the right to subscribe newly issued shares)				
	Listed (indicate the markets) /unlisted	no. instruments in circulation	Category of shares Serving conversion/exercising/	No. of shares serving the conversion/exercising/
Bonds	-----	-----	_____	_____
Convertible	-----	-----	_____	_____
Warrant	-----	-----	_____	_____

\_\_\_\_\_

<b>SIGNIFICANT EQUITY INVESTMENTS</b>			
On CONSOB website as at <b>14 March 2022</b>			
Declarant	Direct Shareholder	% stake of capital ordinary	% stake of capital voting
ROMA CAPITALE	Roma Capitale	51 %	51 %
SUEZ SA	Suez International SAS	23.333 %	23.333 %
CALTAGIRONE FRANCESCO GAETANO	Capitolium Srl	0.141 %	5.452 %
	Caltagirone SpA	1.174 %	
	Fincal SpA	3.052 %	
	FGC SpA	1.085 %	

**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AT YEAR-END**

Position	Members	Year of birth	Date of Initial Appointment*	In office from	In office to	List (Proposing parties)**	List (M/m) ***	Exec.	Non-Exec.	Indep. from Code	Indep. from TUF	No. other positions ****	Equity investment *****
<b>Chairperson</b>	Michaela Castelli	1970	27/04/2017	29/05/2020	31/12/2022	A	M		x			2	14/14
<b>CEO</b>	Giuseppe Gola	1964	29/05/2020	29/05/2020	31/12/2022	A	M	x				-----	14/14
<b>Director</b>	Giacomo Larocca	1978	29/05/2020	29/05/2020	31/12/2022	A	M		x	X	X	-----	14/14
<b>Director</b>	Gabriella Chiellino	1970	27/04/2017	29/05/2020	31/12/2022	A	M		x	X	X	1	13/14
<b>Director</b>	Liliana Godino	1962	27/04/2017	29/05/2020	31/12/2022	A	M		x	X	X	-----	14/14
<b>Director</b>	Giovanni Giani	1950	coop. BoD 29/11/2011 Assoc. 04/05/2012	29/05/2020	31/12/2022	A	m		x			-----	13/14
<b>Director</b>	Alessandro Caltagirone	1969	27/04/2017	29/05/2020	31/12/2022	A	m		x	X	X	6	12/14
<b>Director</b>	Massimiliano Capece Minutolo Del Sasso	1968	23/04/2015	29/05/2020	31/12/2022	A	m		x	X	X	2	14/14
<b>Director</b>	Diane Galbe	1981	coop. BoD 11/12/2019 Assoc. 29/05/2020	29/05/2020	25/02/2022	A	m		x			-----	12/14

No. meetings held in 2021: 14

**Quorum required for the submission of lists by minorities for the election of one or more members (per art. 147-ter TUF): 1% of shares with voting rights**

**NOTES**

- \* The date of first appointment refers to the date on which the director was appointed for the (very) first time as a member of Acea SpA's BoD
- \*\* This column indicates whether the list from which each director was taken was presented by Shareholders ("A") or by the Board of Directors ("C")
- \*\*\* This column indicates the list from which each director was taken ("M": majority list; "m": minority list).
- \*\*\*\* This column indicates the number of offices that directors or statutory auditors hold in other companies listed on regulated markets, even abroad, in financial, banking and insurance companies or large companies. The offices are explained in full on the last page of the Corporate Governance Report.
- \*\*\*\*\* This column indicates the directors' participation in the meetings of the BoD.

