

REPORT ON THE REMUNERATION POLICY AND ON THE FEES PAID

2023

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

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Letter by the Chairperson of the Appointments and Remuneration Committee

Dear Shareholders,

in my capacity as Chairperson of the Appointments and Remuneration Committee, I am pleased to present to you, in agreement with the Directors Gabriella Chiellino, Liliana Godino and Massimiliano Pellegrini, the Remuneration Policy of the Acea Group for 2023.

This Remuneration Policy is intended to be a means for achieving the over-arching objectives of value creation for all Acea's stakeholders in the medium to long term, working towards constant stakeholder engagement in line with the equity, sustainability and diversity criteria that characterise the Group's actions.

Despite the uncertainty arising from the macro-economic and geopolitical upheaval of 2022, the Group was able to achieve impressive results. Business grew compared to the previous year and human capital received recognition in terms of skills enhancement and innovation, appreciation of merit and a flourishing inclusive culture. Major investments aimed at boosting the Group's operational and economic performance confirm Acea's position as a leading infrastructure operator.

In September 2022, significant changes took place in the Group's management structure, including a CEO change, which were managed in accordance with the policies and instruments already approved.

In this context, the Company has worked with specialised consulting firms in structuring a remuneration policy in line with market best practices to ensure the overall balance of remuneration packages and sustainable success, as required by the Corporate Governance Code.

In defining the Remuneration Policy for 2023, illustrated in the first section of the present document, the main elements and operating mechanisms of the incentive systems are maintained, and their architecture was found to be adequate for the Company's remuneration strategy, aligned with the best market practices and with the regulatory requirements, considering also the shareholders' interest in strengthening the link between value creation for the Group and satisfaction of the personnel involved in the incentive systems.

Variable incentive schemes will continue to be subject to a sustainability indicator, thus helping to ensure that business objectives are achieved and geared towards generating sustainable value, in line with market expectations. Finally, the Remuneration Policy proposed for 2023, without ever losing sight of the principle of rigour which characterises its definition, confirms, in the logic of pay for performance, the consistency between the bonuses and the value generated net of the risks, promoting in any case a balanced pay mix.

The remuneration policies were structured taking into account the expiry of the Board's term of office with the approval of the financial statements on 31 December 2022.

Continuing on from previous years, the introduction to the document is given in the “Executive Summary”, which briefly illustrates the characteristics of the new Remuneration Policy and the main results achieved by the Group.

I trust that this Report submitted for your examination can once again bear witness to the reasons behind the structure of the mechanisms of the remuneration policy and also the respect of the logics of transparency required by the laws in force and by which the Group is bound. On behalf of myself and the other Directors, I thank you in advance for your acceptance of and support for the policies defined for 2023.

Massimiliano Capece Minutolo Del Sasso

*Chairperson of the Appointments
and Remuneration Committee*

Introduction

This document describes the Remuneration Policy adopted by the Acea Group for 2023 (“**Remuneration Policy**”). This policy, based on the principles and recommendations contained in article 5 of the Corporate Governance Code for Listed Companies approved by the Corporate Governance Committee in January 2020 and in effect from 1 January 2021, defines the criteria and guidelines for the remuneration of the members of the Board of Directors, including the executive Directors and those invested with specific powers, and the Executives with Strategic Responsibilities¹, and also the members of the Company’s Board of Statutory Auditors, within the timeframe of the current financial year.

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

This Remuneration Report is therefore divided into two separate Sections:

I. the first Section illustrates in detail:

- a) the Acea S.p.A. (“**Acea**”) policy on the remuneration of the Directors applicable for 2023, including the Executive directors and the Directors with specific duties, the Executives with Strategic Responsibilities and the Board of Auditors;
- b) the procedures used for the adoption and implementation of the policy.

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

- a) provides a description of each of the items comprising their remuneration, including the treatment provided in the event of resignation or termination of contract;
- b) accounts for the remuneration paid out during the 2022 financial year for any reason and in any form by the Company;
- b-bis) illustrates how the Company has considered the vote expressed the previous year regarding Section II of the report.

In compliance with the current regulatory framework (art. 123-ter of the CLF), amended at a primary level by Italian Legislative Decree 49/2019, containing the provisions required for the implementation of EU Directive 2017/828 of the European Parliament and Council of 17 May 2017 (Shareholders’ Rights

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

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

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

Directive II or “SHRD II”), which modifies Directive 2007/36/EC (Shareholders’ Rights Directive or “SHRD”), the “say on pay” system has been maintained to foster and promote the long-term commitment of shareholders. Furthermore, the content of this document applies to senior Group executives, the members of the Administration and Control bodies and other Executives with Strategic Responsibilities, in compliance with Annex 3A of the implementing regulation of the CLF adopted by Consob with Resolution no. 11971 of 14 May 1999 (so-called “Issuer Regulations”) and amended by Consob with Resolution no. 21623 of 11 December 2020.

The Acea Remuneration Report pursuant to art. 123-ter, paragraph 2 of the CLF was defined and approved by the Board of Directors, on the proposal of the Appointments and Remuneration Committee, at its meeting on 8 March 2023.

The First and Second Sections will be submitted to the Shareholders’ Meeting to be held on 18 April 2023.

Executive summary

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

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

The aim of the following section is to provide a brief overview of the contents of the Remuneration Policy applicable for 2023, also referring to the figures concerning the voting by the shareholders' meeting for the approval of the most recent Remuneration Reports and the remuneration multiple and also highlighting how the policy defined is aimed at mitigating the various risk factors.

It should be noted that the term of office of Acea's current Board of Directors will end with the Shareholders' Meeting's approval of the financial statements as at 31 December 2022. Directors' remuneration will be determined by the Shareholders' Meeting at the time of renewal of the board. The new Board of Directors will be responsible for determining the remuneration of directors with specific duties and the remuneration of non-executive directors for participating in board committees.

The medium to long-term scenario

The Group's medium- to long-term scenario will be influenced by the macroeconomic environment, ecological transition and investment needs in the Company's reference business sectors, with a particular focus on regulated water, electricity distribution and environmental business.

Leader in the regulated sectors, becoming a benchmark



Paragon of excellence and operational simplification



Leader in advancing the territory and the energy transition



Putting people at the heart of the Acea ecosystem



Major projects to significantly increase investments in regulated businesses will be implemented, with due regard for economic sustainability criteria, the development of Human Resources and engagement with the territory in which ACEA operates.

The expected industrial growth will develop in parallel with the technological development of cities and infrastructures and a lower environmental impact in terms of decarbonisation, an increased circular economy, the resilience of the electricity distribution grid and energy efficiency.

The ACEA remuneration policy is therefore a vital lever in support of the Group's medium- and long-term strategy, conceived as a factor that helps to attract and retain skills with consolidated experience in complex

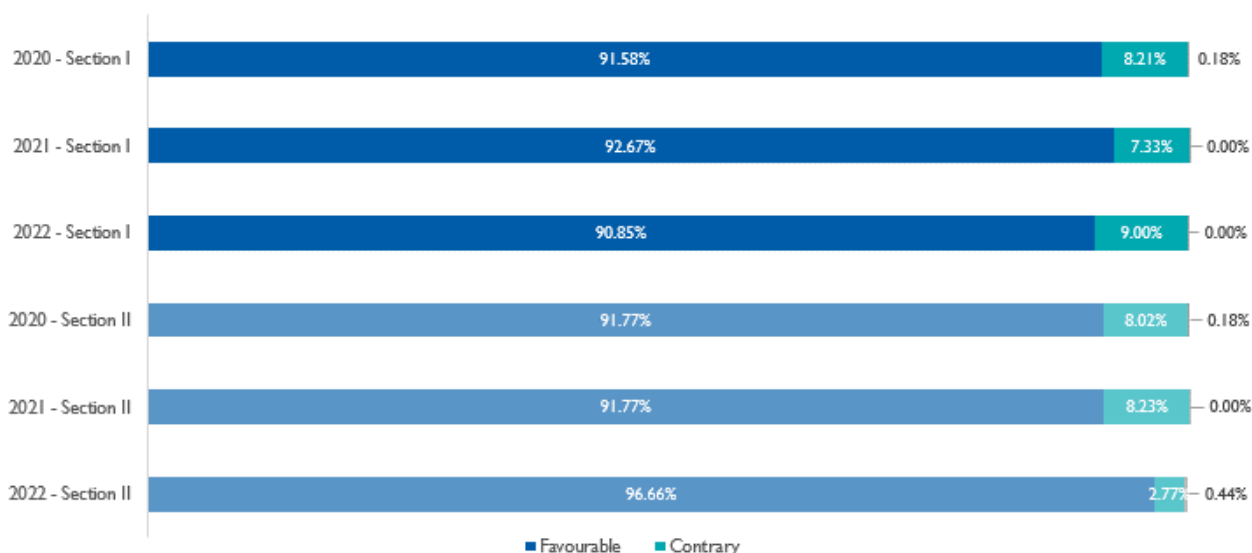
organisational environments to improve the company’s performance and create value in the medium and long term.

