



**SHAREHOLDERS' MEETING OF 18 AND 20 APRIL 2023, FIRST AND SECOND CALL
RESPECTIVELY
EXPLANATORY REPORT FROM THE BOARD OF DIRECTORS ON ITEM 1 ON THE
EXTRAORDINARY AGENDA, PREPARED PURSUANT TO ART. 125-TER OF
ITALIAN LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998 AND ART. 72 OF
CONSOB RESOLUTION NO. 11971 OF 14 MAY 1999.**

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- 1. Amendment to Article 15 of the Articles of Association. Pertaining and consequent resolutions.**

Dear Shareholders,

This report, prepared by the Board of Directors of Acea S.p.A. (**'Acea'** or the **'Company'**) pursuant to Article 125-ter of Italian Legislative Decree no. 25 of 24 February 1998, as subsequently amended and supplemented (**'CLF'**) and Article 72 of the Regulations adopted by CONSOB Resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented (the **'Issuer Regulations'**), in line with the indications contained in Form 3 of Annex 3A to the Issuer Regulations, aims to illustrate the proposed amendments to the Articles of Association as per item 1 on the agenda of the Extraordinary Shareholders' Meeting of the Company convened at the registered offices in Rome at Piazzale Ostiense 2, on 18 April 2023 at 10:00 in the first call and, if necessary, on 20 April 2023 at the same time and place, in the second call.

The proposed amendments subject to this report refer in particular to Article 15, paragraph 1 of the Articles of Association and are related to:

- (i)* the number of members of the Board of Directors;
- (ii)* the number of independent directors to be included in the administrative body;



- (iii) the number of independent directors to be included on the lists submitted by shareholders for the appointment of the Board of Directors and their placement;
- (iv) the integration of divisors needed to determine the ratios to be attributed to the candidates on the lists for the purpose of forming the shortlist from which to choose the elected directors, taking into account the increase in the number of members of the Board of Directors.

The above proposed amendments are expected to be put to a single vote in the Extraordinary Shareholders' Meeting.

These proposals were prepared by the Board of Directors — including at the instigation of the Chief Executive Officer — exercising its power to assess the Corporate Governance system, and have several main purposes:

- (a) to expand the quantitative composition of the current Board to ensure, among other things, better structure of the positions and functions within the management body, also taking into account the requirements to effectively perform administrative functions and monitor management and for balanced composition of board committees;
- (b) to ensure that the minimum number of independent directors is identified by making explicit reference to the recommendations provided by the new Corporate Governance Code — as well as the relevant provisions of the law — which states that, in large companies with concentrated ownership, i.e. Acea, at least one third of the members of the board of directors must meet the independence requirements;
- (c) to align the number of independent directors to be included in the lists of candidates for the renewal of the management body with the expansion of the quantitative composition of the board of directors, coordinating the related provisions on the placement of these directors on the list;
- (d) through the integration of divisors needed to determine the ratios, to prepare a procedural mechanism that governs all possible outcomes of the shareholders'



vote, including the one in which the number of members to be taken from the minority lists is greater than four.

Furthermore, the proposed amendments include the replacement of the references to the pre-existing Self-Governance Code of listed companies with references to the new Corporate Governance Code approved in January 2020.

In relation to the aforementioned proposed amendments, the Board of Directors has assessed, including with support from its advisors, the lack of grounds to exercise the right of withdrawal envisaged by current laws and the full legitimacy to proceed with a single Shareholders' Meeting to amend the Articles of Association and renew the Board of Directors — on the basis of the new wording of Article 15 of the Articles of Association, subject to relative approval — with efficacy upon registration of the resolution amending the Articles of Association with the competent Business Register.

The following table contains the comparison of the amended provisions in the current text and the text proposed by the Board of Directors, with the deleted parts in bold and crossed out and the new parts in bold.



