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**REPORT ON THE REMUNERATION POLICY  
AND ON THE REMUNERATION  
PAID  
2024**

*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 Chairman of the Appointments and Remuneration Committee, together with the Directors Angelo Piazza, Patrizia Rutigliano and Nathalie Tocci, I am pleased to present the Remuneration Policy of Acea S.p.A. Group for the year 2024, approved by the Board of Directors on 5 March 2024 and drafted pursuant to articles 123-ter of the TUF and 84-quater of the Issuers Regulation and in compliance with the principles of EU Directive 2017/828 - SRD II.

Our Remuneration Policy has been drawn up with the aim of creating value in the medium to long term, promoting fairness and sustainability, including through application of a remuneration system that ensures bonuses are aligned with the value created for the collective in response to the demands of our stakeholders.

Examples of this include the adoption of transparent communication and the continuous alignment of the relevant key elements with market best practices.

For the current year, these include further strengthening of sustainability objectives in the short- and long-term incentive systems, which complement economic and financial objectives, with increased value compared to the previous year, and the adoption of KPIs that ensure a constant focus on gender issues.

With particular reference to the variable long-term incentive, the minimum and maximum bonus levels were also rebalanced, to ensure remuneration policy is competitive in relation to the reference market and to reward achievement of the challenging goals that the company sets.

In addition, this report was drafted taking into consideration the analysis of market demands, and the level of disclosure was strengthened, with particular reference to the level of achievement of economic and financial objectives and sustainability of incentive systems.

This is all set out with an awareness that the remuneration policy is not merely a matter of formal compliance and observance of law, which the Group fully adheres to, but that it truly represents a strategic direction for the Group in the creation of overall value.

On behalf of myself and the other Directors, I thank you in advance for your support and observance of the policies defined for 2024.

*Massimiliano Capecce Minutolo Del Sasso*

*Chairperson of the Appointments and Remuneration Committee*

## Introduction

This document describes the Remuneration Policy adopted by the Acea Group for 2024 (“**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 Responsibilities<sup>1</sup>, 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 2024, 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 2023 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 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,

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<sup>1</sup>“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 roles considered Executives with Strategic Responsibilities, in addition to the Chief Executive Officer/General Manager, are: 1) Deputy General Manager Operations and 2) Deputy General Manager Corporate.

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 5 March 2024.

The First and Second Sections will be submitted to the Shareholders’ Meeting to be held on 12 April 2024.

## Executive summary

Through its remuneration policy, the Acea Group seeks to attract, motivate and retain individuals who, due to their technical and managerial skills and their differing profiles in terms of gender and experience, are key to the success of the company.

The remuneration policy reflects and supports the Group's strategy and values, with its commitment to creating long-term sustainable value for all stakeholders.

The following section provides an overview of the remuneration policy applicable in 2024. Figures concerning voting by the shareholders' meeting for the approval of the most recent Remuneration Reports and the remuneration multiple are also included. Details are also provided of how the remuneration policy supports mitigation the various risk factors.

## Brief overview

An overview of the 2024 remuneration policy is presented below.

Remuneration Policy 2024			
Component	Purposes and characteristics	Implementation conditions	Amounts
<b>Fixed Remuneration</b>	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.	<p><b>CEO/GM:</b> € 775,000 per year, of which:</p> <ul style="list-style-type: none"> <li>• € 480,000 - GAR;</li> <li>• € 250,000 - remuneration for position of CEO;</li> <li>• € 45,000 - remuneration for director</li> </ul> <p><b>Chairperson:</b> € 295,000 per year, of which:</p> <ul style="list-style-type: none"> <li>• € 250,000 - remuneration for Chairperson;</li> <li>• € 45,000 - remuneration for director</li> </ul> <p><b>ESRs:</b> remuneration determined on the basis of the complexity and responsibilities of the role within the Group</p>
<b>Short-Term Variable Remuneration (MBO)</b>	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.	<b>KPI MBO 2024:</b> EBITDA (weight 30%); NFP (weight 25%); Net Profit (weight 25%); Composite Sustainability Objective (weight 20%).	<p>The incentive, assigned to each beneficiary individually, is calculated as a percentage of the fixed component.</p> <p><b>CEO/GM:</b> Target incentive level of 50%</p> <p><b>Chairperson:</b> not provided for</p> <p><b>ESRs:</b> Incentive level of up to 55% of the target</p>

<p><b>Medium/Long-Term Variable Remuneration (LTIP)</b></p>	<p>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-financial and sustainability 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 2024, 2025 and 2026.</p>	<p>Payment of an amount in cash based on the achievement of set objectives at the end of the reference three-year period.  <b>KPI LTIP 1st Cycle 2024-26:</b> Cumulative EPS (weight 30%); Cumulative Regulated CAPEX (weight 25%); NFP/EBITDA (weight 25%); Composite Sustainability Objective (weight 20%).  <b>Characteristics:</b> Rolling monetary plan with three-year vesting period.</p>	<p>The incentive, assigned to each beneficiary individually, is calculated as a percentage of the fixed component.  <b>CEO/GM:</b> target incentive levels of 60%  <b>ESRs:</b> The incentive, assigned to each beneficiary individually, is calculated as a percentage of the fixed component. Incentive level of up to 60% of the target</p>
<p><b>Non-monetary Benefits</b></p>	<p>They supplement the remuneration package in a total reward scheme through benefits primarily of a social security and welfare nature.</p>	<p>The conditions are defined in the national collective labour contracts and supplementary national agreements. The benefit plans do not include discretionary individual plans.</p>	<p>Chairperson: company car, D&amp;O liability policy, health plans  CEO/GM and ESRs: D&amp;O liability, welfare plans, insurance and health plans, company car, and accommodation and meal vouchers</p>
<p><b>Severance</b></p>	<p>Remuneration in the event of termination of employment due to dismissal/revocation without just cause or non-reappointment to corporate office, aimed at protecting the interests of the Group and avoiding litigation</p>	<p><b>For the CEO/GM:</b> In the event of withdrawal from the position of CEO before the natural expiry of the term of office, in the absence of just cause, and/or termination of employment by Acea, again in the absence of just cause, the payment to the CEO/GM of a total amount equal to 30 months' worth of gross salary is applicable, to be understood as replacing the provisions of collective bargaining in the event of dismissal and to be calculated on the basis of the remuneration due both as CEO and as GM, provided that both the employment relationship and the appointment to said office are terminated at the same time. In the event that, at the natural expiry of the term of office, the CEO is not reappointed, they will have the right to terminate the employment relationship, within 15 days of the appointment of the new CEO, receiving a gross amount equal to 30 months' worth of salary payments, calculated taking as a reference only the remuneration due for the executive position.  <b>For ESRs:</b> up to a maximum of 18 months' worth of fixed and variable remuneration as a supplementary bonus in addition to the pay-in-lieu-of-notice facility, in line with the Group Executive Exodus Management Policy.</p>	



## ***The medium to long-term outlook***

The Group's medium- to long-term outlook 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.

## ***Sustainability and remuneration***

Acea defines its sustainability model making reference to Agenda 2030 for sustainable development, adopted by the UN Assembly since 2015. This is a globally shared action plan to foster development potential and wellbeing of individuals in harmony with the environment and its resources, making it possible to guarantee shared, long-term progress.

In a market context in which there is an increasingly widespread connection between variable remuneration mechanisms and the achievement of social and environmental results, the Acea Group has confirmed its path of increasing the integration of sustainability into business activities, adopted over the years, also by strengthening of its own commitment.

This aim is also implemented through Group incentive plans, with a significant increase in 2024 of the importance placed on sustainability aspects—both in the short-term and long-term incentive plans—in relation to other economic and financial objectives contained.