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

Results of voting by the shareholders’ meeting






According to what is provided for in the laws in force at the moment of the vote (art. 123-ter, paragraph 6 of the CLF), the shareholders’ meeting held on 27 April 2022, in view of the implementation of the SHRD II, held a binding vote on Section I of the 2022 Remuneration Report and a consultative vote on Section II. Below is a comparison of the votes cast in 2020, 2021 and 2022 (Sections I and II).

In developing the 2023 policy on the subject of remuneration the results and reasons underlying the votes obtained during the 2022 Shareholders' Meeting were taken into account, in order to incorporate the feedback received.



Brief overview

An overview of the 2023 remuneration policy is presented below. It should be noted that the term of office of Acea's current Board of Directors will end with the Shareholders' Meeting's approval of the financial statements as at 31 December 2022. Directors' remuneration will be determined by the Shareholders' Meeting at the time of renewal of the board. The new Board of Directors will be responsible for determining the remuneration of directors with specific duties and the remuneration of non-executive directors for participating in board committees.

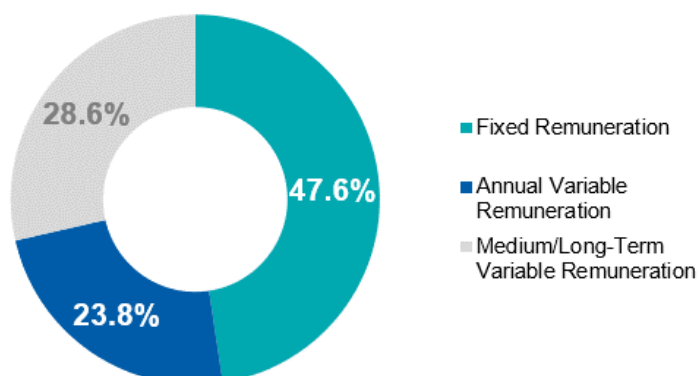
Remuneration Policy 2023			
Component	Purposes and characteristics	Implementation conditions	Amounts
 Fixed Remuneration	The fixed remuneration component is determined by the professional specialization and organizational role filled with relevant responsibilities, reflecting the technical, professional and management skills.	The conditions for its definition are based on checking the remuneration positioning through market benchmarks consistent with the characteristics of Acea and the roles assigned.	CEO: € 775,000 per year, of which: <ul style="list-style-type: none"> • € 480,000 - GAR; • € 250,000 - remuneration for position of CEO; • € 45,000 - remuneration for director* Chairperson: € 295,000 per year, of which: <ul style="list-style-type: none"> • € 250,000 - remuneration for Chairperson; • € 45,000 - remuneration for director* ESRs: remuneration determined on the basis of the complexity and responsibilities of the role within the Group
 Short-Term Variable Remuneration (MBO)	The annual variable component recognizes and rewards the objectives assigned and results achieved in correlation to the annual budget objectives and is an important motivational aspect.	KPIs: NFP (weight 30%); EBITDA (weight 30%); Net Profit (weight 30%); Composite Sustainability Objective (weight 10%).	The incentive, assigned to each beneficiary individually, is calculated as a percentage of the fixed component. CEO: Target incentive level** of 50% Chairperson: not provided for ESR: Incentive level of up to 55% of the fixed target component.
 Medium/Long-Term Variable Remuneration (LTIP)	The Medium/Long-Term variable component ensures the alignment between the Management's interests and those of the shareholders and the retention of key figures. It is aimed at respecting the economic and financial principles and the economic returns on shareholder investments, measuring the returns on the invested capital. The LTIP is divided into three three-year cycles, each starting from 2021, 2022 and 2023.	Cash pay-out for achieving predetermined targets at the end of the three-year reference period for the first two cycles of the LTIP plan already under way. KPIs: Cumulative EPS (weight 40%); NFP/EBITDA (weight 25%); NFP/Net Profit (weight 25%); Composite Sustainability Objective (weight 10%). Characteristics: Rolling plan with three-year vesting.	The incentive, assigned to each beneficiary individually, is calculated as a percentage of the fixed component. CEO: target incentive levels of 60% ESRs: The incentive, assigned to each beneficiary individually, is calculated as a percentage of the fixed component. Incentive level of up to 60% of the fixed target component.
 Non-monetary Benefits	They supplement the remuneration package in a total reward scheme through benefits primarily of a social security and welfare nature.	The conditions are defined in the national collective labour contracts and supplementary national agreements. The benefit plans do not include discretionary individual plans.	<ul style="list-style-type: none"> • Social security and welfare plans • Insurance and health plans • Company car • Accommodation allowance • Meal vouchers
 Severance	Severance packages aimed at protecting the interests of the Group, also from competition-related risks.	The Group does not currently have agreements between Acea and the Directors in office providing for indemnities in the event of resignation or unjust dismissal.	

* directors' remuneration will be determined by the Shareholders' Meeting at the time of renewal of the Board of Directors

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

Pay Mix

For the Chief Executive Officer, the Pay Mix Target shown takes into consideration the remuneration package, considering the achievement of the targets regarding the short-term variable remuneration and the target conditions of the third cycle of the 2021-2023 Long-Term Incentive Plan



Remuneration Multiple

Continuing on from previous years, the use of the remuneration multiple, which is the ratio between the remuneration of the Company Head and that of the average employee, has been confirmed for 2022 as one of the tools for monitoring the Acea remuneration policy. Based on the above analysis, Acea's remuneration multiple for the entire consolidation to date is 25.73².

The Acea Group is constantly improving its people strategy policies through participation in national and international indexes aimed at measuring policy effectiveness to increase the level of actions taken to support the business.

During the year, it participated in the GEI Bloomberg certification, an international index that measures companies' performance based on gender equality, for which it earned an above-average ranking for the utility sector. It also took part in the 2023 Top Employers certification, which analyses the HR strategies of thousands of businesses worldwide and ranked among the 131 best performing companies in Italy.

The Top Employers certification rewards excellence in HR policies and strategies and is awarded to companies that meet the high standards of the HR Best Practices Survey. Acea has been a recipient for two consecutive years. The survey examines and analyses 20 different topics and respective Best Practices in the areas of People Strategy, Work Environment, Talent Acquisition, Learning, Diversity, Equity & Inclusion, Wellbeing and many others. In 2023, a total of 2,053 Top Employers were recognised and certified in 121 countries worldwide.

The group has also adopted a Board of Directors-approved policy on Equality, Diversity & Inclusion, set up a special internal strategic committee, and was the first Italian listed multiutility to obtain UNI/PdR

² The remuneration of Acea's Head of Company for 2022 was calculated prorated for the term of office of the two CEOs. The calculation of the multiple is affected by the particular conditions of entry of the current Chief Executive Officer. In view of the short duration of the office (until the end of the Board mandate), it was not deemed appropriate to apply the short-term and long-term variable incentive instruments but to directly determine an all-inclusive fixed remuneration.

I25:2022 certification for Gender Equality. Lastly, it was included in the Financial Times' Europe's Diversity Leaders 2023, ranking among 42 Italian companies.

Correlation between remuneration, risk profile and company performance

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

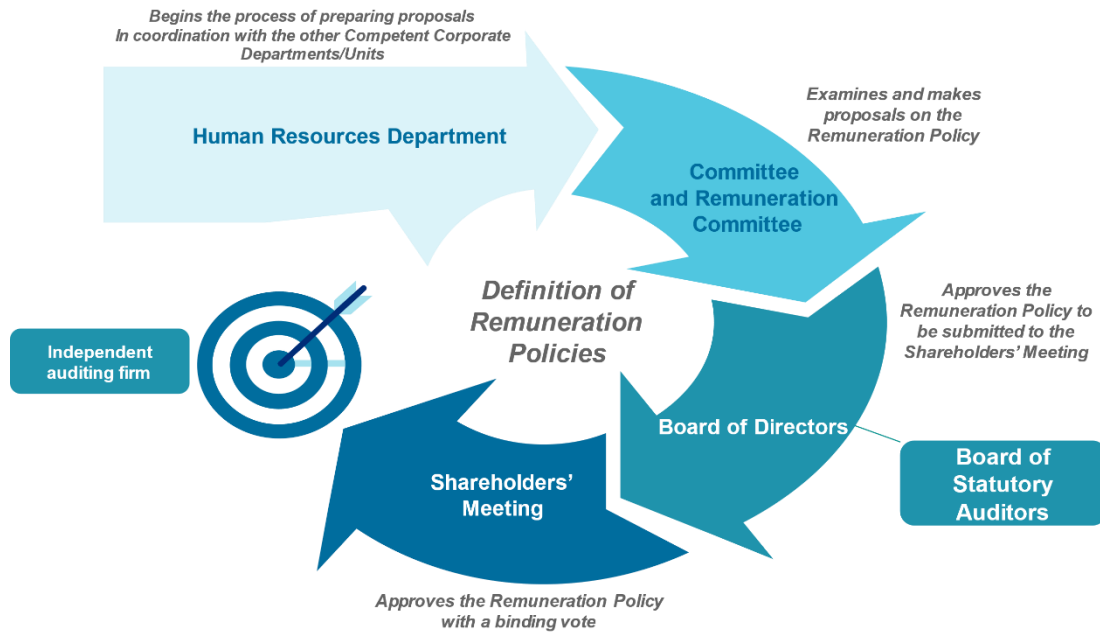
Risk mitigation elements	Variable short-term remuneration	Variable long-term remuneration
Definition of objectives consistently with the Strategic Plan	✓	✓
Provision of a cap for the variable remuneration of the Chief Executive Officer	✓	✓
Differentiation between economic and financial and sustainability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

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

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

Governance

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



SECTION I



1. Governance Model

1.1. Subjects involved in defining and approving the Remuneration Policy

The 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 enquiry 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 experience, responsibility and commitment required.