CURRENT TEXT OF ARTICLE 15	TEXT OF ARTICLE 15 HIGHLIGHTING PROPOSED AMENDMENTS
<p>1. The Company shall be managed by a Board of Directors consisting of no fewer than 5 (five) and no more than 9 (nine) members. The Shareholders' Meeting, from time to time, shall determine the number of components of the Board within the limits mentioned herein prior to electing the Directors.</p> <p>The Board of Directors so constituted shall have a minimum number of Directors meeting the independence requirements provided for by the law, by the applicable dispositions and by the Voluntary Code of Conduct for Publicly Traded Companies, equal to that established from time to time in the dispositions of the law in force.</p> <p>In the composition of the Board compliance with gender equality criteria is ensured as provided for by the law. As far as the Directors are concerned, they shall be elected based upon the lists in which the candidates are progressively numbered according to vacancies. To this purpose the Meeting shall be convened by means of a notice to be published pursuant to the law in force no less than forty days prior to the day of the Meeting; the published agenda shall indicate all the businesses to be transacted, under penalty of nullity of the resolutions in accordance with Article 2379 of the Italian Civil Code; the lists shall be submitted respectively at least twenty and twenty-five days prior the date of the first meeting by the dismissing Directors or by the Shareholders, alone or together with other Shareholders, representing at least one per cent of the share entitled to vote at the ordinary Meeting respectively, and shall be made publicly available by the Company through depositing them at the Registered Office and publishing them on three major national newspapers, among which two shall be economic, and in the various forms set forth from time to time in the dispositions of the law in force.</p> <p>Each Shareholder may submit or participate in submitting only one list. Each list shall include at least two candidates meeting the independence requirements foreseen by Law, individually identifying such candidates and placing one of them not beyond the second position on the list and the second one not beyond the fourth position on the list.</p> <p>The Shareholders adhering to an agreement of the kind disciplined by Article 122 of the Italian Legislative Decree no. 58/98 shall submit and vote for only one list. The participation and votes cast against such prohibition shall not be ascribed to any list. The joint submission of one list and voting in favour of it shall not constitute by itself adherence to such an agreement for the purposes of this provision. The lists shall be deposited by the submitting</p>	<p>1. The Company shall be managed by a Board of Directors consisting of no fewer than 5 (five) 7 (seven) and no more than 9 (nine) 13 (thirteen) members. The Shareholders' Meeting, from time to time, shall determine the number of components of the Board within the limits mentioned herein prior to electing the Directors.</p> <p>The Board of Directors, so constituted, shall have a minimum number of Directors meeting the independence requirements provided for by the law, by the applicable dispositions in force and by the Voluntary Code of Conduct Corporate Governance Code prepared by the Corporate Governance Committee, equal to that established from time to time in the dispositions of the law in force and the Corporate Governance Code.</p> <p>In the composition of the Board compliance with gender equality criteria is ensured as provided for by the law. As far as the Directors are concerned, they shall be elected based upon the lists in which the candidates are progressively numbered according to vacancies. To this purpose the Meeting shall be convened by means of a notice to be published pursuant to the law in force no less than forty days prior to the day of the Meeting; the published agenda shall indicate all the businesses to be transacted, under penalty of nullity of the resolutions in accordance with Article 2379 of the Italian Civil Code; the lists shall be submitted respectively at least twenty and twenty-five days prior the date of the first meeting by the dismissing Directors or by the Shareholders, alone or together with other Shareholders, representing at least one per cent of the share entitled to vote at the ordinary Meeting respectively, and shall be made publicly available by the Company through depositing them at the Registered Office and publishing them on three major national newspapers, among which two shall be economic, and in the various forms set forth from time to time in the dispositions of the law in force.</p> <p>Each Shareholder may submit or participate in submitting only one list. Each list shall include at least two four candidates meeting the independence requirements foreseen by Law and by the Corporate Governance Code prepared by the Corporate Governance Committee, individually identifying such candidates and placing one of them not beyond the second position on the list and the second one not beyond the fourth position on the list at least two of them not beyond the second and third positions on the list and at least another two of them not beyond the fifth and sixth positions on the list.</p> <p>The Shareholders adhering to an agreement of the kind disciplined by Article 122 of the Italian Legislative Decree no.</p>



Shareholders, and accompanied by the documentation required pursuant to applicable dispositions of the law from time to time. No one may be a candidate of more than one list. The acceptance of office in more than one list shall disqualify the candidate from being elected. Each Shareholder may vote for only one list. The validly submitted lists shall be submitted to voting, and a classification shall be made of all the lists according to the number of votes they shall have received. The appointment shall proceed as follows: A. from the list that obtains the majority of votes (hereafter, for brevity, the "Majority List"), in the order in which they appear in the list, half plus one of the Directors to be appointed shall be taken, rounded, in case of fractional number, to the lower unit; B. without prejudice of the provisions of the Law and the dispositions in these Articles of Association as to the limits to relations with the Majority List, the remaining Directors shall be taken from the other lists. For this purpose, the votes obtained by each list shall be divided first by 1, then by 2, 4, 8 and so on up to the number of Directors to be elected. The resulting quotients shall be assigned to the candidates on those lists in the consecutive order assigned to the respective candidates. The quotients assigned in this manner to the candidates on the various lists shall be arranged into a single list in descending order. The elected candidates shall be those obtaining the highest quotients. If one or more candidate should obtain the same quotient, the elected candidate shall be that included in the list that has elected no Directors or has elected the least number of Directors. If no Director has been elected thus far from any of the lists concerned or if the same number of Directors has been elected from each list, the elected candidate shall be that obtaining the highest number of votes. In the event of a list indicating both an equal number of votes and equal quotients, the entire Shareholders' Meeting shall vote again and the elected candidate shall be that obtaining a simple majority of votes. In any case, if, in addition to the Majority List, only one list is regularly submitted, the candidates belonging to it shall be elected according to their submission order. Pursuant to the Law and under penalty of candidate ineligibility, immediately after the publication of the list voting results, each list submitter appearing after the Majority List shall certify, also by way of statement to be entered in the Meeting minutes, the non-relation, even if indirect, of his own list with the candidates on the Majority List, so that at least one of the elected candidates appears on a list unrelated to the Majority List.