The short-term variable incentive (MBO) scheme and the first cycle of the 2024-2026 Long-Term Incentive Plan have a composite sustainability objective, broken down into the following indicators:

2024 MBO Plan	2024-2026 Long-Term Incentive Plan
<b>COMPOSITE SUSTAINABILITY OBJECTIVE</b>	<b>COMPOSITE SUSTAINABILITY OBJECTIVE</b>
PEOPLE: Reduction of Accident Frequency Index	PEOPLE: Equal representation of genders in Acea managerial bodies
WATER: Optimisation of sewage and water treatment through measures aimed at strengthening and decommissioning/centralisation of plants	WATER: Reduction in % water leaks (on volumes issued) compared to the base-year value
ELECTRICITY: Increase in remote control of MV secondary cabins	WATER/ENVIRONMENT: Reduction in production of sludge compared to the base-year value
ENVIRONMENT: Increase in MWh produced from biogas (environmental area renewable source)	ENERGY EFFICIENCY: Energy-efficiency measures by Acea Ato2, Areti, Gori, Acea Ato5 and ADF (cumulative GWh with increased efficiency 2024-2026)

## Remuneration and Working Conditions

For every organisation people represent a fundamental asset to remain competitive in a changing economic and social context. Acea listens to the needs of its people and develops a People Strategy, structured into initiatives. The Acea Group strongly believes in the development of human capital as a primary business driver. The company annually monitors employee working conditions in order to ensure the remuneration policy is consistent at all levels of the organisation. On this basis, the Company adopts these core HR initiatives:

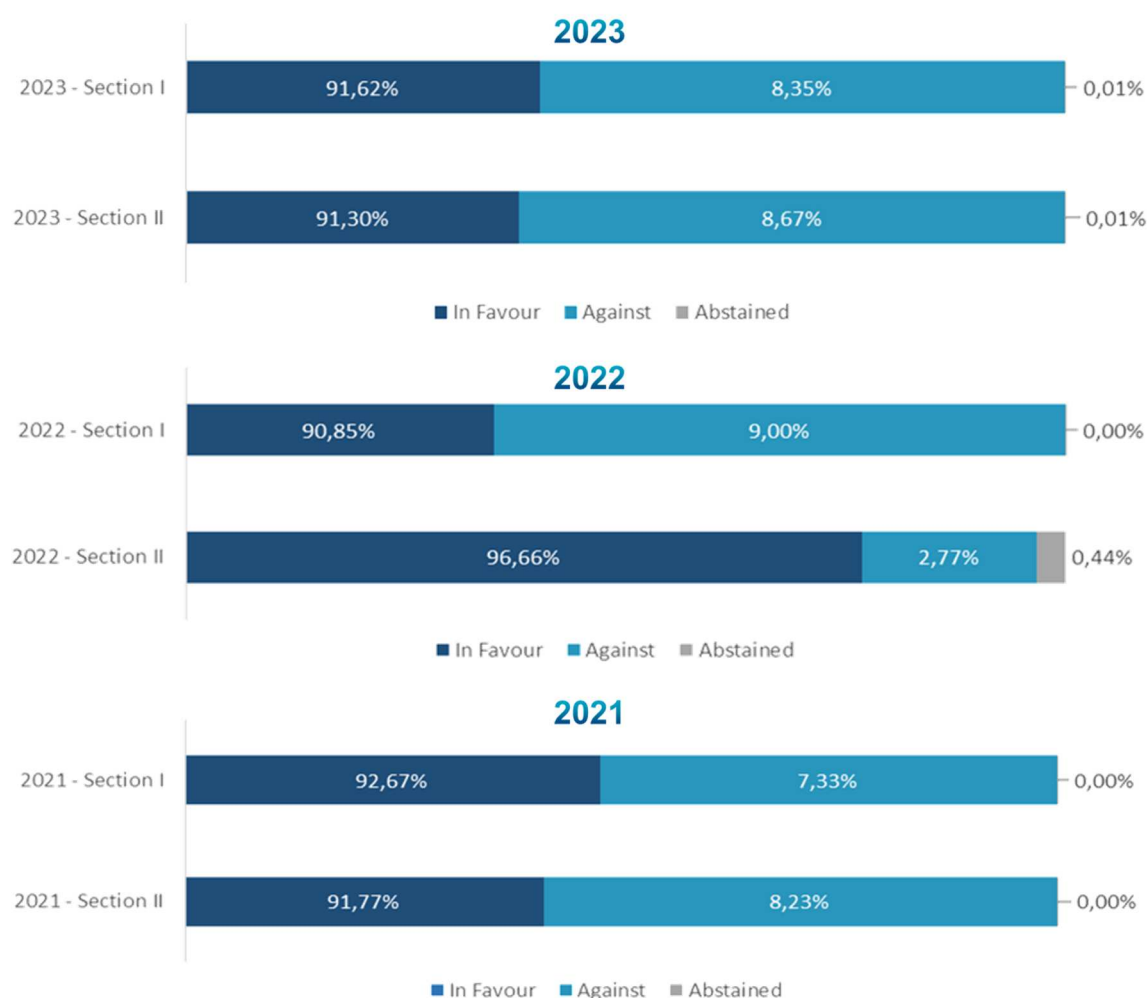
- Every year, it prepares an Equality & Care Plan that identifies objectives and associated projects for diversity and inclusion and corporate welfare.
- In 2023, the “Equality Platform” was designed and launched. This “physical and virtual space” is designed to spread ED&I culture and generate ideas -rooted in the exchange of experiences and knowledge- for definition of projects that meet the needs of people and the organisation. The project will continue in 2024 with an event aimed at all users of the Equality Platform, who will also receive dedicated training.
- Acea SpA has also achieved UNI/PdR 125:2023 certification on gender equality.
- For the well-being of its employees, Acea has developed an integrated corporate welfare system, based on listening to employees and their needs and structure around six fundamental pillars: health, psycho/physical well-being, family, reconciliation measures, economic assistance and complementary social security. Numerous initiatives have been implemented to support these pillars, including preventive medicine campaigns, support services for psycho/physical well-being and support for parents.
- Furthermore, with the aim of developing further expertise and new mindsets amongst our People in 2023, following on from activity in previous years, training courses have been provided both remotely and in the classroom, in partnership with high-profile organisations (universities, business schools, research centres, professional firms, etc.) in management, governance and technical/digital areas.
- Finally, in 2023, Acea participated again in the Top Employers certification, which analyses the HR strategies of thousands of companies globally, and the company ranked in the top 131 Italian companies. 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 three consecutive years.

### 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 18 April 2023, in view of the implementation of the SHRD II, held a binding vote on Section I of the 2023 Remuneration Report and a consultative vote on Section II. Below is a comparison of the votes cast in 2021, 2022 and 2023 (Sections I and II).

In developing the 2024 policy on the subject of remuneration the results and reasons underlying the votes obtained during the 2023 Shareholders' Meeting were taken into account, in order to incorporate the feedback received.