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.

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

a. The Shareholders' Meeting:

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

b. The Board of Directors:

- was appointed during the Shareholders' Meeting for the approval of the 2019 financial statements (29 May 2020);

- the current BOD, composed of 9 members, presides over the following areas of responsibility, consistently with the statutes:
 - determining the remuneration of the Chairperson, Chief Executive Officer and other Directors with specific duties, on proposal by the Appointments and Remuneration Committee, and also the remuneration due to the members of the Committees within the Board of Directors and the remuneration of the executives with strategic responsibilities;
 - unless the Shareholders' Meeting has already done so, determining the breakdown of the overall remuneration among the individual Board members;
 - unless the Shareholders' Meeting has already done so, electing the Chairperson, and also a Deputy Chairperson to replace the Chairperson in the event of absence or impediment, from among its members (art. 16 of the by-laws);
 - forming internal control and remuneration committees, appointing their members, appointing the General Manager, if required, and defining the number of executives;
 - appointing a Chief Executive Officer from among its members with delegated powers for everyday management and for any other deed they are responsible for within the limits of the law and the by-laws. The Board of Directors may also form an Executive Committee, establishing its powers. The delegated powers are conferred with the methods and for the purposes pursuant to art. 2381 of the Italian Civil Code;
 - defining the corporate governance system and structure of the Group, assessing the adequacy of the organizational, accounting and administrative set-up;
 - making the opportune assessments on the general management performance, periodically comparing the results achieved with those planned.

The current Board of Directors will remain in office until the Shareholders' Meeting for the approval of the Financial Statements at 31.12.2022. The composition of the Board in 2022 was as follows:

Composition of the Board of Directors

Michaela CASTELLI Chairperson until 14/02/23	Barbara MARINALI Chairperson until 17/02/23
Giuseppe GOLA CEO until 26/09/2022	Fabrizio PALERMO CEO since 26/09/2022
Alessandro CALTAGIRONE- Member	
Massimiliano CAPECE MINUTOLO DEL SASSO- Member	
Gabriella CHIELLINO – Member	
Liliana GODINO – Member	
Diane GALBE Member until 25/02/22	Francesca MENABUONI Member since 27/04/22
Giacomo LAROCCA – Member	
Giovanni GIANI Member until 27/06/22	Massimiliano PELLEGRINI Member since 18/07/22

The Chairperson is a non-executive, independent director.

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

The Board of Directors is also composed of five independent non-executive directors, namely Alessandro Caltagirone, Massimiliano Capece Minutolo Del Sasso, Gabriella Chiellino, Liliana Godino and Giacomo Larocca, and two non-independent non-executive directors, Francesca Menabuoni and Massimiliano Pellegrini.

c. The Chief Executive Officer

He or she informs the Appointments and Remuneration Committee on the adequacy, overall consistency and proper application of the remuneration policy for the directors and executives with strategic responsibilities.

d. The Appointments and Remuneration Committee:

Briefly, the functions of the Committee are:

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

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

In relation to what is provided for in article 2389, paragraph 3 of the Italian Civil Code, and according to the Regulation, the Appointment and Remuneration Committee consults with and makes proposals to the Board of Directors.

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

As regards its duties concerning appointment:

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

- it gives its views to the Board if the plan for the succession of the executive directors is prepared.

As regards its duties concerning remuneration:

- it periodically assesses the adequacy, overall consistency and proper application of the remuneration policy for the directors and executives with strategic responsibilities, in this latter regard using the information provided by the general managers;
- it makes proposals or gives its views to the Board on the remuneration of the executives and the other directors with specific duties, and also on setting the performance targets correlated to the variable component of their remuneration;
- it monitors the application of the decisions of the Board itself, and in particular verifies the effective achievement of the performance targets on the basis of the data provided by the competent corporate departments;
- it submits the Remuneration Report for approval by the Board, in particular the Policy for the remuneration of the directors and executives with strategic responsibilities.

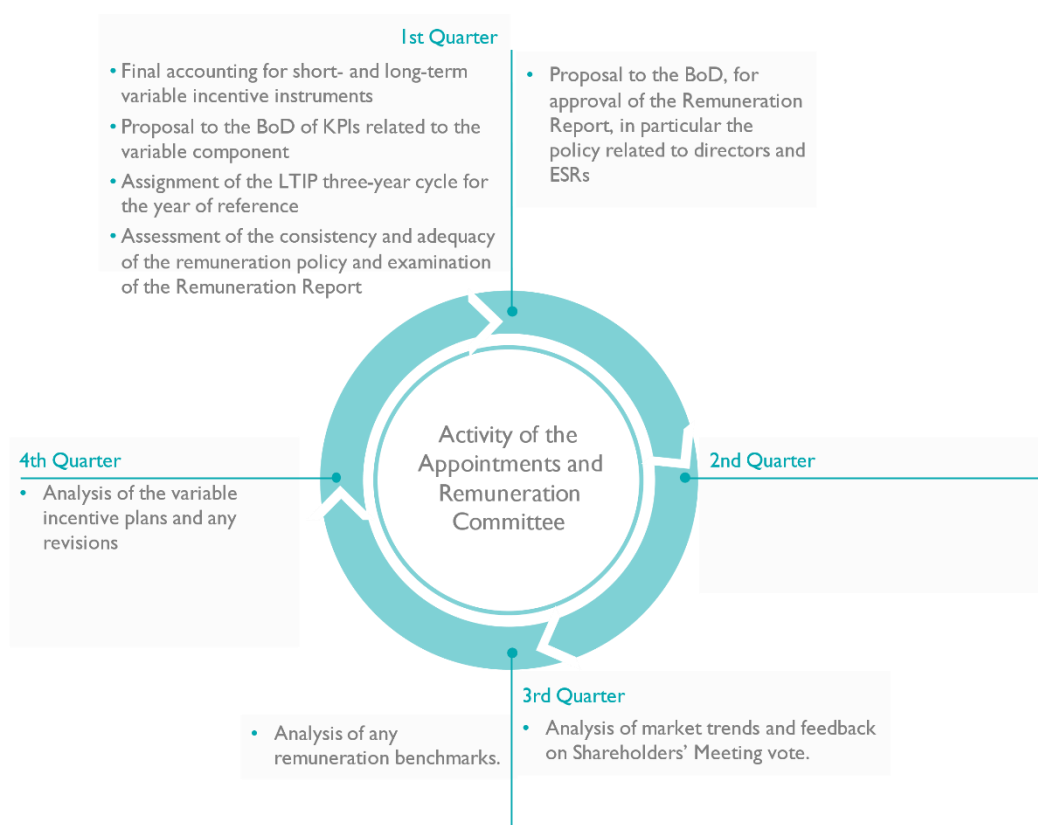
At least once a year, the Committee conducts a self-assessment of its size, composition, functioning and independence with regard to the duties provided for in its regulations.

The Committee expresses prior and non-binding views with regard to the individuals classed as having strategic responsibilities and those to be possibly attracted by the Long-Term Incentive Plan.

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

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

The Appointments and Remuneration Committee met 10 times in 2022 and has met 4 times since the beginning of 2023.



