



2021 Remuneration Report



Report on Remuneration 2021



Contents

| | | |
|---|---|----|
| 1 | Introduction | 4 |
| 2 | Governance system and organizational structure of A2A | 6 |
| 3 | 2021 Remuneration Policy - Summary | 7 |
| 4 | New legislation and disclosure on remuneration (pay ratio) | 12 |
| 5 | Section 1 - 2021 Remuneration Policy | 13 |
| | a. Preparation, approval and implementation of the Remuneration Policy: procedures, bodies and entities involve | 13 |
| | b. Aims and Principles of the Remuneration Policy | 17 |
| | b1. Background: working conditions of employees | 17 |
| | b2. Linking the Remuneration Policy with the Business Plan | 18 |
| | b3. Aims of the Remuneration Policy | 18 |
| | c. Detailed Structure of the Remuneration Policy | 19 |
| | c1. Introduction | 19 |
| | c2. Remuneration of the members of the Board of Directors, excluding the Chair and CEO | 19 |
| | c3. Remuneration of the Chair of the Board of Directors | 20 |
| | c4. Remuneration of the Chief Executive Officer | 20 |
| | c5. Remuneration of the General Manager | 21 |
| | c6. Remuneration of Key Executives | 22 |
| | c7. Board of Statutory Auditors | 23 |
| | c8. Non-monetary benefits | 23 |
| | c9. Indemnities in the event of termination of office or termination of employment | 24 |
| | c10. Deferral of cash components and claw-back and malus clauses | 24 |
| | c11. Benchmark of other companies on remuneration policies | 24 |
| 6 | Section 2 - Implementation of the 2020 Remuneration Policy | 25 |

This is a translation of the Italian original “Relazione sulla remunerazione 2021” and has been prepared solely for the convenience of international readers. In the event of any ambiguity the Italian text will prevail. The Italian original is available at the website www.a2a.eu.

1 Introduction

This Remuneration Report (hereinafter also “Report”) approved on March 18, 2021 by the Board of Directors (hereinafter also “BoD” or “Board”) of A2A S.p.A. (hereinafter also “A2A” or the “Company”), on the proposal of the Remuneration and Appointments Committee (hereinafter also the “Committee”) has been prepared in compliance with article 123-ter of Legislative Decree: 58/1998 (Testo Unico della Finanza, or TUF), article 84-quater of the Issuers’ Regulations and with the Corporate Governance Code of Borsa Italiana S.p.A. (hereinafter also referred to as the “Corporate Governance Code”), as well as the provisions contained in CONSOB resolution no. 21624 of December 10, 2020 (Amendments to the regulation containing provisions on related party transactions and to the regulation containing rules for the implementation of legislative decree no. 58 of February 24, 1998 on markets, as amended) regarding the transparency of Directors’ remuneration in listed companies.

The Report is divided into two sections on which the Shareholders’ Meeting is called upon to express its opinion; the First Section is subject to a binding vote, while the Second Section is subject to an advisory, non-binding vote.

In particular:

- the First Section outlines:
 - the policy adopted by A2A and the companies controlled by it regarding the remuneration of executive and non-executive members of the Board of Directors, General Manager and Executives with strategic responsibilities¹ (hereinafter also “Key Executives”) and the members of the Control Bodies, without prejudice to the provisions of article 2402 of the Civil Code;
 - the procedures adopted for the preparation, approval and implementation of the Remuneration Policy as well as the bodies and entities involved;
- the Second Section outlines:
 - in analytical and nominative form, the remuneration paid in 2020 to executive and non-executive members of the Board of Directors, members of the Board of Auditors and the General Manager, in any capacity and in any form, by the Company and its subsidiaries/associates;
 - in analytical and aggregated form, the remuneration paid in 2020 to the Key Executives, in any capacity and in any form, by A2A and its subsidiaries/associates.

The two sections of the Report are preceded by a summary of the main information in order to provide the market and investors with an immediate overview of the key elements of the Guidelines on the remuneration policy for executive directors and key executives of the Group for the year 2021.