## Correlation between remuneration, risk profile and company performance

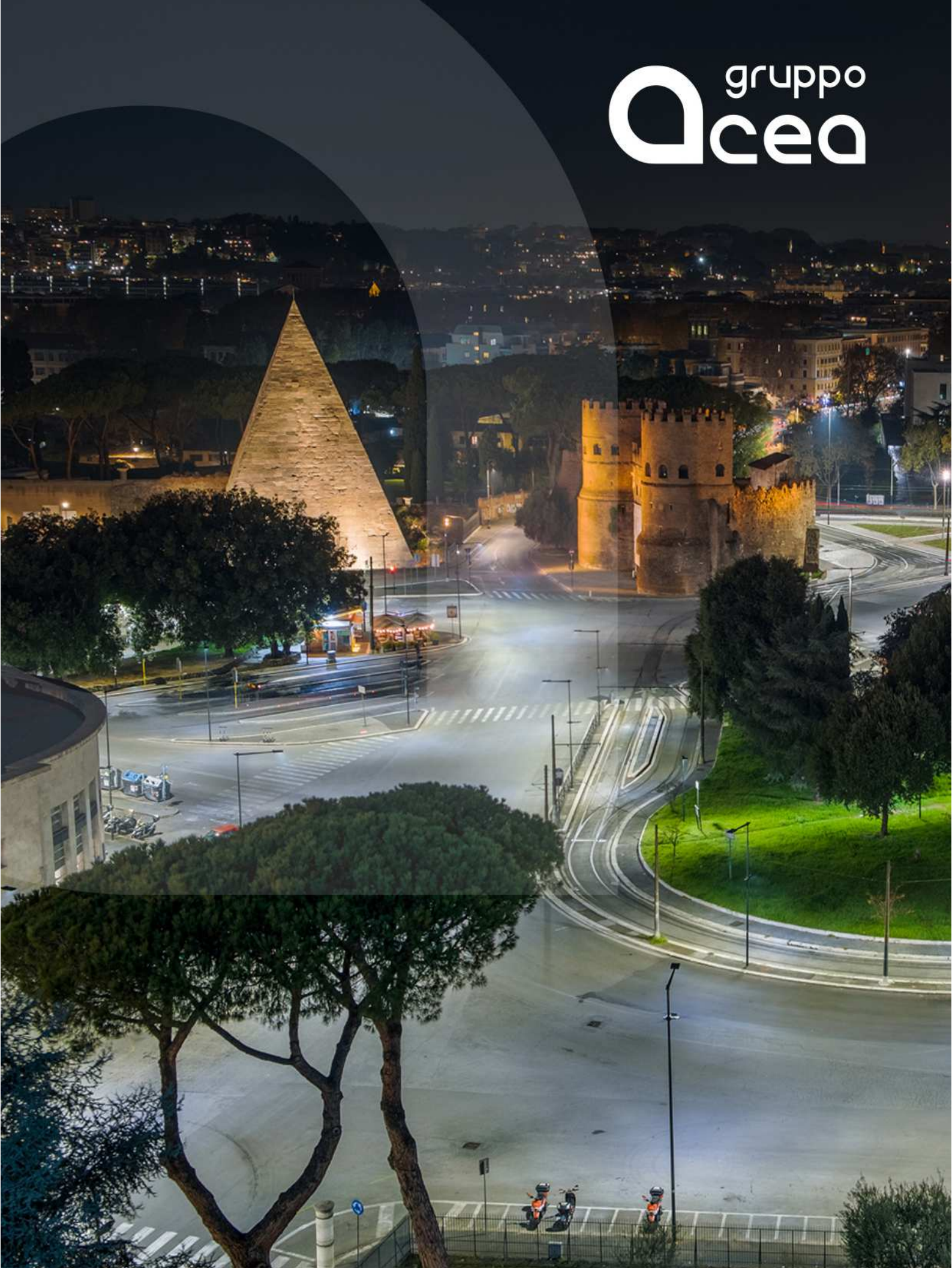
The remuneration systems adopted in the interest of all of the stakeholders are in line with the long-term strategy, linked to the company objectives and structured so as to avoid incentives that may lead to conflicts of interest and the excessive undertaking of risks. The risk mitigation elements provided 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), 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.



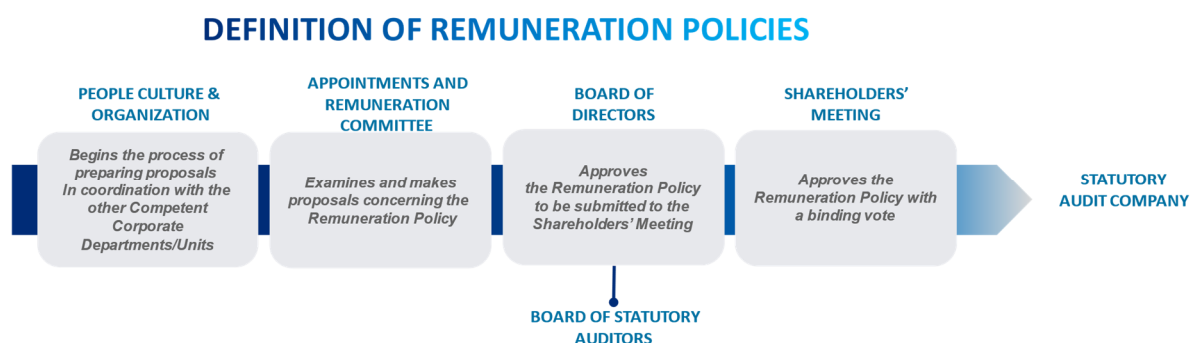


# 1. Governance Model

## 1.1. Subjects involved in defining and approving the Remuneration Policy

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:

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



The People Culture & Organization 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 professionalism, competence and commitment required.

On the basis of the documents produced by the People Culture & Organization 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.



### **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.

### **The Board of Directors:**

- was appointed during the Shareholders' Meeting for the approval of the 2022 financial statements (18 April 2023);
- the current BOD, composed of 13 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 can also establish an Executive Committee and determine 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 31.12.2025. The composition of the Board at the time of writing was as follows:

**BOARD OF DIRECTORS**

		Risk Control Committee (*)	Appointments and Remuneration Committee (*)	Related Party Transactions Committee (*)	Ethics, Sustainability and Inclusion Committee (*)	Committee for the Territory (*)
<b>Barbara MARINALI</b>	Chairperson					
<b>Fabrizio PALERMO</b>	Chief Executive Officer					
<b>Alessandro CALTAGIRONE</b>	Member					
<b>Massimiliano CAPECE MINUTOLO DEL SASSO</b>	Member	Member	Chairperson	Member	Member	Member
<b>Antonella Rosa BIANCHESSI</b>	Member			Member	Member	
<b>Antonino CUSIMANO</b>	Member	Member				
<b>Francesca MENABUONI</b>	Member	Member				
<b>Elisabetta MAGGINI</b>	Member	Member			Chairperson	
<b>Luisa MELARA</b>	Member			Member	Member	
<b>Angelo PIAZZA</b>	Member		Member	Coordinator		
<b>Alessandro PICARDI</b>	Member	Chairperson				Member
<b>Patrizia RUTIGLIANO</b>	Member		Member	Member	Member	Chairperson
<b>Nathalie TOCCI</b>	Member		Member			

(\*) All of the members of the Committees (CRC, ARC, RPTC, ESIC, TC) are independent except for Francesca Menabuoni

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 composed of ten independent non-executive directors: Antonella Rosa Bianchessi, Alessandro Caltagirone, Massimiliano Capece Minutolo Del Sasso, Antonio Cusimano, Elisabetta Maggini, Luisa Melara, Angelo Piazza, Alessandro Picardi, Patrizia Rutigliano and Nathalie Tocci, and the non-executive and non-independent director Francesca Menabuoni.