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

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

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

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

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

**Composition of the Appointments and Remuneration
Committee**

Massimiliano CAPECE MINUTOLO DEL SASSO - Chairperson	
Gabriella CHIELLINO – Member	
Liliana GODINO – Member	
Giovanni GIANI Member until 27/06/22	Massimiliano PELLEGRINI Member since 18/07/22

e. Board of Statutory Auditors

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

f. Other subjects involved

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

2. The Remuneration Policy of the Acea Group

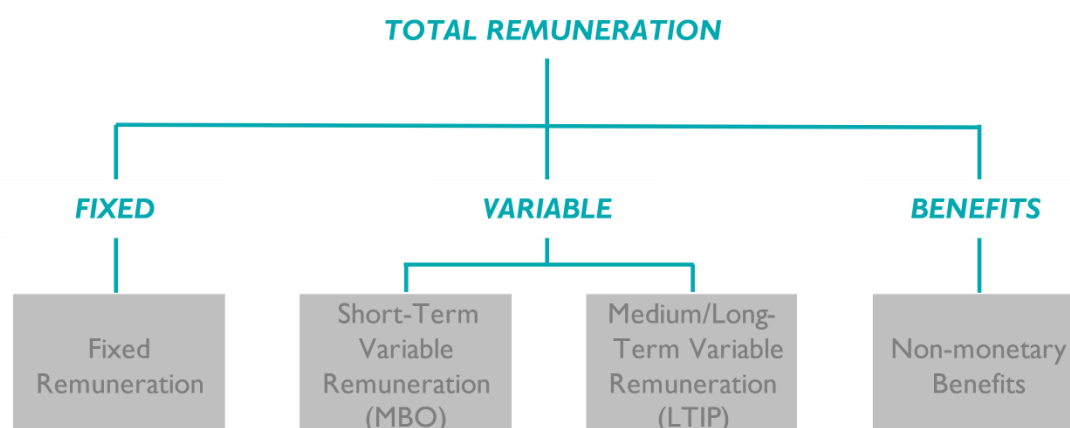
2.1. Purposes and guiding principles

The remuneration policy of the Acea Group is defined to ensure that the interests of the management team are in line with those of the shareholders, pursuing the priority objective of creating value sustainable in the medium and long-term by consolidating the link between individual and Group remuneration and performance. In addition, taking into account the recommendation pursuant to art. 5 of the Corporate Governance Code, it pursues the general purpose of attracting, retaining and motivating people with the competence and professionalism required by the role played in the Company. The Acea Group is also continuing to plan its incentive systems so that the results achieved with regard to the strategic objectives are effectively recognised, at the same time enhancing the value, social responsibility and sharing of sustainable conduct that characterises the Group as a whole, and adherence to the corporate values and personal commitment.

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

	Overseas market		Internal consistency		Weighting of the position
For checking the consistency of the company's remuneration offer, from a dual viewpoint of retention and cost limitation		Focus on internal consistency between the remuneration offer and the complexity of the position filled		Method of weighting positions with the objective of guaranteeing homogeneous and consistent remuneration comparison and analysis	

2.2. The components of remuneration



2.2.1 Fixed Remuneration

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

2.2.2 Variable remuneration

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

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

a. Variable short-term incentive plan (MBO)

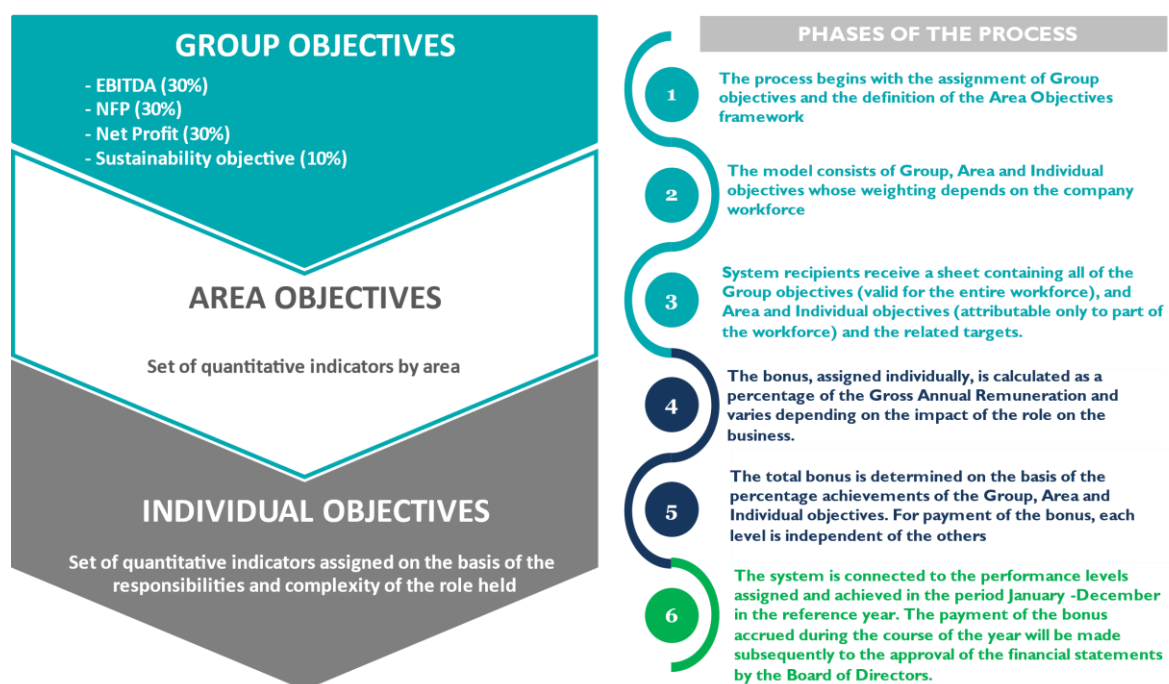
The annual incentive plan encourages the achievement of the annual budget objectives defined with a view to medium and long-term sustainability.

The MBO model consists of a series of Group objectives which are augmented with Area objectives for the Executives and individual objectives for the rest of the company population.

Group, Area and Individual objectives are characterised by differentiation of the weight of the components by “hierarchical level” — the lower the hierarchical tier, the lower the weight of the group component, accompanied by a corresponding reduction in the impact that shareholders can have on that performance.

The Managers involved in the incentive system are identified annually on the basis of Group guidelines and in line with company, business and human resources management strategies. Exception is made for Executives with Strategic Responsibilities, whose incentive system is described in this policy.

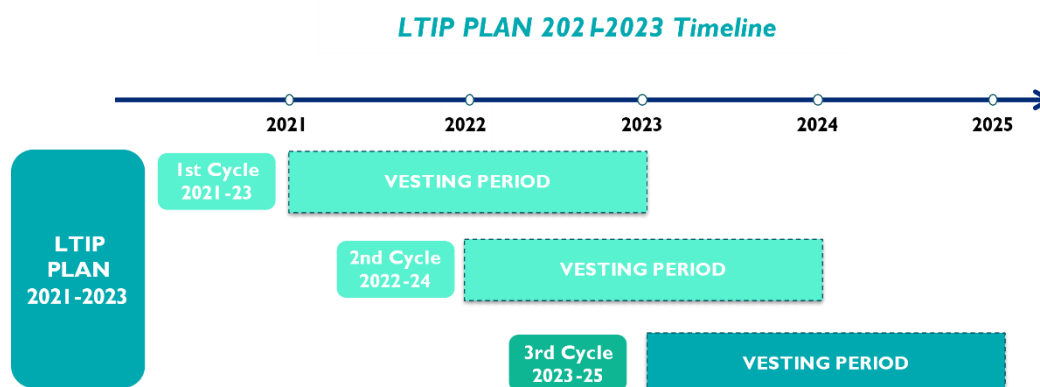
Process of assigning objectives and paying bonuses



b. Variable long-term incentive plan (LTIP)

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

The 2021-2023 Long-Term Incentive Plan is a “rolling” plan based on the assignment of three three-year cycles that provides for the payment of a cash bonus at the end of the three years (vesting period), on the basis of the achievement of the performance objectives.



The beneficiaries of the Plan for each cycle are the staff members who hold organisational positions with the greatest impact on long-term company and group results and those with strategic importance. Beneficiaries are identified during the Allocation of each cycle of the Plan and are placed in the various award categories according to percentage of recognition by the Board of Directors, subject to the opinion of the Appointments and Remuneration Committee.

The Plan's performance parameters include the use of economic and financial indicators and indicators that recognise the creation of sustainable value in the medium to long term.

2.2.3 Sustainability and remuneration

In a market context in which the connection between variable remuneration mechanisms and the achievement of social and environmental results is increasingly widespread, the Acea Group has confirmed its path of increasing the integration of sustainability in the business activities. Also for 2023 and in continuity with the past, incentive plans provide for both economic/financial objectives and objectives linked to the subject of sustainability.

The short-term variable incentive (MBO) scheme has a composite sustainability target, broken down into four indicators: (i) increased efficiency of purification plants, (ii) no. of secondary substations to be commissioned/upgraded (network digitalisation), (iii) volumes treated in circular waste management, and (iv) average customer satisfaction index for Group companies.

The first and second cycles of the 2021-2023 Long-Term Incentive Plan have already been launched. The plan's indicators include a composite sustainability target consisting of five indicators: (i) percentage change in IRI, (ii) percentage reduction in lost water resource volumes, (iii) percentage reduction in dewatered/dried sludge, (iv) reduction in the CO₂ emission intensity index in Acea Produzione, and (v) reduction in injury-related indexes.

2.2.4 Non-monetary benefits

These are aimed at supplementing the remuneration package from a total reward viewpoint through benefits that are mainly of a social security and welfare nature. There is also a so-called D&O Liability insurance policy.