**TABLE 3: STRUCTURE OF THE ADVISORY COMMITTEES AT YEAR-END**



**NOTES**

Board of Directors		Executive Committee (expired on 22/03/2021)		Committee for the Region (Established on 22/03/2021)		RPT Committee		Control and Risks Committee		Appointments and Remuneration Committee		Ethics and Sustainability Committee	
Office/Classification	Members	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
<b>Chairperson non-executive, non- independent</b>	Michaela Castelli	M	2/2										
<b>CEO executive, non- independent</b>	Giuseppe Gola	M	2/2										
<b>Director non-executive, independent</b>	Giacomo Larocca			M	7/7	M	9/9	M	11/11			M	7/7
<b>Director non-executive, independent</b>	Gabriella Chiellino									M	6/6	P	7/7
<b>Director non-executive, independent</b>	Liliana Godino					P	9/9	P	10/11	M	6/6		
<b>Director non-executive, non- independent</b>	Giovanni Giani	P	2/2	P	7/7			M	9/11	M	6/6	M	5/7
<b>Director non-executive, independent</b>	Massimiliano Capece Minutolo Del Sasso	M	2/2	M	7/7	M	9/9	M	10/11	P	6/6	M	7/7
<b>Director non-executive, independent</b>	Alessandro Caltagirone	-	-	-	-	-	-	-	-	-	-	-	-
<b>Director non-executive, non- independent</b>	Diane Galbe	-	-	-	-	-	-	-	-	-	-	-	-
<b>No. of meetings held in the year:</b>		2		7		9		11		6		7	

\* This column indicates the qualification of the Director within the Committee: “P”: Chairperson; “M”: member

\*\* This column indicates the directors’ participation in the meetings of the Committees.

**TABLE 4: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AT YEAR-END**

Board of Statutory Auditors									
Quorum required to present lists upon the last appointment: 1% of the shares with voting rights									
Position	Members	Year of birth	Date of first appointment*	In office since	In office to	List (M/m)**	Independence from Code	Attendance at meetings	Number of other offices
Chairperson	Signed by Maurizio Lauri	1962	2019	17/04/2019	31/12/2021	m	X	17/17	3
Standing auditor	Pina Murè	1967	2019	17/04/2019	31/12/2021	M	X	17/17	5
Standing auditor	Maria Francesca Talamonti	1978	2019	17/04/2019	31/12/2021	M	X	17/17	16
Alternate auditor	Maria Federica Izzo	1981	2019	17/04/2019	31/12/2021	M	X	N.A.	N.A.
Alternate auditor	Mario Venezia	1957	2019	17/04/2019	31/12/2021	m	X	N.A.	N.A.

**No. meetings held in 2021: 17**

**Quorum required for the submission of lists by minorities for the election of one or more members (per art. 148 TUF): 1% of shares with voting rights**

**NOTES**

- \* The date of first appointment refers to the date on which the auditor was appointed for the (very) first time as a member of the issuer’s Board of Auditors.
- \*\* This column indicates the list from which each auditor was taken (“M”: majority list; “m”: minority list).
- \*\*\* This column indicates the participation of the auditors in the meetings of the Board of Auditors.
- \*\*\*\* This column indicates the number of offices held as directors or auditors by the subjects concerned, pursuant to art. 148 bis of the TUF and of the relative implementation provisions contained in the Consob Issuers Regulations. The full list of offices is published by Consob on its website pursuant to art. 144-quinquiesdecies of the Consob Issuers’ Regulations.

**Table I. Composition of the ACEA Board of Directors and offices held by Directors in other companies as at 31 December 2021**

Position	Name	Position	Other Offices (*)
Chairperson**	Michaela Castelli	Director	Nexi SpA (P) Recordati SpA
Chief Executive Officer	Giuseppe Gola	Executive Director	-----
Director	Gabriella Chiellino	Independent Director	Ambienthesis S.p.A.
Director	Giacomo Larocca	Director Independent	-----
Director	Liliana Godino	Independent Director	-----
Director	Giovanni Giani	Director	-----
Director	Alessandro Caltagirone	Director Independent	Aalborg Portland Holding A/S (VP) Cementir Holding N.V. (VP) Caltagirone S.p.A. Caltagirone Editore S.p.A. (VP) Fincal S.p.A. (P) Finanziaria Italia 2005 S.p.A. (AU)
Director	Diane Galbe	Director	-----
Director	Massimiliano Capece Minutolo Del Sasso	Independent Director	Piemme SpA FGC SpA

(\*) List of director or statutory offices held by each Director in other companies listed on regulated markets, also abroad, in financial, banking and insurance companies and companies with shareholders' equity exceeding € 1 billion.

(\*\*) For the sake of completeness, other offices held are presented, even if not relevant for the purposes of this table: Sea SpA (P) and Autogrill Italia SpA (member CS).