### **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.

### **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.

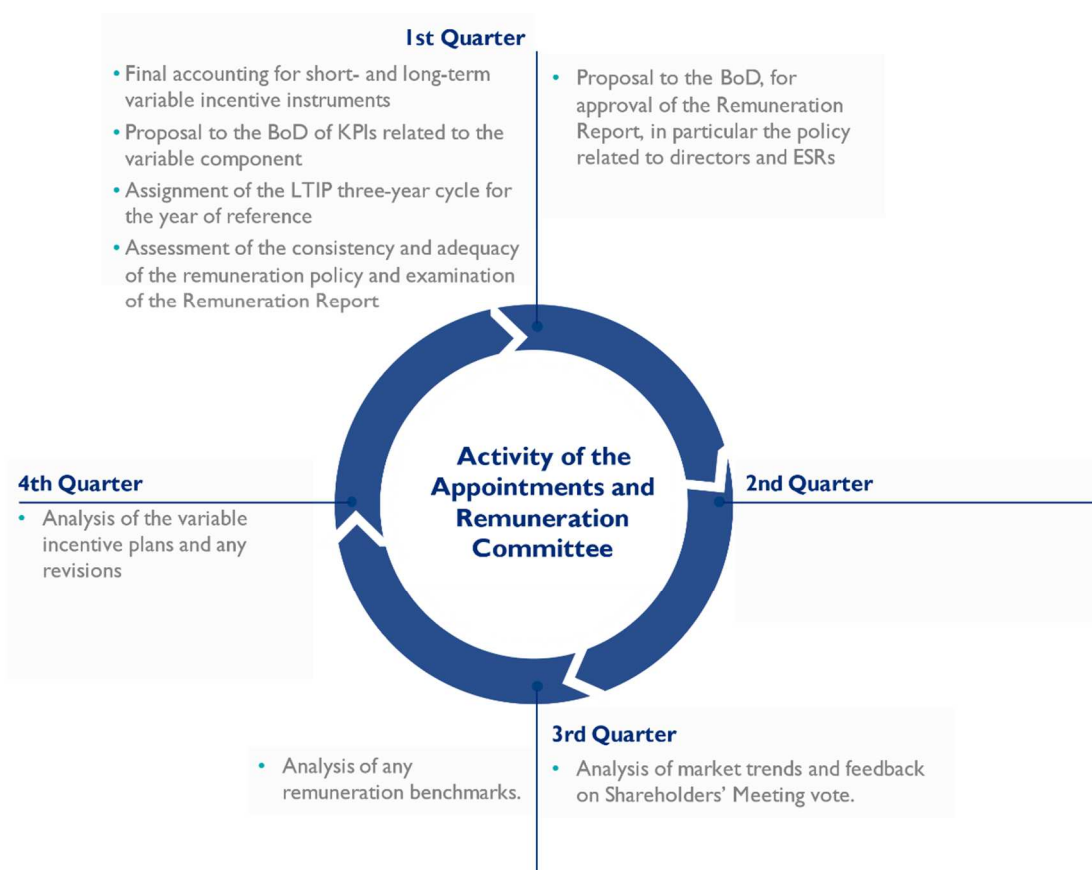
At least once a year, the Committee conducts a self-assessment of its size, composition, functioning and independence with regard to the duties provided for in its regulations.

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 Appointment and Remuneration Committee met 13 times in 2023 and 3 times since the beginning of 2024.



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- <b>Chairperson</b>
Angelo PIAZZA – <b>Member</b>
Patrizia RUTIGLIANO – <b>Member</b>
Nathalie TOCCI – <b>Member</b>

### ***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.

### ***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.

Acea has defined its remuneration policy with the support of a leading consulting company in the field of Executive Compensation & Corporate Governance, Mercer Italia of the Marsh&McLennan Group.

### ***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.

# 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.

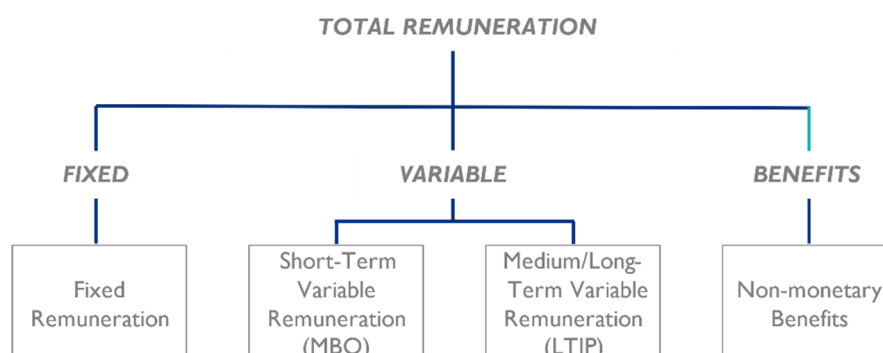
The following elements are always taken as reference for the definition of the remuneration policy:

	<b>Overseas market</b>		<b>Internal consistency</b>		<b>Job leveling</b>
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

In general, the remuneration components are divided into:

1. fixed component: determined by the professional specialization and organizational role and related responsibilities;
2. variable component: based on performance<sup>2</sup> and linked to effective and durable results;
3. Benefit: they supplement the remuneration package in a total reward scheme primarily of a social security and welfare nature. The D&O liability policy is also provided.



<sup>2</sup> During finalisation of data, figures may be adjusted to take into account unexpected and unforeseeable external events at the time of assignment of objectives, which will in any case be submitted to the Appointments and Remuneration Committee in its investigative role with respect to the assessments and decisions to which the Board of Directors is called upon to make.

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

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 remuneration.

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.

The Chairperson receives a series of benefits including, for example, a company car, health insurance and the D&O liability policy.

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.

### 3.2. Members of the Board of Directors

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

<b>Board of Directors</b> <ul style="list-style-type: none"> <li>• Individual gross annual fee of € 45,000 net of annual reimbursement of documented expenses.</li> </ul>	<b>Ethics, Sustainability and Inclusion Committee (ESIC)</b> <ul style="list-style-type: none"> <li>• Gross annual fee for the Chairperson of € 30,000;</li> <li>• Gross annual fee for each member of € 15,000.</li> </ul>
<b>Risk and Control Committee (RCR)</b> <ul style="list-style-type: none"> <li>• Gross annual fee for the Chairperson of € 30,000;</li> <li>• Gross annual fee for each member of € 15,000.</li> </ul>	<b>Related Party Transactions Committee (RPTC)</b> <ul style="list-style-type: none"> <li>• Gross annual fee for the Coordinator of € 30,000;</li> <li>• Gross annual fee for each member of € 15,000.</li> </ul>
<b>Appointment and Remuneration Committee (ARC)</b> <ul style="list-style-type: none"> <li>• Gross annual fee for the Chairperson of € 30,000;</li> <li>• Gross annual fee for each member of € 15,000.</li> </ul>	<b>Committee for the Territory (CT)</b> <ul style="list-style-type: none"> <li>• Gross annual fee for the Coordinator of € 30,000;</li> <li>• Gross annual fee for each member of € 15,000.</li> </ul>

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.

It is also noted that in 2020, an Ethics Committee was established. This committee has the task of managing the whistleblowing system and monitoring observance of the values of transparency, legality, fairness and ethical integrity in relations with all stakeholders.

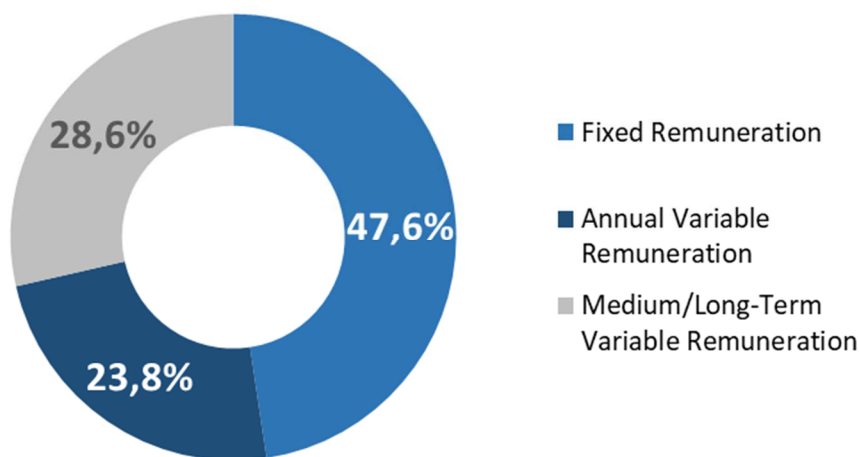
From 2024, confirming the importance of the Ethics Committee for the Acea Group, the members of the Board of Directors are called upon to join this committee, receiving additional remuneration of € 12,500.

### 3.3. Chief Executive Officer and General Manager

The following paragraph describes the components of remuneration for the role of Chief Executive Officer and General Manager, currently held by Fabrizio Palermo.

#### Pay Mix

For the Chief Executive Officer and General Manager, the Pay Mix Target shown takes into consideration the remuneration package, net of director’s remuneration, considering the achievement of the targets regarding the short-term variable remuneration and the target conditions of the new cycle of the 2024-2026 Long-Term Incentive Plan



#### 3.3.1 Fixed remuneration

Based on the results of the analysis, the fixed remuneration of the CEO and of the GM 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.