It should be noted that, pursuant to paragraph 3-bis of article 123-ter of the Consolidated Finance Act, the Board of Directors of A2A, subject to compliance with the procedural conditions under which the waiver may be applied and limited to the individual elements of the Policy set out below, on the proposal of the Remuneration and Appointments Committee, subject to the prior favourable opinion of the Related Parties Committee and having consulted the Board of Statutory Auditors, may waive the contents of the Remuneration Policy illustrated in this Report, in the presence of exceptional circumstances, as envisaged in the above regulatory provision. The above exceptional circumstances are situations where an exception with respect to the Remuneration Policy is necessary in order to pursue the long-term interests and sustainability of the Company as a whole or to ensure its ability to stay in the market. The Company therefore reserves the right, in the presence of such exceptional circumstances, to make temporary exceptions to the Remuneration Policy most recently approved by Shareholders with regard to the following specific elements: short- and long-term variable incentive systems and one-off monetary bonuses; allocation of special allowances; change in the ratio between fixed and variable remuneration.

As required by article 84-quater, paragraph 4, of the Issuers Regulation, the Report outlines in specific tables, the figures related to the investments held, directly or through investees, trust companies, or third parties, by:

- members of the Board of Directors, members of the Board of Auditors, General Manager and Key Executives;
- not legally separated spouses and children (minors) of the members of the Board of Directors, members of the Board of Auditors, General Manager and Key Executives.

¹ According to the definition of reference outlined by Consob in the “Regulation on related-party transactions no. 17221 of March 12, 2010”: “Key Managers are those persons who have the power and responsibility, directly or indirectly, for planning, directing and controlling of the company’s activities, including directors (whether executive or otherwise) of the company”.

The information provided in this Report relates, unless otherwise indicated, to March 18, 2021, the date of its approval by the A2A Board of Directors.

This Report is made available to the public at the authorized storage mechanism 1Info on the website www.1info.it, at the Company's headquarters located in Brescia, via Lamarmora 230 and on the website www.a2a.eu ("Governance" - "Meetings" section), at least 21 days before the date of the Shareholders' Meeting called to express itself, with binding resolution, on the First Section of the document and, with non-binding resolution, on the Second Section of the document (in compliance with current legislation).

2 Governance system and organizational structure of A2A

On May 13, 2020, the Shareholders' Meeting appointed for the three-year period 2020-2022 a Board of Directors consisting of 12 members and a Board of Statutory Auditors consisting of 3 statutory auditors and 2 alternate auditors, determining, according to the provisions of the Company By-laws, the annual remuneration for the office of Board Director and Member of the Board of Auditors.

On May 14, 2020, the Board of Directors:

- appointed Renato Mazzoncini as Chief Executive Officer and General Manager of the Company;
- entrusted the Chair, in coordination with the Chief Executive Officer, as far as the latter is concerned, with the task of handling institutional relations and related external relations, as well as promoting extraordinary territorial aggregation operations;
- granted to the Chief Executive Officer and General Manager extensive powers for the ordinary management and for the preparation of proposals for extraordinary operations of the Company.

The following table shows the composition of the Board of Directors and Board of Auditors at the date of this Report.

| | Chair | Vice-Chair | Chief Executive Officer and General Manager | Members |
|-----------------------------|-----------------------------|---|---|---|
| Board of Directors | Marco Emilio Angelo Patuano | Giovanni Comboni | Renato Mazzoncini | <ul style="list-style-type: none">• Stefania Bariatti• Vincenzo Cariello• Federico Maurizio D'Andrea• Luigi De Paoli• Gaudiana Giusti• Fabio Lavini• Christine Perrotti• Secondina Giulia Ravera• Maria Grazia Speranza |
| | Chair | Auditors | | |
| Board of Statutory Auditors | Giacinto Gaetano Sarubbi | Statutory: <ul style="list-style-type: none">• Maurizio Leonardo Lombardi• Chiara Segala Alternate: <ul style="list-style-type: none">• Antonio Passantino• Patrizia Tettamanzi | | |

During the same session, the Board of Directors also appointed three Internal Board Committees. "Control and Risk Committee", "Remuneration and Appointments Committee" and "Sustainability and Territory Committee", composed, at the date of this Report, as indicated in the table below.