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

2.3. Derogations to the remuneration policy

As an exceptional and non-recurrent measure, with the approval of the Appointments and Remuneration Committee, with regard to the Chairperson/CEO and the Executives with Strategic Responsibilities respectively, an exception may be made by the Board of Directors (for the former) and the CEO (for the latter) to the policy described previously, subject to the activation of the Procedure for Related Party Transactions adopted by the Company.

Example situations include, but are not limited to, unplanned extraordinary operations (e.g. business restructuring, reorganisation or reconversion), substantial unforeseeable external shocks, changes to the organisational, management or administrative structure of the business such to impact the economic-financial results or the creation of value in the long term, changes to the members of the appointed bodies due to non-recurring events which require the renegotiation of the remuneration package in shorter time frames, in cases when other obligations may prevent the sustainability of activities in the medium and long term. Attraction and retention actions for positions held by executives with strategic responsibilities shall also be subject to exception, so that the company can take advantage of the professionalism and expertise that will keep it on the market.

The powers of derogation may consider the size of the fixed component and the variable components in the event of the conditions described above, with a view to realigning the remuneration policy with the Company's long-term strategy.

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

In general, the remuneration components are divided into:

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

It should be noted that the term of office of Acea's current Board of Directors will end with the Shareholders' Meeting's approval of the financial statements as at 31 December 2022. Directors' remuneration will be determined by the Shareholders' Meeting at the time of renewal of the board. The new Board of Directors will be responsible for determining the remuneration of directors with specific duties and the remuneration of non-executive directors for participating in board committees.

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

3.1. Chairperson

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

For the purpose of defining the 2023 policy, a qualified external advisor (Mercer) was mandated to perform a benchmark analysis on the remuneration due to the position of non-executive Chairperson and the remuneration envisaged for the non-executive members of the Board of Directors, in comparison to a peer group of industrial companies listed on the FTSE MIB and Mid Cap indices. The peer group was selected by focusing on the complexity of governance dynamics on the one hand and Acea's size positioning on the other.

Based on the findings of the analysis, we propose that the Chairperson's remuneration package be positioned between the first quartile and the market median. The package is made up as follows:

- Annual gross fee as board member of € 45,000*;
- Gross annual remuneration for the office of Chairperson of € 250,000.

**directors' remuneration will be determined by the Shareholders' Meeting at the time of renewal the Board of Directors*

3.2. Members of the Board of Directors

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

BOARD OF DIRECTORS		Risk Control Committee (*)	Appointments and Remuneration Committee (*)	Related Party Transactions Committee (*)	Ethics and Sustainability Committee (*)	Committee for the Territory (*)
Barbara MARINALI Since 17/02/23	Chairperson					
Michaela CASTELLI Until 14/02/23	Chairperson					
Giuseppe GOLÀ Until 26/09/22	Managing Director					
Fabrizio PALERMO Since 26/09/22	Managing Director					
Alessandro CALTAGIRONE	Member					
Massimiliano CAPECE MINUTOLO DEL SASSO	Member	Member	Chairperson	Member	Member	Member
Gabriella CHIELLINO	Member		Member		Chairperson	
Diane Galbe Until 25/02/22	Member					
Giovanni GIANI Until 27/06/22	Member	Member	Member		Member	Chairperson
Liliana GODINO	Member	Chairperson	Member	Coordinator		
Giacomo LAROCCA	Member	Member		Member	Member	Member
Francesca MENABUONI Since 27/04/22	Member	Member			Member	Chairperson
Massimiliano PELLEGRINI Since 18/07/22	Member		Member			

(*) All of the members of the Committees (CRC, ARC, RPTC, ESC, TC) are independent except for Francesca Menabuoni and Massimiliano Pellegrini.

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

Board of Directors

Individual gross annual fee* of € 45,000 net of annual reimbursement of documented expenses.

Risk and Control Committee (RCR)

Gross annual fee for the Chairperson of € 30,000;
Gross annual fee for each member of € 15,000.

Appointment and Remuneration Committee (ARC)

Gross annual fee for the Chairperson of € 30,000;
Gross annual fee for each member of € 15,000.

Ethics and Sustainability Committee (ESC)

Gross annual fee for the Chairperson of € 30,000;
Gross annual fee for each member of € 15,000.

Related Party Transactions Committee (RPTC)

Gross annual fee for the Coordinator of € 30,000;
Gross annual fee for each member of € 15,000.

Committee for the Territory (CT)

Gross annual fee for the Chairperson of € 30,000;
Gross annual fee for each member of € 15,000.

*directors' remuneration will be determined by the Shareholders' Meeting at the time of renewal the Board of Directors

In line with Recommendation no. 25 of the Corporate Governance Code, the Company continues to monitor the most widespread market practices in order that the members of the bodies can develop shareholder remuneration policies and orientations that increasingly take into account the professionalism, skills and commitment required.

In consideration of the above, a qualified external advisor (Mercer) was mandated to perform a benchmark analysis on the remuneration due to the position of non-executive Chairperson and the remuneration envisaged for the non-executive members of the Board of Directors, in comparison to a peer group of industrial companies listed on the FTSE MIB and Mid Cap indices. The peer group was selected by focusing on the complexity of governance dynamics on the one hand and Acea's size positioning on the other.

* We propose that the directors' remuneration, which will be determined by the Shareholders' Meeting at the time of renewal of the Board of Directors, be aligned with the first quartile of the market.

3.3. Managing Director

During 2022, there was a change of CEO, with the consensual termination of Mr Gola's contract and the entry of Mr Palermo as the new CEO.

It became necessary to quickly renegotiate Mr Palermo's remuneration package in order to take into account not only his qualifications and proven experience in the financial management of complex company structures, but also the particular circumstance of a change in the company's top management so close to the renewal of the Board of Directors.

On 26 September 2022, the Board of Directors:

- appointed Fabrizio Palermo (co-opted as Director on the same date) as Chief Executive Officer of the Company;
- approved the economic terms and conditions of directorship positions (from 26 September 2022 until the end of the Board's term of office) for the amount of € 125,000 per month, of which € 2,166.67 as Director and € 122,833.33 pursuant to Article 2389, paragraph 3, of the Italian Civil Code, consistent with the results of the salary comparison studies performed by internal structures.

In view of the special conditions of the CEO's entry into office, with a term lasting until the expiry of the outgoing Board of Directors, it was not deemed appropriate to allocate the short-term and long-term variable incentive instruments for 2022.

For the purpose of defining the 2023 policy, a qualified external advisor (Mercer) was mandated to perform a benchmark analysis on the remuneration of the Chief Executive Officer's position in comparison to a peer group of industrial companies listed on the FTSE MIB and Mid Cap indices of similar business type and size to Acea. The peer group in question consists of the following companies: A2A, Atlantia, Fincantieri, Hera, Iren, Italgas, Maire Tecnimont, Saipem, Snam and Terna.

Based on the findings of the analysis, it was determined that the CEO's remuneration package be positioned between the first quartile and the market median.

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

3.3.1 Fixed remuneration

Based on the results of the analysis, the fixed remuneration of the CEO was broken down as follows:

- Annual gross fee as board member of € 45,000*;
- Remuneration as Chief Executive Officer of € 250,000 gross per year;
- Gross annual remuneration as Executive of € 480,000.

**directors' remuneration will be determined by the Shareholders' Meeting at the time of renewal the Board of Directors*

3.3.2 Short-term variable remuneration

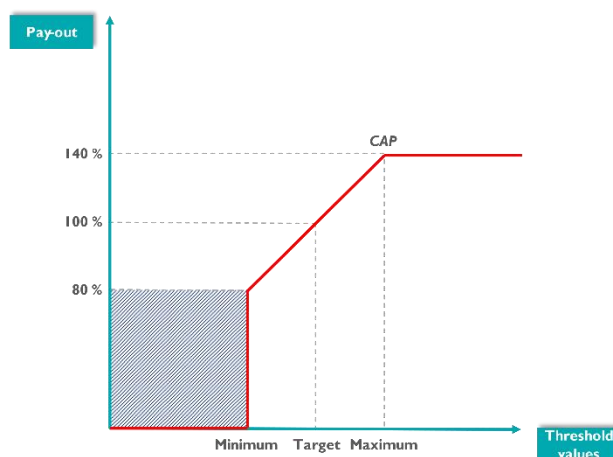
Short-term variable target-based remuneration equal to 50% of the fixed remuneration (Gross Annual Remuneration as an executive and remuneration for the position of Chief Executive Officer).

The following is a summary of how the incentive system works. It consists of Group-wide economic-financial and sustainability targets, which are assigned on the basis of the annual budget. For 2023, the underlying objectives of the plan, and their percentage weight, are the following:

OBJECTIVES	WEIGHT
NFP: Net Financial Position:	30 %
EBITDA	30 %
Net Profit (NP)	30 %
Sustainability objective	10 %
TOTAL	100 %

In line with the previous year, in 2023 the Group's objectives will include a sustainability indicator aimed at the main Business Areas of the Acea Group.