58/98 shall submit and vote for only one list. The participation and votes cast against such prohibition shall not be ascribed to any list. The joint submission of one list and voting in favour of it shall not constitute by itself adherence to such an agreement for the purposes of this provision. The lists shall be deposited by the submitting Shareholders, and accompanied by the documentation required pursuant to applicable dispositions of the law from time to time. No one may be a candidate of more than one list. The acceptance of office in more than one list shall disqualify the candidate from being elected. Each Shareholder may vote for only one list. The validly submitted lists shall be submitted to voting, and a classification shall be made of all the lists according to the number of votes they shall have received. The appointment shall proceed as follows: A. from the list that obtains the majority of votes (hereafter, for brevity, the "Majority List"), in the order in which they appear in the list, half plus one of the Directors to be appointed shall be taken, rounded, in case of fractional number, to the lower unit; B. without prejudice of the provisions of the Law and the dispositions in these Articles of Association as to the limits to relations with the Majority List, the remaining Directors shall be taken from the other lists. For this purpose, the votes obtained by each list shall be divided first by 1, then by 2, 4, ~~and 8, 16 and 32~~ and so on up to the number of Directors to be elected. The resulting quotients shall be assigned to the candidates on those lists in the consecutive order assigned to the respective candidates. The quotients assigned in this manner to the candidates on the various lists shall be arranged into a single list in descending order. The elected candidates shall be those obtaining the highest quotients. If one or more candidate should obtain the same quotient, the elected candidate shall be that included in the list that has elected no Directors or has elected the least number of Directors. If no Director has been elected thus far from any of the lists concerned or if the same number of Directors has been elected from each list, the elected candidate shall be that obtaining the highest number of votes. In the event of a list indicating both an equal number of votes and equal quotients, the entire Shareholders' Meeting shall vote again and the elected candidate shall be that obtaining a simple majority of votes. In any case, if, in addition to the Majority List, only one list is regularly submitted, the candidates belonging to it shall be elected according to their submission order. Pursuant to the Law and under penalty of candidate ineligibility, immediately after the publication of the list voting results, each list submitter appearing after the Majority List shall certify, also by way of statement to be entered in the Meeting minutes, the non-relation, even if indirect, of his own list with the candidates on the Majority List, so that at least one of the elected candidates appears on a list unrelated to the Majority List.



<p>2. The Directors' term of office shall be three financial years and shall cease at the date of the Shareholders' Meeting convened for the approval of the financial statements of the last financial year of their office; Directors may be re-elected pursuant to Article 2383 of the Italian Civil Code</p>	<p>UNCHANGED</p>
<p>3. If during the financial year a Director appointed according to the list system described above is no longer able to perform his/her function, the Board shall replace him/her, through co-optation pursuant to Article 2386 of the Italian Civil Code, with the first non elected of the list to which also the ceased Director belonged, in respect of the legislation in force on the subject of gender balance or, in case such list does not have any other candidate, with the first candidate among the non elected ones, irrespective of his/her original list. In case the retiring Director belonged to a list different from the Majority List, the non-representation requirement with the Majority List shall still be observed. Should the retiring Director meet all independence requirements, and/or belong to the less represented gender, and owing to his retirement, the number of independent directors and/or the number of directors belonging to the less represented gender would be reduced to below the minimum number required by law, the first unelected candidate on the list to which the retiring Director meeting the independence requirements and/or being of the same gender as of the retired director, belonged shall be co-opted. Directors so appointed shall hold office until the first successive Shareholders' Meeting</p>	<p>UNCHANGED</p>
<p>4. For the appointment of Directors to replace any unable to perform his/her role in the course of the year, the Shareholders' Meeting shall choose, by relative majority vote, whenever possible, within the respect of the regulations in force regarding independence and gender balance among the unelected candidates that appear on the list to which the Director to be replaced belonged, who have confirmed in writing, at least ten days before the date set for the Shareholders Meeting, their applications, together with statements relating to the absence of grounds for ineligibility or incompatibility, and the fulfilment of the requirements to hold office set forth by Law or by these Articles of Association. Should this replacement procedure not be possible, the replacement shall be performed by resolutions passed with a relative majority vote, while respecting the necessary representation of minorities and the minimum number of independent Directors and within the respect of pro tempore regulations in force regarding gender balance. Directors so appointed shall hold office for a period equal to that of the other Directors. If, for any reason, the number of the Directors in charge drops by more than half, the whole Board of Directors shall be deemed to be dismissed, and the Shareholders' Meeting shall be convened as soon as possible in order to appoint a</p>	<p>UNCHANGED</p>