The Company may, also due to the application of the provisions of Consob Regulation no. 17221 of March 12, 2010 as amended by Resolution no. 21264 of December 10, 2020, and to meet the ongoing organizational requirements impacting governance, finalize the separation of the Related Parties Committee from the Control and Risk Committee. All of the above also being able to provide for the granting of additional remuneration, aligned and consistent with the appointment as member of the Related Parties Committee.

| Control and Risks Committee | Remuneration and Appointments Committee | Sustainability and Territory Committee |
|--|--|--|
| <ul style="list-style-type: none">• Luigi De Paoli (Chair)• Federico Maurizio D'Andrea• Gaudiana Giusti• Christine Perrotti | <ul style="list-style-type: none">• Secondina Giulia Ravera (Chair)• Stefania Bariatti• Giovanni Comboni | <ul style="list-style-type: none">• Marco Emilio Angelo Patuano (Chair)• Vincenzo Cariello• Fabio Lavini• Maria Grazia Speranza |

3 2021 Remuneration Policy - Summary

Table 1: Summary overview of the main elements of the remuneration structure defined for the Board of Directors

| | Chair | Vice-Chair | Chief Executive Officer | Members |
|---|---|---|--|--|
| Fixed Remuneration: Component not subject to any conditions for provision and determined on the basis of professional specialization and organizational role covered with the related responsibilities, reflecting the technical, professional and managerial skills | <p>It is composed of the remuneration received as Director (approved by Shareholders' Meeting at the time of appointment of the Board of Directors) in addition to the supplementary remuneration provided for the particular role and associated responsibilities.</p> <p>The Chair also receives additional remuneration for participation in the Committee for the Territory and Sustainability.</p> | <p>It consists of the remuneration received as Director (approved by the Shareholders' Meeting at the time of appointment of the Board of Directors).</p> <p>The Vice-Chair also receives additional remuneration for participation in the Remuneration and Appointments Committee and as of November 2020, for the responsibility of the Internal Audit.</p> | <p>It is composed of the remuneration received as Director (approved by Shareholders' Meeting at the time of appointment of the Board of Directors) in addition to the supplementary remuneration (approved by the Board of Directors) for the particular role held and the associated responsibilities.</p> | <p>It is composed of:</p> <ul style="list-style-type: none">• Remuneration received as Director (approved by the Shareholders' Meeting at the time of appointment of the Board of Directors);• Any additional remuneration for participation in Board Committees or special proxies/functions |
| Short-term variable incentives: Component that recognizes and rewards assigned goals and achievements in relation to annual budget goals | Not provided | Not provided | <p>It is approved by the Board of Directors. An "access gate" is envisaged, based on Ebitda and Capex, and which reduces or annuls the remuneration payable if the Group's economic-financial performance is not in line with the budget.</p> <p>The targets are predefined and assigned annually by the Board, after consultation with the Remuneration and Appointments Committee.</p> <p>The following targets were approved by the Board of Directors for the year 2021:</p> <ul style="list-style-type: none">• Industrial Cash Flow (weight 50%);• Net Debt / Ebitda A2A Group (weight 50%). <p>For disbursement of remuneration, it is necessary to exceed a minimum achievement of targets; upon exceeding said minimum threshold, remuneration may vary linearly between 26.7% and 40% of Fixed Remuneration depending on the level of achievement of targets (upon reaching 100% of the targets, the pay mix of the variable remuneration on the fixed remuneration is therefore equal to 33.3%).</p> | Not provided |
| Long-term variable incentives | | | Not provided | |