How the system operates is represented by the definition of minimum, target and maximum value thresholds for each objective, as can be seen in the graph below:



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

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

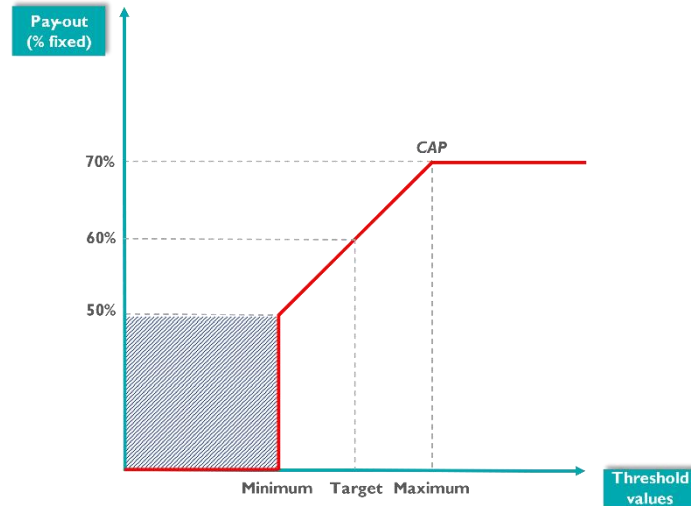
3.3.3 Medium and long-term variable remuneration (LTIP)

The portion of the remuneration package of the Chief Executive Officer regarding the long-term variable incentive is the third cycle of the 2021-2023 Long-Term Incentive Plan. The incentive target is equal to 60% of the fixed component (Gross Annual Remuneration as an executive and remuneration for the position of Chief Executive Officer).

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

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

- there is no payout below the minimum threshold;
- the overall achievement of the objectives at minimum value will give access to 50% of the fixed component;
- the overall achievement of the objectives at target value will give access to 60% of the fixed component;
- the overall achievement of the objectives at maximum value will give access to 70% of the fixed component;



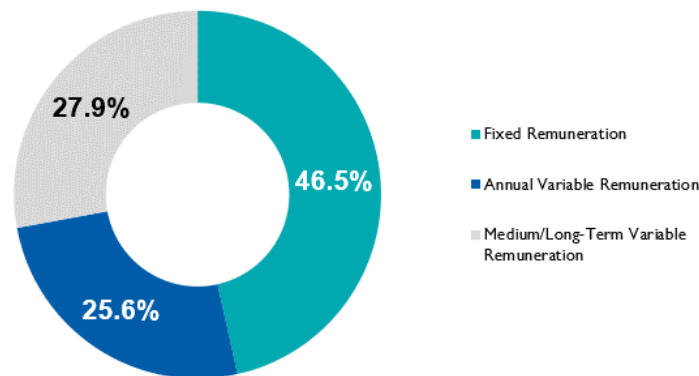
As regards the review and payment of the payout, the plan involves some weighted calculations of the achievement of the individual objectives.

3.3.4 Non-monetary benefits

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

3.4. Executives with Strategic Responsibilities

The ESR pay mix at the time of writing of this document is shown below.



The pay mix defined for Executives with Strategic Responsibilities considering the maximum target percentages is based on the achievement of the Group targets set in the annual variable incentive system (MBO) and the target conditions provided for in the third cycle of the medium/long-term variable incentive system (2021-2023 Long-Term Incentive Plan).

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

3.4.1 Fixed Remuneration

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

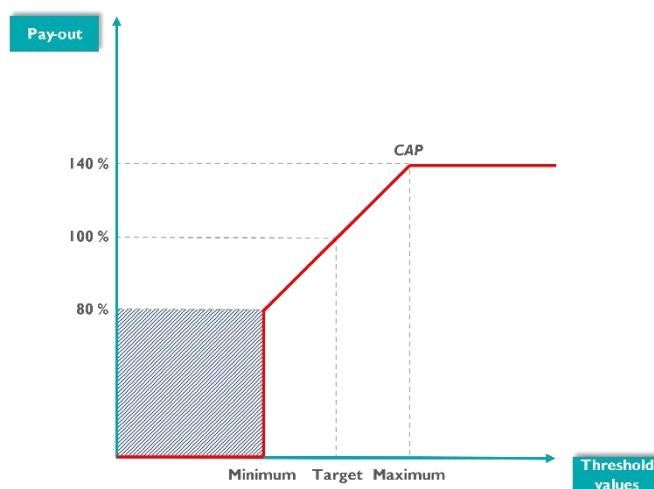
3.4.2 Variable short-term remuneration (MBO)

The amount of the annual variable remuneration (MBO) is defined as regulated by the Variable Incentive Plan in force, the “*Variable annual short-term incentive plan (MBO)*”. The incentive is assessed on the basis of the position held, up to a maximum target of 55% of gross annual remuneration.

In order to transform the strategic guidelines into concrete results, a framework has been developed to structure the Group's objectives, with the aim of providing a robust set of principles for the definition of the quantitative objectives for 2023.

The process for assigning objectives begins with the definition of Group objectives proposed by the Appointments and Remuneration Committee to the Board of Directors, which approves them, followed by the development of a series of targets by area and company, in order to ensure alignment across departments and organisations in the definition of Area's goals by the various Department Managers, reflecting impacts and interrelationships not only between goals but also between targets.

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



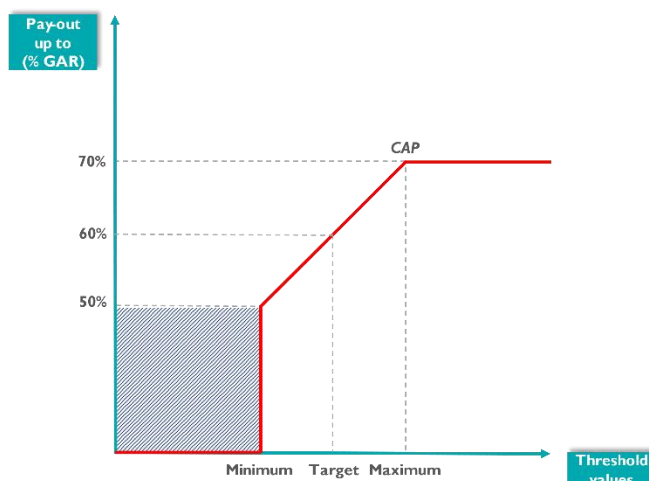
- there is no payout below the minimum threshold;
- achievement of the minimum threshold will give access to 80% of the payout for the indicator achieved;
- achievement of the target value will give access to 100% of the payout for the indicator achieved;
- achievement of the maximum threshold will give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

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

3.4.3 Medium and long-term variable remuneration (LTIP)

The 2021-2023 Long-Term Incentive Plan provides for a bonus paid on the basis of three three-year cycles, subject to the achievement of medium/long-term objectives.

The plan provides for an incentive for Executives with Strategic Responsibilities up to a maximum target level of 60% of the individual beneficiary's GAR, as better described in the figure below:



3.4.4 Non-monetary benefits

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

3.5. Board of Statutory Auditors

The Board of Auditors is composed of three standing auditors and two alternates. It was appointed by the Shareholders' Meeting on 27 April 2022 and will be in office until the shareholders' meeting for the approval of the 2024 financial statements. From analyses of the benchmarks carried out by Italian energy and utility providers, it emerged that the remuneration of the Chairperson and the members of the Board of Statutory Auditors, while being positioned at the top end of the market, is appropriate for the positions held as well as the competence, professionalism and commitment required, including in relation to attendance at board meetings and participation in internal committees, as also provided for in Recommendation no. 30 of the Corporate Governance Code. An adequate differentiation between the fee paid to the Chairperson with respect to that of the other members is also provided for. The details of the remuneration are presented in the table below:

Board of Statutory Auditors

Chairperson	€ 150,000
Standing auditor	€ 100,000

4. Parachute and Clawback clause

4.1. Resignation, dismissal and termination of contract

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

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

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

Acea has no non-competition clauses in force with regard to its Executives as of the date of this report. With respect to Executives with Strategic Responsibilities, only one person has a 12-month non-compete agreement in place, for which a fee equal to 6 months of the GAR is paid. It is possible that specific clauses in this regard may be included in the future, with reference to other subjects mentioned in this paragraph.