new Board. Yet, the Board shall remain in charge to carry out the ordinary management until the Shareholders' Meeting has passed a resolution on its renewal and at least half of the new Directors have accepted the appointment	
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In light of this Explanatory Report, the Board of Directors submits the following proposed resolution for your attention.

“The Extraordinary Shareholders’ Meeting of Acea S.p.A., having acknowledged the proposal of the Board of Directors and the related explanatory report,

resolved

- *to approve the amendment to Article 15 of the Articles of Association according to the wording shown in the column on the right side of the table included in the Explanatory Report prepared by the Board of Directors pursuant to Art. 125-ter of Italian Legislative Decree no. 58 of 24 February 1998 and Art. 72 of CONSOB Resolution no. 11971 of 14 May 1999 and, therefore, in the following words:*

1. The Company shall be managed by a Board of Directors consisting of no fewer than 7 (seven) and no more than 13 (thirteen) members. The Shareholders’ Meeting, from time to time, shall determine the number of components of the Board within the limits mentioned herein prior to electing the Directors. The Board of Directors, so constituted, shall have a minimum number of Directors meeting the independence requirements provided for by the law, by the applicable dispositions in force and by the Voluntary Corporate Governance Code of Conduct prepared by the Corporate Governance Committee, equal to that established from time to time in the dispositions of the law in force and the Corporate Governance Code. In the composition of the Board compliance with gender equality criteria is ensured as provided for by the law. As far as the Directors are concerned, they shall be elected based upon the lists in which the candidates are progressively numbered according to vacancies. To this purpose the Meeting shall be convened by means of a notice to be published pursuant to the law in force no less than forty days prior to the day of the Meeting; the published agenda shall indicate all the businesses to be transacted, under penalty of nullity of the resolutions in accordance with Article 2379 of the Italian Civil Code; the lists shall be submitted respectively at least twenty and twenty-five days prior to the date of the first meeting by the dismissing Directors or by the Shareholders, alone or together with other Shareholders, representing at least one per cent of the share entitled to vote at the ordinary Meeting respectively, and shall be made publicly available by the Company through depositing them at the Registered Office and publishing them on three major national newspapers, among which two shall be economic, and in the various forms set forth from time to time in the dispositions of the law in force. Each Shareholder may submit or participate in submitting only one list. Each list shall include at least two four candidates meeting the independence requirements foreseen by Law and by the Corporate Governance Code prepared by the Corporate Governance Committee, individually identifying such candidates and placing one of them not beyond the second position on the list and the second one not beyond the fourth position on the list at least two of them not beyond the second and third positions on the list and at least another two of them not beyond the fifth and sixth positions on the list. The Shareholders adhering to an agreement of the kind disciplined by Article 122 of the Italian Legislative Decree no. 58/98 shall submit and vote for only one list. The participation and votes cast against such prohibition shall not be ascribed to any list. The joint submission of one list and voting in favour of it shall not constitute by itself adherence to such an agreement for the purposes of this provision. The lists shall be deposited by the submitting Shareholders, and accompanied by the documentation required pursuant to



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2. Unchanged

3. Unchanged

4. Unchanged;

- *to confer upon the Board of Directors and, through it, upon the Chair and the Chief Executive Officer, also separately, the widest possible powers to comply with the necessary formalities to register the resolution in the Business Register, with the power to make any formal and unsubstantial amendment and/or addition that becomes necessary during registration or requested by the competent authorities, with explicit prior declaration of approval and ratification”.*

Rome, 8 March 2023

FOR THE BOARD OF DIRECTORS

THE CHAIRPERSON

Barbara Marinali