3 2021 Remuneration Policy - Summary

| | Chair | Vice-Chair | Chief Executive Officer | Members |
|---|---|--|---|--|
| Non-monetary benefits: integrate the remuneration package in a Total Reward logic, mainly social security and assistance | <ul style="list-style-type: none">• Insurance policies (occupational and non-occupational injury; permanent disability due to illness and life);• Supplementary health coverage;• Insurance for civil liability Directors, Auditors and Executives;• Car for mixed-use and use of fuel card. | <ul style="list-style-type: none">• Insurance policy occupational and non-occupational injuries;• Insurance for civil liability Directors, Auditors and Executives. | <ul style="list-style-type: none">• Insurance policies (occupational and non-occupational injury; permanent disability due to illness and life);• Supplementary health coverage;• Insurance for civil liability Directors, Auditors and Executives;• Car for mixed use;• House allowance. | <ul style="list-style-type: none">• Insurance policy occupational and non-occupational injuries;• Insurance for civil liability Directors, Auditors and Executives. |
| Severance: severance indemnities aimed at protecting the interests of the Group also from potential competitive risks | <p>To date, there are no agreements between A2A and the directors in office that provide for indemnities in the event of resignation or revocation without just cause.</p> <p>For the Chief Executive Officer alone, insofar as also holder of the managerial position of General Manager, an agreement is in place for the simultaneous termination of the administration and managerial relationship.</p> | | | |

Table 2: Summary overview of the main elements of the remuneration structure defined for the Board of Auditors

| | Board of Statutory Auditors | |
|---|--|--|
| | Chair | Statutory Auditors |
| Fixed Remuneration: Component not subject to any conditions for provision and determined on the basis of professional specialization and organizational role covered with the related responsibilities, reflecting the technical, professional and managerial skills | It is composed of the remuneration received as Chair of the Board of Auditors (approved by Shareholders' Meeting at the time of appointment of the Board of Auditors). | It is composed of the remuneration received as Auditor of the Board of Auditors (approved by Shareholders' Meeting at the time of appointment of the Board of Auditors). |
| Short and long-term variable incentives | Not provided | |
| Non-monetary benefits: integrate the remuneration package in a Total Reward logic, mainly social security and assistance | <ul style="list-style-type: none">• Insurance policy occupational and non-occupational injuries;• Insurance for civil liability Directors, Auditors and Executives. | <ul style="list-style-type: none">• Insurance policy occupational and non-occupational injuries;• Insurance for civil liability Directors, Auditors and Executives. |
| Severance: severance indemnities aimed at protecting the interests of the Group also from potential competitive risks | There are no agreements between A2A and the statutory auditors in office that provide for indemnities in the event of resignation or revocation without just cause. | |

Table 3: Summary overview of the main elements of the remuneration structure defined for the General Manager

| | General Manager |
|---|--|
| Fixed Remuneration: Component not subject to any conditions for provision and determined on the basis of professional specialization and organizational role covered with the related responsibilities, reflecting the technical, professional and managerial skills | It is approved by the Board of Directors and determined on the basis of the role, powers and responsibilities assigned. |
| Short-term variable incentives: Component that recognizes and rewards assigned goals and achievements in relation to annual budget goals | <p>It is approved by the Board of Directors.</p> <p>An “access gate” is envisaged, based on Ebitda and Capex, and which reduces or annuls the remuneration payable if the Group's economic-financial performance is not in line with the budget.</p> <p>The targets are predefined and assigned annually by the Board, after consultation with the Remuneration and Appointments Committee.</p> <p>The following targets were approved by the Board of Directors for the year 2021:</p> <ul style="list-style-type: none">• Economic - Financial (weight 40%): Ebitda set, as target, on the value forecast in the budget for the reference year and with a +/-5% fluctuation; Capex set, as maximum (120%) on the budget value, as minimum on 85% of the budget value and as target (100%) on the linear interpolation between minimum and maximum;• Strategic Projects (weight 37%): 10 projects of major strategic importance envisaged in the Business Plan, regularly monitored by the Board of Directors;• Sustainability (weight 23%): regarding:<ul style="list-style-type: none">- D&I: % women in management; % women on the Boards of Directors of subsidiaries/investee companies; % women on the short lists for selection;- Control of injuries: Containment of the If*lg value below the maximum value defined for the Group;- CO2 emissions (from business plan to 2021). <p>For disbursement of remuneration, it is necessary to exceed a minimum achievement of targets; upon exceeding said minimum threshold, remuneration may vary linearly between 32% and 48% of Fixed Remuneration depending on the level of achievement of targets (upon reaching 100% of the targets, the pay mix of the variable remuneration on the fixed remuneration is therefore equal to 40%).</p> |
| Long-term variable incentives | Not provided |
| Non-monetary benefits: integrate the remuneration package in a Total Reward logic, mainly social security and assistance | <ul style="list-style-type: none">• Insurance policies (occupational and non-occupational injury; permanent disability due to illness and life);• Healthcare coverage provided for by the applied and supplementary National Collective Labour Contract;• Insurance for civil liability Directors, Auditors and Executives;• Car for mixed-use and use of fuel card;• House allowance |
| Severance: severance indemnities aimed at protecting the interests of the Group also from potential competitive risks | <p>An agreement is envisaged in the event of termination of the relationship on the initiative of the Company or in the event of resignation in qualified cases.</p> <p>The application of these rules (described in detail in paragraph c8), in the event of termination in 2021, would result in the payment of an amount equal to 10 months of remuneration.</p> |