4.2. Clawback clauses

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

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

SECTION II



Introduction

Section II is composed of three separate parts:

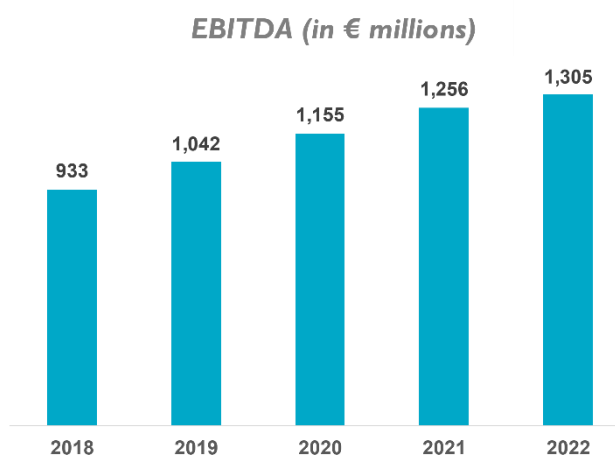
1. The first part of Section II presents the implementing framework of the Remuneration Policy as presented to the 2022 Shareholders' Meeting, the company's results, with a particular focus on the achievement of the objectives established in the plans, and the balance between the various components that comprise the remuneration package paid to the Chief Executive Officer and the Executives with Strategic Responsibilities.
2. The second part describes the items comprising the remuneration of the members of the Board of Directors (Chairperson, Chief Executive Officers, non-executive members and members of the Committees within the Board), the Board of Statutory Auditors and the Executives with Strategic Responsibilities, giving proof of their compliance with the remuneration policy approved by the Shareholders' Meeting.
3. The third part analyses the remuneration paid out in 2022, in compliance with the tables contained in the Issuer Regulations (Appendix 3A - Table 7-bis), for the members of the administration and control bodies, in individual terms, and for the Executives with Strategic Responsibilities, in aggregate terms.

These components of remuneration (fixed and variable components and non-monetary benefits) have been paid according to a criterion of competence, in relation to the effective period spent in the role and consistently with the reference Remuneration Policy. Furthermore, they are in line with the Remuneration Policy last approved by the Shareholders' Meeting on 27 April 2022 and the resolutions of the Board of Directors during the business year in question.

Executive summary – Section II

Results, context and application of the 2022 Remuneration Policy

EBITDA in 2022 shows a compound annual growth of about 4% and an approximately 40% change between 2018 and 2022.



During the last board mandate, average gross annual remuneration — based on full-time employees other than those whose remuneration is shown by name in this Report and in the ESRs — underwent a slight increase (approximately 2% between 2021 and 2022).

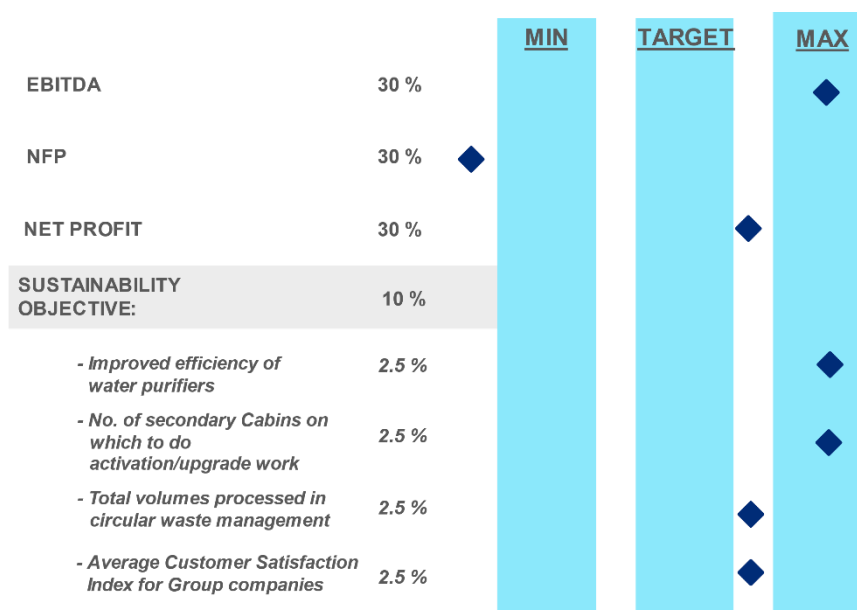
As regards the trend of changes in the total remuneration between 2022 and 2021 of each of the people for whom the information is provided by name we can present the following:

- for the Chairperson we can report no changes regarding the remuneration package;
- for the Chief Executive Officer, a trend of change in total remuneration is not available due to the change in appointee.

2022 Results

Short-Term Incentive Plan

The following table indicates the level of achievement of each objective:

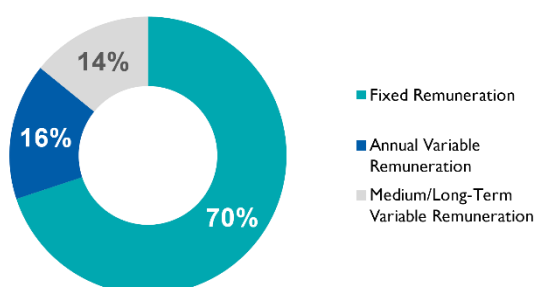


On proposal by the Appointments and Remuneration Committee, the Board of Directors thus verified that the group objectives had been achieved by 84.61%.

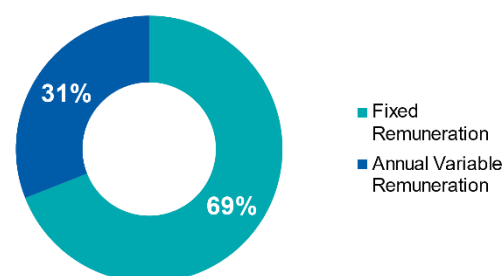
Balancing of remuneration package

The components (as percentages) actually paid to the CEO (with reference to the two CEOs in office during 2022) and to the Executives with Strategic Responsibilities are shown below.

ACTUAL PAY MIX - CEO



ACTUAL PAY MIX - ESRs



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

1.1. Chairperson

The Chairperson has a remuneration package divided as follows:

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

1.2. Chief Executive Officer: Fixed remuneration, short- and medium-term variable remuneration (LTIP)

On 26 September 2022, Acea's Board of Directors reached an agreement for the consensual termination of relations with Giuseppe Gola, who, on that date, resigned from the positions of Director, Chief Executive Officer and Director of Business Development Strategies, Production and Overseas Department and renounced all delegations and powers granted him and any other position held on behalf of the Company and/or the Group.

This agreement is consistent with the provisions of the Remuneration Policy approved by the Shareholders' Meeting 2022 and the Executive Exodus Management Policy, approved by the Board of Directors with Resolution no. 33 on 21 December 2011, which makes reference to the National Collective Bargaining Agreement for Executives of Public Utilities Companies.

As regards the CEO, on 26 September 2022, the Board of Directors appointed, by co-optation, under the terms of Art. 2386 of the Italian Civil Code and Art. 15 of the By-Laws, on the proposal of the Appointments and Remuneration Committee and with a resolution approved by the Board of Statutory Auditors, Fabrizio Palermo as a new Director of the Company and Chief Executive Officer of Acea.

1.2.1 Fixed Remuneration

With reference to the CEO Mr Gola resigning on 26 September 2022, the remuneration package was composed as follows:

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

This package was received for the term in office.

In addition to severance pay, Mr Gola received a sum of € 2,406,607, paid up front, as a voluntary redundancy payment and a general and novation settlement.

The Chief Executive Officer, appointed on 26 September 2022, received remuneration equal to € 125,000 per month, of which € 2,166.67 as Director and € 122,833.33 pursuant to Article 2389, Section 3 of the Italian Civil Code for the period of the term of office.

1.2.2 Short- and medium-term variable remuneration

The Company also committed to pay Mr Gola the amount for the 2022 MBO — equal to the gross sum of € 172,500 — and the amount for the 2021 and 2022 LTI — equal to the gross sum of € 153,333 — no later than May 2023.

1.2.3 Non-monetary benefits

Mr Gola received a non-monetary benefits package for his term of office, amounting to € 10,585 (on a taxable basis).

1.3. Directors

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

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

1.4. Board of Statutory Auditors

In 2022, the Chairperson of the Board of Statutory Auditors of Acea received gross remuneration amounting to € 150,000, as shown in Table I.

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

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

1.5. Executives with Strategic Responsibilities

The Executives with Strategic Responsibilities received, at the aggregate level, a gross annual fixed fee of € 581.679

The total target-based value of the annual bonus for 2022 is estimated at € 282,423.

On the basis of the final calculation of the targets, the annual bonus for 2022 is € 261,113.

The total value of the package of non-monetary benefits (according to a criterion of taxability) assigned in 2022 to the Executives with Strategic Responsibilities is € 29,957 at the aggregate level.

Exceptions approved in 2022

On 26 September 2022, in the light of the termination of the contract with Mr Gola, the Board of Directors appointed, by co-optation, under the terms of Art. 2386 of the Italian Civil Code and Art. 15 of the By-Laws, on the proposal of the Appointments and Remuneration Committee and with a resolution approved by the Board of Statutory Auditors, Fabrizio Palermo as a new Director of the Company and Chief Executive Officer of Acea.

Following a preliminary investigation by the Appointments and Remuneration Committee, the Board of Directors implemented an exception to the remuneration policy expressed and approved in the 2022 Report on the Remuneration Policy and fees paid in 2021, since there was a need to quickly negotiate a remuneration package for the new CEO, given the goal of pursuing the Group's strategic targets and the high level of experience and expertise that Mr. Palermo can bring to achieving such aims.