#### 3.3.2 Short-term variable remuneration

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

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 objectives, which are assigned on the basis of the annual budget. For 2024, the underlying objectives of the plan, and their percentage weight, are the following:

#### 2024 MBO Plan

TYPE OF OBJECTIVE	OBJECTIVE	WEIGHT	PERFORMANCE	PAY OUT ON TARGET
Economic/financial objective	EBIDTA	30%	MIN TARGET MAX	80% 100% 140%
Economic/financial objective	Net profit	25%	MIN TARGET MAX	80% 100% 140%
Economic/financial objective	Net Financial Position (NFP)	25%	MIN TARGET MAX	80% 100% 140%
Sustainability objective	Composite Sustainability Objective	20%	MIN TARGET MAX	80% 100% 140%

In line with the previous year, in 2024 the Group's objectives will include a composite sustainability indicator with a significantly greater weighting than previous years, aimed at the main Business Areas of the Acea Group. Specifically, this objective has four indicators:

- People: Reduction of Accident Frequency Index - 5% weighting;
- Water: Optimisation of sewage and water treatment through measures aimed at strengthening and decommissioning/centralisation of plants - 5% weighting;
- Electricity: Increase in remote control of MV secondary cabins - 5% weighting;
- Environment: Increase in MWh produced from biogas (environmental area renewable source) - 5% weighting.

How the system operates is represented by the definition of minimum, target and maximum value thresholds for each objective:

- 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.

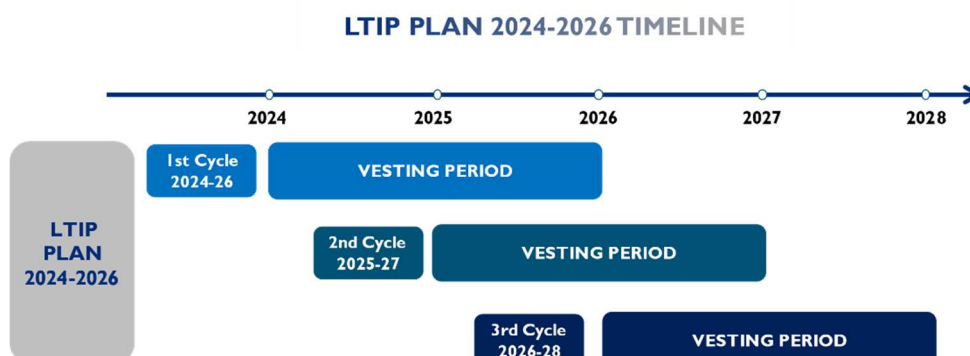
### 3.3.3 Medium and long-term variable remuneration (LTIP)

The 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 Appointment and Remuneration Committee has worked to define the architecture of the new 2024-2026 Long-Term Incentive Plan, in line with market best practices.



The 2024-2026 Long-Term Incentive Plan 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 objectives.



The objectives of the new 2024-2026 Long-Term Incentive Plan are:

**2024-2026 LTI PLAN – 1st CYCLE**

TYPE OF OBJECTIVE	OBJECTIVE	WEIGHT	PERFORMANCE	PAY OUT ON FIXED
Economic/financial objective	Cumulative EPS	30%	MIN TARGET MAX	40% 60% 120%
Economic/financial objective	NFP/EBITDA	25%	MIN TARGET MAX	40% 60% 120%
Economic/financial objective	Cumulative regulated CAPEX	25%	MIN TARGET MAX	40% 60% 120%
Sustainability objective	Composite Sustainability Objective	20%	MIN TARGET MAX	40% 60% 120%

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 40% 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 120% of the fixed component.

Also for the first cycle of the new Plan a composite sustainability indicator will be used with a significantly greater weighting than previous years. Specifically, this objective has four indicators:



- People: Equal representation of genders in Acea managerial bodies - 5% weighting;
- Water: Reduction in % water leaks (on volumes issued) compared to the base-year value - 5% weighting;
- Water/Environment: Reduction in production of sludge compared to the base-year value - 5% weighting;
- Energy efficiency: Energy-efficiency measures by Acea Ato2, Areti, Gori, Acea Ato5 and ADF (cumulative GWh with increased efficiency 2024-2026) – 5% weighting.

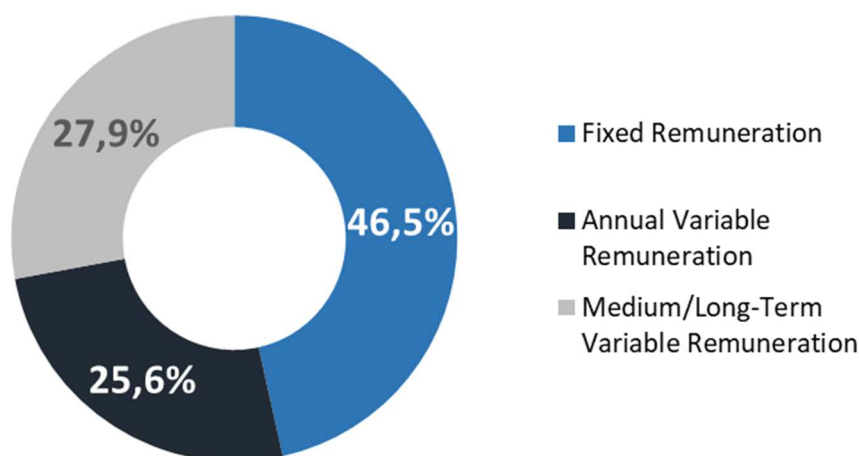
As regards the review and payment of the payout, the plan involves some weighted calculations of the achievement of the individual objectives. Within each range interval, defined for each objective, the overall value will define the associated payout percentage, through a linear interpolation.

### 3.3.4 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 following is the pay mix of the ESR:



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 first cycle of the medium/long-term variable incentive system (2024-2026 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.

The MBO profiles for Executives with Strategic Responsibilities list the same objectives as those of the Chief Executive Officer.

### 3.4.3 Medium and long-term variable remuneration (LTIP)

The 2024-2026 Long-Term Incentive Plan features three separate three-year cycles, with a bonus issued for each cycle, 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. Achievement of the minimum and maximum thresholds of the performance objectives entails a pay-out of 50% and 110% of the fixed remuneration amount, respectively.

The objectives set out for the Chief Executive Officer and General Manager are the same for all recipients.

### 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. 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

- Gross annual fee for the Chairperson of **€ 150,000**;
- Gross annual fee for each member of **€ 100,000**.

## 4. Severance and clawback clause

### 4.1. Resignation, dismissal and termination of contract

With reference to the policies prepared in the event of termination of employment, the following is provided for the Chief Executive Officer and General Manager (CEO/GM).

1. In the event of withdrawal from the position of CEO before the natural expiry of the term of office, in the absence of just cause, and/or termination of employment by Acea, again in the absence of just cause, the payment to the CEO/GM of a total amount identified, in the context of the Executive Exodus Management Policy (see below), as 30 months' worth of salary payments, calculated on the basis of the remuneration due both as CEO and as GM, provided that both the employment relationship and the appointment to said office are terminated at the same time, in addition to any severance amounts due by law or under the collective labour contract (severance pay or accruals).

The sum equivalent to any indemnity in lieu of notice provided for in the collective labour contract shall be deducted from the total amount as determined above and shall be paid in accordance with applicable legislation.

2. In the event that, at the natural expiry of the term of office, the CEO is not reappointed, they will have the right to terminate the employment relationship, within 15 days of the appointment of the new CEO, receiving a gross amount equal to 30 months' worth of salary payments, calculated taking as a reference only the remuneration due for the executive position, in addition to any severance amounts due by law or under the collective labour contract (severance pay or accruals).

The remuneration referred to in points 1 and 2 is in lieu of the provisions of collective bargaining in the event of withdrawal.

For the sake of clarity, it should be noted that if either of the following two scenarios occurs:

- Acea, with just cause, terminates the employment relationship and/or revokes the position of CEO;
- the CEO/GM resigns from his employment and/or corporate office;

only severance pay that may be due by law or based on the collective labour contract (severance pay or accruals) will be paid.

