



**Views of the Board of Directors of Acea to the Shareholders on
the dimensions and composition of the New Board of
Directors
8 March 2023**

Introduction

In compliance with the recommendations of the Corporate Governance Code, in light of the renewal of the corporate bodies, the Board of Directors of Acea, after hearing from the Appointments and Remuneration Committee and taking into account the positive results of the self-assessment for financial year 2022, has prepared its views on the future size and composition of the administrative body to be submitted to shareholders at the Shareholders' Meeting convened for 18 April 2023.

Business context

Today, Acea is one of the leading Italian multi-utility companies. Listed on the stock exchange since 1999, it operates in the management and development of networks and services in the water, energy and environment sectors.

Initial considerations

The Board of Directors suggests, in the first instance, to take into due consideration — in line with the governance rules and the restrictions of the Articles of Association — adequate continuity in the composition of the various skills and/or of the Body itself so as to preserve the wealth of knowledge and know-how and continue the current phase of strengthening and developing Acea in a circular manner and supporting its business structure.

Dimensions of the Board of Directors

The Board of Directors believes that, despite approving of the current number of nine Directors given that, in the current situation, it corresponds to the maximum number envisaged by the current Articles of Association, the efficiency of the board committee proceedings in support of the administrative body could be improved by a more effective distribution of tasks, where an increase in the number of directors is envisaged (especially regarding the independent component). Furthermore, an increase in the number of directors could facilitate better operations of the Related Party Transactions Committee given the strict internal rules adopted by Acea on transactions with related parties.

Composition of the Board of Directors

Considering the business situation outlined above, an optimal composition of the Board of Directors requires profiles that can not only manage a company listed on the stock exchange, with a structured organisation and present in various business sectors (regulated and market), but also to guarantee the optimal governance of processes during the technological and industrial transformation.

The composition of the Board must also take into account the current and prospective requirements of Acea and the need to maintain a significant presence of independent Directors in accordance with gender diversity and guaranteeing a high level of professionalism and seniority.

The mix of expertise on the Board should be well balanced and strengthened by knowledge of Acea's business, considering its complexity and the size of the Group.

Relevant characteristics of each Director:

The outgoing Board believes it is appropriate for the candidates proposed by the shareholders to:

- be figures with a managerial and/or professional and/or academic background such as to realise a mix of skills and experience that are different but complementary to each other, in consideration of the various sectors of business Acea operates in (regulated and market);
- have experience of Board of Directors in companies, preferably listed on the stock exchange, of similar dimensions and/or complexity to Acea;
- be in possession of skills enabling them to participate effectively in the work of the Board of Directors and the various Committees within the Board.

The Board should also be in possession, in overall terms, of a high level of orientation towards strategies and results in respect of the principles of proper corporate and business management, and also skills regarding the governance of risks, in a corporate and regulatory framework, the economic and financial context and the financial statements, the structure and development of corporate governance processes and systems in listed companies, the topics of sustainability and social responsibility.

Should there be a change to the composition, consideration could be given to enrich the existing mix of expertise with profiles that could further contribute, among other things, with experience:

- in Acea's business sector;

- in administrative bodies of listed companies of a similar size and/or complexity to Acea;
- in an international context;
- in strategy and ESG;
- in cybersecurity/technology.

In addition to the relevant characteristics for all directors, it is considered appropriate for **the Chair** to have:

- authority and standing when representing all Shareholders independently;
- experience in listed companies in an industrial context, so that – from previous experience in leading Boards of Directors – it is possible to guarantee the proper functioning of the administrative body, including in terms of ability to organise board proceedings, circulate information, coordinate the various corporate bodies (Board of Statutory Auditors and Committees) and coordinate these bodies with management;
- specific knowledge of corporate governance issues.

In addition to the relevant characteristics for all directors, also considering the ongoing transformation of Acea, it is considered appropriate for **the Chief Executive Officer** to have:

- experience as the Chief Executive Officer of a company of similar size and/or complexity to Acea, having achieved significant economic and financial results;
- adequate economic and financial skills;
- experience in the management of relations with national and international investors and high credibility and authority on the market;
- specific know-how of the relevant business sectors of Acea;
- integrity, consistency and independence of his/her system of values.

With regard to the relationship between the Chair and the Chief Executive Officer, the need for the two figures to be constructive and complementary to each other to ensure the effective functioning of the Board and, more generally, the governance of the Company, should be taken into account.

Availability of time

All candidate Directors, including non-executive ones, when accepting their candidacy, should have assured the Shareholders recommending them the availability of time required to fully and diligently perform the responsibilities assigned to them. For the sake of information, the following meetings were held in 2022: 15 by the Board of Directors, 10 by the Control and Risk Committee, 11 by the Related Party Transactions Committee, 11 by the Appointments and Remuneration Committee, 8 by the Ethics and Sustainability Committee and 8 by the Committee for the Region.

Views of the Board of Directors on the maximum number of offices held by Directors

Upon the proposal of the Appointments Committee, the Board of Directors approved the guidance on the maximum number of offices held by Directors.