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

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
Michaela Castelli	<i>Chairperson</i>	01/01/2022 31/12/2022	Approval of the 2022 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 276,000						€ 276,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 276,000						€ 276,000		
Notes - resigned on 14/02/2023				(I) Amount including the gross annual fee for the position of Chairperson (€ 250,000) and for that of member of the BoD (€ 26,000)								

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
Giuseppe Gola	CEO - Business Development Strategy and Overseas Production Department Manager	01/01/2022 26/09/2022	Approval of the 2022 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 358,614		€ 325,833		€ 10,585		€ 695,032		€ 2,460,607
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 358,614		€ 325,833		€ 10,585		€ 695,032		€ 2,460,607
Notes - Consensual termination on 26/09/2023				(I) Amount including the pro-rated gross annual remuneration for the position of Chief Executive Officer (€ 110,000), executive (€ 350,000) and BoD member (€ 26,000)		Total amount of the short-term variable incentive as Executive (MBO) and as CEO of €172,500 and the 2021 and 2022 LTI of € 153,333		Only the taxable portion of non-monetary benefits given				

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
Fabrizio Palermo	<i>Managing Director</i>	26/09/2022 31/12/2022	Approval of the 2022 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 399,038						€ 399,038		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 399,038						€ 399,038		
				(I) Amount inclusive of the monthly remuneration for the position of Chief Executive Officer and the pro-rated gross annual remuneration as member of the Board of Directors (€ 26,000)								

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair Value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
Gabriella Chiellino	Director	01/01/2022 31/12/2022	Approval of the 2022 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 26,000	€ 45,000					€ 71,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 26,000	€ 45,000					€ 71,000		
Notes				Total amount of gross annual remuneration as member of the BoD	Remuneration as ESC Chairperson and member of ARC							

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair Value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
Massimiliano Capece Minutolo Del Sasso	Director	01/01/2022 31/12/2022	Approval of the 2022 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 26,000	€ 93,205					€ 119,205		
(II) Remuneration from subsidiaries and associates				€ 32,400						€ 32,400		
(III) Total				€ 58,400	€ 93,205					€ 151,605		
Notes				(I) Total amount of gross annual remuneration as member of the BoD (II) Total amount of gross annual remuneration as Director of ENERGIA S.p.A.	Remuneration as ARC Chairperson and member of the CRC, ESC and RPTC							

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
Liliana Godino	Director	01/01/2022 31/12/2022	Approval of the 2022 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 26,000	€ 74,615					€ 100,615		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 26,000	€ 74,615					€ 100,615		
Notes				Total amount of gross annual remuneration as member of the BoD	Remuneration as CRC Chairperson, member of ARC and RPT Coordinator							

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
Giovanni Larocca	Director	01/01/2022 31/12/2022	Approval of the 2022 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 26,000	€ 63,205					€ 89,205		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 26,000	€ 63,205					€ 89,205		
Notes				Total amount of gross annual remuneration as member of the BoD	Remuneration as member of the CRC, ESC, TC and RPTC							

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

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
Galbe Diane	<i>Director</i>	01/01/2022 25/02/2022	Approval of the 2022 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 4,000						€ 4,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 4,000						€ 4,000		
Notes - resigned on 25/02/2022				Total pro-rated gross annual remuneration as member of the BoD								

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
Francesca Menabuoni	<i>Director</i>	27/04/2022 31/12/2022	Approval of the 2022 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 17,583	€ 27,308					€ 44,891		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 17,583	€ 27,308					€ 44,891		
Notes				Total pro-rated gross annual remuneration as member of the BoD	Remuneration as TC Chairperson and member of the CRC and ESC							

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
Giovanni Giani	Director	01/01/2022 27/06/2022	Approval of the 2022 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 12,750	€ 36,779					€ 49,529		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 12,750	€ 36,779					€ 49,529		
Notes - resigned on 27/06/2022				Total pro-rated gross annual remuneration as member of the BoD	Remuneration as member of the ARC, CRC and ESC Remuneration as TC Chairperson							

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
Massimiliano Pellegrini	Director	18/07/2022 31/12/2022	Approval of the 2022 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 11,812	€ 6,815					€ 18,627		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 11,812	€ 6,815					€ 18,627		
Notes				Total pro-rated gross annual remuneration as member of the BoD	Remuneration as member of ARC							

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
Maurizio Lauri	Chairperson Board of Auditors	01/01/2022 31/12/2022	Approval 2024 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 150,000						€ 150,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 150,000						€ 150,000		
Notes - Renewal of appointment as Chairperson of the Board of Statutory Auditors on 27/04/2022				Amount including annual remuneration for the position of Chairperson of the Board of Statutory Auditors								

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
Pina Murè	<i>Auditor</i>	01/01/2022 27/04/2022	Approval 2021 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 32,372						€ 32,372		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 32,372						€ 32,372		
Notes				Amount inclusive of pro-rated gross annual remuneration for the position of Statutory Auditor (€ 100,000)								

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
Maria Francesca Talamonti	<i>Auditor</i>	01/01/2022 27/04/2022	Approval 2021 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 32,372						€ 32,372		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 32,372						€ 32,372		
Notes				Amount inclusive of pro-rated gross annual remuneration for the position of Statutory Auditor (€ 100,000)								

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
Claudia Capuano	<i>Auditor</i>	27/04/2022 31/12/2022	Approval 2024 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 67,857						€ 67,857		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 67,857						€ 67,857		
Notes				Amount inclusive of pro-rated gross annual remuneration for the position of Statutory Auditor (€ 100,000)								

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
Leonardo Quagliata	<i>Auditor</i>	27/04/2022 31/12/2022	Approval 2024 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 67,857						€ 67,857		
(II) Remuneration from subsidiaries and associates				€ 45,000						€ 45,000		
(III) Total				€ 112,857						€ 112,857		
Notes				(I) Amount inclusive of pro-rated gross annual remuneration for the position of Statutory Auditor (€ 100,000). (II) Total gross annual remuneration as Chairperson of the Board of Statutory Auditors of Acea Produzione S.p.A. and Sarnese Vesuviano S.r.l.								

Name and Surname	Position	Term in position	End of term	Fixed remuneration	Remuneration for membership of Committees	Variable non-equity remuneration		Non-monetary Benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnities for resignation or termination of contract
						Bonuses and other incentives	Share of the profits					
No. 2	<i>Executives with Strategic Responsibilities</i>	01/01/2022 31/12/2022	Continuing contract									
(I) Remuneration in the company preparing the financial statements				€ 581,679		€ 261,113		€ 29,957		€ 872,748		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 581,679		€ 261,113		€ 29,957		€ 872,748		
Notes						Total amount of the short-term variable incentive (MBO)		Only the taxable portion of non-monetary benefits given				

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

Surname and name	Position	Plan	Bonus for the year			Bonuses for previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
Giuseppe Gola	CEO - Business Development Strategy and Overseas Production Department Manager		(A)	(B)	(C)	(A)	(B)	(C)	
			Payable / Paid	Deferred	Deferment period	No longer payable	Payable/Paid	Still Deferred	
Remuneration in the company preparing the financial statements	MBO Short-term annual incentive plan		€ 172,500	-	-	-	-	-	-
	LTIP Medium-long-term triennial incentive plan		€ 153,333	-	-	-	-	-	-
	-		-	-	-	-	-	-	-
Remuneration from subsidiaries and associates	-		-	-	-	-	-	-	-
	-		-	-	-	-	-	-	-
Total			€ 325,833	-	-	-	-	-	-

Surname and name	Position	Plan	Bonus for the year			Bonuses for previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
2 in total	<i>Executives with Strategic Responsibilities</i>		(A)	(B)	(C)	(A)	(B)	(C)	
			Payable / Paid	Deferred	Deferment period	No longer payable	Payable/Paid	Still Deferred	
Remuneration in the company preparing the financial statements	MBO Short-term annual incentive plan		€ 261,113	-	-	-	-	-	-
	LTIP Medium-long-term triennial incentive plan		-	-	-	-	-	-	-
	-		-	-	-	-	-	-	-
Remuneration from subsidiaries and associates	-		-	-	-	-	-	-	-
	-		-	-	-	-	-	-	-
Total			€ 261,113	-	-	-	-	-	-

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

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

SURNAME AND NAME	POSITION	INVESTEES COMPANY	NUMBER OF SHARES OWNED AT 31/12/2021	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES OWNED AT 26/09/2022
Giuseppe Gola	CEO - Business Development Strategy and Overseas Production Department Manager	ACEA S.p.A.	No. 4,000	None	None	No. 8,000

Table 2: Holdings of the other Executives with Strategic Responsibilities

NUMBER OF EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	INVESTEES COMPANY	NUMBER OF SHARES OWNED AT 31/12/2021	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES OWNED AT 31/12/2022
None	-	-	-	-	-

GLOSSARY

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

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

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

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

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

MBO – Management By Objectives: indicates the variable annual remuneration component awarded for the achievement of predefined annual objectives;

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

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

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

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

TARGET: indicates the level of achievement of the objective that allow to obtain 100% of the defined payout;

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

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

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