\*\*\*

For Executives with Strategic Responsibilities, up to a maximum of 18 months' worth of fixed and variable remuneration is paid as a supplementary bonus in addition to the pay-in-lieu-of-notice facility, in line with the Group Executive Exodus Management Policy.

The aforementioned Executive Exodus Management Policy, was 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.

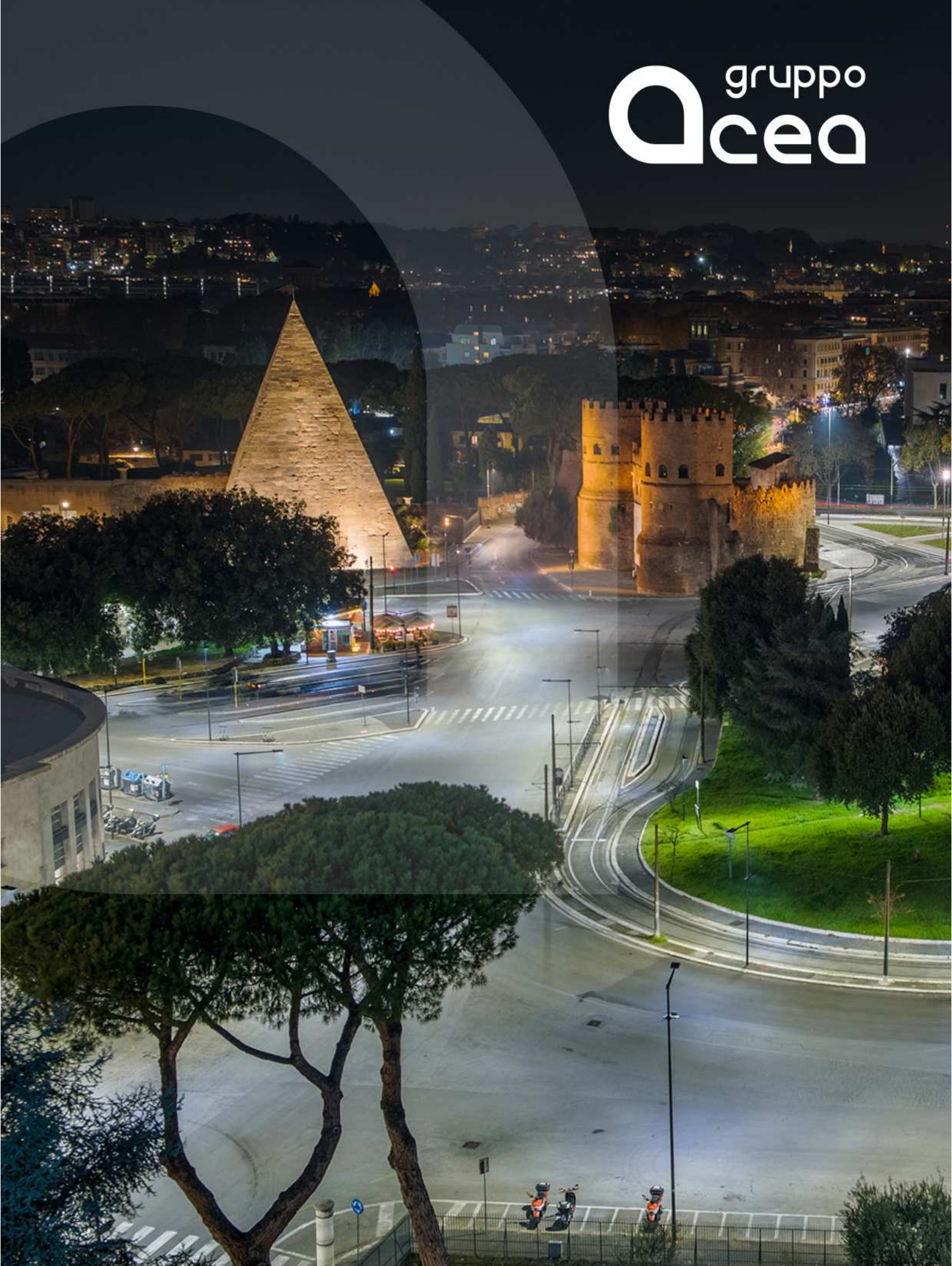
Acea has no non-competition clauses in force with regard to its Executives as of the date of this report. With respect to Executives with Strategic Responsibilities, only one person has a 12-month non-compete agreement in place, for which a fee equal to 6 months of the GAR is paid. It is possible that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

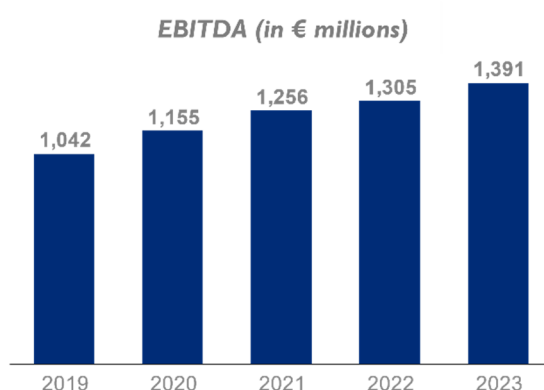
1. The first part of Section II presents the implementing framework of the Remuneration Policy as presented to the 2023 Shareholders' Meeting, the company's results, with a particular focus on the achievement of the objectives established in the plans, and the balance between the various components that 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 2023, 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 18 April 2023 and the resolutions of the Board of Directors during the business year in question.

## Executive summary – Section II

### **Results, context and application of the 2023 Remuneration Policy**

It is noted that EBITDA increased 6.6% in 2023, and 33.5% compared to the 2019 figure.



With regard to the difference in remuneration between 2023 and 2022 for each of the figures for whom data is provided on a name-specific basis, it is noted that this information has not been included as it is not representative following the change of Chief Executive Officer in 2022 and the Chairperson in 2023.



## Figures for comparison and CEO pay ratio

In previous years, the *remuneration multiple* criteria was used, adopting the calculation method for the ratio between remuneration of Top Management and the average employee.

From this year, in line with market best practices and the Issuers' Regulations, the alternative CEO pay ratio criteria has been introduced. This calculates the relationship between remuneration issued during each financial year to the Chief Executive Officer and General Manager and the average fixed remuneration of Acea Group<sup>3</sup> employees.

The table below compares the change in remuneration paid to the Chief Executive Officer and General Manager and the change in gross average annual remuneration to employees over a five-year period (2019-2023).

Position	2023	2022	2021	2020	2019
Chief Executive Officer and General Manager	1,251,096	1,083,485	775,938	2,240,529 *	859,146
<b>ACEA employees</b>					
Number of employees	5,214	5,168	4,988	4,907	4,865
Annual gross average remuneration (€)	43,579	42,272	41,404	40,735	40,044
Average GAR increase	3.1%	2.1%	1.6%	1.7%	-
<b>CEO pay ratio</b>	<b>29x</b>	<b>26x</b>	<b>19x</b>	<b>55x</b>	<b>21x</b>

\*Including the bonus paid to the exiting Chief Executive Officer

## 2023 Results

### Short-Term Incentive Plan

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

Group Objectives	Weight as %	Target	Overall	Achievement (%)
EBITDA	30%	1,342	1,391	132.67%
NFP	30%	5,166	4,847	140%
NET PROFIT post minorities	30%	284	294	122.22%
<b>SUSTAINABILITY OBJECTIVE</b>	<b>10%</b>	<b>-</b>	<b>-</b>	<b>-</b>
- Improved efficiency of water -treatment plants (rationalisation of small plants and reduction)	2.5%	2	4	140%
- No. of secondary Cabins on which to do activation/upgrade work (network digitalisation)	2.5%	1,600	1,768	140%
- Total volumes processed in circular waste management (kton)	2.5%	1,815	1,829	102.15%
- Average Customer Satisfaction for Group Companies	2.5%	85%	84%	97%

On proposal by the Appointments and Remuneration Committee, the Board of Directors thus verified that the Group objectives had been achieved by 130.44%.

<sup>3</sup> The following companies are included within the scope of the Group: ACEA SPA, ARETI SPA, ACEA ATO2 SPA, ACEA ATO5 SPA, ACEA MOLISE SRL, GE.SE.SA. SPA, ACEA INFRASTRUCTURE SPA, ACEA AMBIENTE SRL, ORVIETO AMBIENTE SRL, AQUASER S.R.L., ACQUE INDUSTRIALI SRL, ACEA PRODUZIONE SPA, ECOGENA SRL, ACEA ENERGIA SPA, and ACEA INNOVATION S.R.L.

## Long-Term Incentive Plan

The table below indicates the level of achievement of each objective in the first cycle of the 2021-2023 Long-Term Incentive Plan, as verified by the Board of Directors by recommendation of the Appointments and Remuneration Committee:

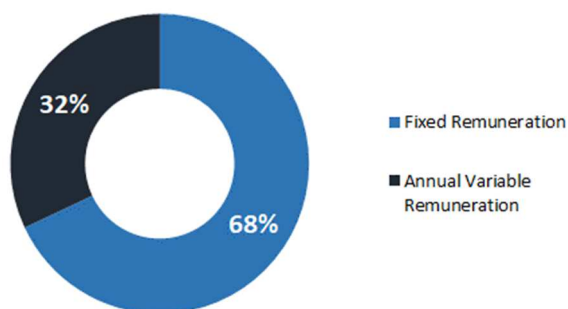
Performance objectives	Weight as %	Target	Overall	Achievement % of fixed
Cumulative EPS	40%	4.43	4.16	33.9%
NFP/EBITDA	25%	3.10	3.50	0%
NPF/NP	25%	11	15	0%
<b>SUSTAINABILITY OBJECTIVE</b>	<b>10%</b>	<b>-</b>	<b>-</b>	<b>-</b>
-Annual percentage change to IRI	2%	-40%	-67%	50%
- % reduction in volume of water lost compared to previous year	2%	22%	19.75%	35.1%
- % reduction in production of dewatered/dried sludge compared to the year value	2%	28%	17.7%	0%
-Reduction of CO2 emission intensity index in Acea's Production	2%	50.00	76.10	0%
- Reduction in injury-related indices	2%	-15%	-34%	50%

On proposal by the Appointments and Remuneration Committee, the Board of Directors thus verified that the total payout was 16.25%. This percentage, calculated on the basis of individual objectives using linear interpolation between the minimum (30%), target (40%) and maximum (50%) values, refers to the pay-out in relation to the fixed component of remuneration.

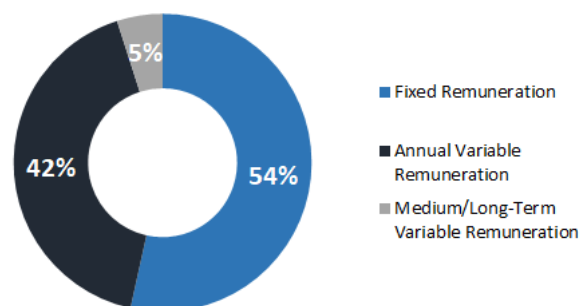
## Balancing of remuneration package

The components effectively paid to the Chief Executive Officer and the Executives with Strategic Responsibilities in percentages, are shown below.

**ACTUAL PAY MIX - AD**



**ACTUAL PAY MIX - DRS**





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

## 1.1. Chairperson

In 2023, the role of Chairperson was held by Michaela Castelli from 01/01/2023 to 14/02/2023. For this period, the Chairperson has a remuneration package divided as follows:

- a gross fee in the capacity of Chairperson of the Board of Directors of € 30,822, defined by the Board of Directors;
- a gross fee of € 3,250 as a member of the Board of Directors.

From 17/02/2023 to 31/12/2023 the role was held by Barbara Marinali who received the following remuneration package:

- a gross fee in the capacity of Chairperson of the Board of Directors of € 216,346, defined by the Board of Directors;
- a gross fee of € 35,897 as a member of the Board of Directors.

These amounts are pro-rata on the basis of the period for which the role was held.

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

Below are details of the remuneration received by the Chief Executive Officer/General Manager in 2023:

### 1.2.1 Fixed Remuneration

The Chief Executive Officer/General Manager receive remuneration of € 1,022,403. This amount includes pro-rata amounts taking into account the different remuneration components established for the two mandates.

### 1.2.2 Short-term variable remuneration

The achievement of the Group's MBO system objectives enabled the Chief Executive Officer to benefit from a total bonus of € 476,096.

### 1.2.3 Non-monetary benefits

In 2023, the Chief Executive Officer received a taxable portion of non-monetary benefits equal to € 10,497.

### **I.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.

### **I.4. Board of Statutory Auditors**

In 2023, 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.

To complete disclosure, the details for remuneration received from Acea and other subsidiaries and associates are provided in table I below.

### **I.5. Executives with Strategic Responsibilities**

The Executives with Strategic Responsibilities received, at the aggregate level, a gross annual fixed fee of € 645,956.

On the basis of the final calculation of the objectives of the Group MBO system, the annual bonus for 2023 is € 498,822.

On the basis of final calculation of the objectives in the first cycle of the 2021-2023 Long-Term Incentive Plan, the bonus is € 53,980.

The total value of the package of non-monetary benefits (according to a criterion of taxability) assigned in 2023 to the Executives with Strategic Responsibilities is € 30,431 at the aggregate level.

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## Exceptions approved in 2023

No exceptions were applied in 2023.

**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					
<b>Michaela Castelli</b>	Chairperson	01/01/2023 14/02/2023	Approval of the 2023 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 34,072						€ 34,072		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 34,072						€ 34,072		
<b>Barbara Marinelli</b>	Chairperson	17/02/2023 31/12/2023	Approval of the 2023 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 252,243.56				€ 45.20		€ 252,288.76		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 252,243.56				€ 45.20		€ 252,288.76		
<b>Fabrizio Palermo</b>	CEO	01/01/2023 31/12/2023	Approval of the 2023 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 1,022,403		€ 476,096		€ 10,497		€ 1,508,997		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 1,022,403		€ 476,096		€ 10,497		€ 1,508,997		
<b>Antonella Rosa Bianchessi</b>	Director	18/04/2023 31/12/2023	Approval of the 2025 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 22,500	€ 15,000					€ 37,500		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 22,500	€ 15,000					€ 37,500		
<b>Angelo Piazza</b>	Director	18/04/2023 31/12/2023	Approval of the 2025 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 22,500	€ 22,500					€ 45,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 22,500	€ 22,500					€ 45,000		
<b>Massimiliano Capece Minutolo Del Sasso</b>	Director	01/01/2023 31/12/2023	Approval of the 2025 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 39,397	€ 84,808					€ 124,205		
(II) Remuneration from subsidiaries and associates				€ 32,400						€ 32,400		
(III) Total				€ 71,797	€ 84,808					€ 156,605		
<b>Alessandro Caltagirone</b>	Director	01/01/2023 31/12/2023	Approval of the 2025 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 39,397						€ 39,397		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 39,397						€ 39,397		
<b>Luisa Melara</b>	Director	18/04/2023 31/12/2023	Approval of the 2025 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 22,500	€ 15,000					€ 37,500		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 22,500	€ 15,000					€ 37,500		
<b>Liliana Godino</b>	Director	01/01/2023 18/04/2023	Approval of the 2022 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 7,750	€ 22,356					€ 30,106		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 7,750	€ 22,356					€ 30,106		
<b>Giovanni Larocca</b>	Director	01/01/2023 18/04/2023	Approval of the 2022 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 7,750	€ 17,885					€ 25,635		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 7,750	€ 17,885					€ 25,635		
<b>Francesca Menabuoni</b>	Director	01/01/2023 - 18/04/2023 10/11/2023 - 31/12/2023	Approval of the 2025 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 14,096	€ 20,000					€ 34,096		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 14,096	€ 20,000					€ 34,096		
<b>Gabriella Chiellino</b>	Director	01/01/2023 18/04/2023	Approval of the 2022 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 7,750	€ 13,413					€ 21,163		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 7,750	€ 13,413					€ 21,163		
<b>Thomas Devedejan</b>	Director	18/04/2023 31/10/2023	Approval of the 2025 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 24,087	€ 7,163					€ 31,250		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 24,087	€ 7,163					€ 31,250		
<b>Massimiliano Pellegrini</b>	Director	01/01/2023 18/04/2023	Approval of the 2022 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 7,750	€ 4,471					€ 12,221		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 7,750	€ 4,471					€ 12,221		

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					
<b>Antonino Cusimano</b>	Director	18/04/2023 31/12/2023	Approval of the 2025 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 31,587	€ 9,663					€ 41,250		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 31,587	€ 9,663					€ 41,250		
<b>Elisabetta Maggini</b>	Director	18/04/2023 31/12/2023	Approval of the 2025 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 31,587	€ 28,990					€ 60,577		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 31,587	€ 28,990					€ 60,577		
<b>Alessandro Picardi</b>	Director	18/04/2023 31/12/2023	Approval of the 2025 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 31,587	€ 28,990					€ 60,577		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 31,587	€ 28,990					€ 60,577		
<b>Vincenza Patrizia Rutigliano</b>	Director	18/04/2023 31/12/2023	Approval of the 2025 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 31,587	€ 48,317					€ 79,904		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 31,587	€ 48,317					€ 79,904		
<b>Nathalie Tocci</b>	Director	18/04/2023 31/12/2023	Approval of the 2025 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 31,587	€ 9,663					€ 41,250		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 31,587	€ 9,663					€ 41,250		

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					
<b>Maurizio Lauri</b>	Chairperson Board of Auditors	01/01/2023 31/12/2023	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		
<b>Claudia Capuano</b>	Auditor	01/01/2023 31/12/2023	Approval 2024 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 100,000						€ 100,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 100,000						€ 100,000		
<b>Leonardo Quagliata</b>	Auditor	01/01/2023 31/12/2023	Approval 2024 Financial Statements									
(I) Remuneration in the company preparing the financial statements				€ 100,000						€ 100,000		
(II) Remuneration from subsidiaries and associates				€ 44,359						€ 44,359		
(III) Total				€ 144,359						€ 144,359		
<b>No. 2</b>	Executives with Strategic Responsibilities	01/01/2023 31/12/2023	Continuing contract									
(I) Remuneration in the company preparing the financial statements				€ 645,956		€ 552,802		€ 30,431		€ 1,229,189		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 645,956		€ 552,802		€ 30,431		€ 1,229,189		

## NOTES:

**Michaela Castelli:** resigned on 14 February 2023: (I) Amount including the gross annual fee for the position of Chairperson (€ 30,822) and for that of member of the BoD (€ 3,250)

**Barbara Marinali:** (I) Pro-rated amount including the gross annual fee for the position of Chairperson (€ 216,346.12) and for that of member of the BoD (€ 35,897.44)

**Fabrizio Palermo:** (I) Amount including the gross annual fee for the position of Chief Executive Officer and member of the BoD

**Antonella Rosa Bianchessi:** Total pro-rated gross annual remuneration as member of the BoD and remuneration as member of the ESIC and RPTC

**Angelo Piazza:** Total pro-rated gross annual remuneration as member of the BoD and remuneration as member of the ESIC and ARC and RPTC Coordinator

**Massimiliano Capece Minutolo Del Sasso:** (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. and remuneration as Chairperson of the ARC and member of CRC, ESIC, TC and RPTC

**Alessandro Caltagirone:** Total amount of gross annual remuneration as member of the BoD

**Luisa Melara:** Total gross annual remuneration as member of the BoD and remuneration as member of the ESIC and RPTC

**Liliana Godino:** Total gross annual remuneration as member of the BoD and remuneration as Chairperson of the CRC, member of the ARC and RPT Coordinator

**Giuliano Larocca:** Total gross annual remuneration as member of the BoD and remuneration as member of the CRC, ESC, TC and RPTC

**Francesca Menabuoni:** Total pro-rated gross annual remuneration as member of the BoD and remuneration as Chairperson of the TC and member of the CRC and ESC

**Gabriella Chiellino:** Total pro-rated gross annual remuneration as member of the BoD and remuneration as member of the ARC and ESC

**Thomas Devedejan:** Total pro-rated gross annual remuneration as member of the BoD and remuneration as member of the CRC

**Massimiliano Pellegrini:** Total pro-rated gross annual remuneration as member of the BoD and remuneration as member of the ARC

**Antonino Cusimano:** Total pro-rated gross annual remuneration as member of the BoD and remuneration as member of the CRC

**Elisabetta Maggini:** Total pro-rated gross annual remuneration as member of the BoD and remuneration as member of the CRC and Chairperson of the ESIC

**Alessandro Picardi:** Total pro-rated gross annual remuneration as member of the BoD and remuneration as member of the TC and Chairperson of the CRC In 2023, Massimiliano Pellegrini received 2022 remuneration of € 11,833,35 and € 6,826,92 as member of the BoD and ARC, respectively

**Vincenza Patrizia Rutigliano:** Total pro-rated gross annual remuneration as member of the BoD and remuneration as member of the RPTC, ARC and ESIC, and Chairperson of the TC

**Nathalie Tocci:** Total pro-rated gross annual remuneration as member of the BoD and remuneration as member of the ARC

**Maurizio Lauri:** Amount including annual remuneration for the position of Chairperson of the Board of Statutory Auditors

**Claudia Capuano:** Amount inclusive of gross annual remuneration for the position of Statutory Auditor

**Leonardo Quagliata:** 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. (until 24/11/2023) and Sarnese Vesuviano S.r.l. (until 06/12/2023)

**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)	
			Payable / Paid	Deferred	Deferment period	No longer payable	Payable/ Paid	Still Deferred	
<i>Fabrizio Palermo</i>	CEO - GM		€ 476,096	-	-	-	-	-	-
Remuneration in the company preparing the financial statements		<b>MBO</b>	€ 476,096	-	-	-	-	-	-
		Short-term annual incentive plan							
		<b>LTIP</b>	-	-	-	-	-	-	-
		Medium-long-term triennial incentive plan	€ 476,096	-	-	-	-	-	-
Remuneration from subsidiaries and associates		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
<b>Total</b>			€ 476,096	-	-	-	-	-	-

Surname and name	Position	Plan	Bonus for the year			Bonuses for previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable / Paid	Deferred	Deferment period	No longer payable	Payable/ Paid	Still Deferred	
<b>2 in total</b>	<b>ESR</b>								
Remuneration in the company preparing the financial statements		<b>MBO</b>	€ 498,822	-	-	-	-	-	-
		Short-term annual incentive plan							
		<b>LTIP</b>	€ 53,980	-	-	-	-	-	-
		Medium-long-term triennial incentive plan	€ 552,802	-	-	-	-	-	-
Remuneration from subsidiaries and associates		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
<b>Total</b>			€ 552,802	-	-	-	-	-	-

**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	Investee Company	Number of Shares Owned at 31/12/2022	Number of Shares Purchased	Number of Shares Sold	Number of Shares Owned at 31/12/2023
Capece Minutolo Del Sasso Massimiliano	Director	Cogeim Srl	0	12,758	0	12,758

**Table 2: Holdings of the other Executives with Strategic Responsibilities**

Number of Executives with Strategic Responsibilities	Investee Company	Number of Shares Owned at 31/12/2022	Number of Shares Purchased	Number of Shares Sold	Number of Shares Owned at 31/12/2023
None	-	-	-	-	-



## GLOSSARY

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

**CAPEX – Capital Expenditure:** is a measure indicating the amount of cash flow that a business uses to acquire, maintain or implement its operational fixed assets.;

**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;

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

**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/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:** 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);

**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.

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

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