Table 4: Summary overview of the main elements of the remuneration structure defined for Key Executives

| | Key Executives |
|---|---|
| Fixed Remuneration: Component not subject to any conditions for provision and determined on the basis of professional specialization and organizational role covered with the related responsibilities, reflecting the technical, professional and managerial skills | It is determined based on the role and responsibilities assigned as well as the professional specialization and technical, professional and managerial skills required and held. |
| Short-term variable incentives: Component that recognizes and rewards assigned goals and achievements in relation to annual budget goals | <p>An "access gate" is envisaged, based on Ebitda and Capex, and which reduces or annuls the remuneration payable if the Group's economic-financial performance is not in line with the budget.</p> <p>Variable remuneration is directly related to the achievement of predefined targets assigned annually:</p> <ul style="list-style-type: none">• Economic and financial performance of the Company relating to Net Debt/Ebitda and Ebitda ratio, with a weight of 25%, equally divided on the two parameters, and Ebitda, Capex and/or Costs of Competence and Development Capex by area of competence, with a weight of 25%;• Strategic projects: selection of projects consistent with the area of responsibility, with an overall weight of 25%;• Sustainability relevant/measurable and consistent with the Business Plan, with an overall weight of 15%;• Competencies, with soft skills assessment, for a total weight of 10%. <p>The value of the remuneration is assigned individually and determined based on the role and responsibilities assigned and balance (pay-mix) with Fixed Remuneration. Specifically, the short-term variable component has a target value of about 30%-40% (average value 34%) of the annual gross fixed amount.</p> |
| Long-term variable incentives | Not provided |
| Non-monetary benefits: integrate the remuneration package in a Total Reward logic, mainly social security and assistance | <ul style="list-style-type: none">• Insurance policies (occupational and non-occupational injury; permanent disability due to illness and life);• Healthcare coverage provided for by the supplementary National Collective Labour Contract;• Insurance for civil liability Directors, Auditors and Executives;• Car for mixed-use and use of fuel card;• House allowance against specific requirements. |
| Severance: severance indemnities aimed at protecting the interests of the Group also from potential competitive risks | <p>The remuneration and the end of employment responsibilities established by the law and by the national collective contract of reference as executives are provided for.</p> <p>The application of the above, in the event of termination in 2021, would entail the payment of an amount based on individual seniority and with an average value equal to 20 months of remuneration calculated on the basis of the criteria of article 2121 of the Civil Code.</p> |

4 New legislation and disclosure on remuneration (pay ratio)

Directive (EU) 2017/828 (Shareholder Rights Directive II) on the encouragement of long-term shareholder engagement contains, among others, rules aimed at improved disclosure and procedural transparency with respect to the remuneration of directors of listed companies.

The new disclosure schedules will apply to this Report, in compliance with the provisions of the Shareholder Rights Directive II as well as the recent CONSOB Regulations with reference to the two Sections and, in particular:

- (i) with reference to Section I, information on the remuneration policy of the control bodies will be included, as well as more analytical information on the criteria used to evaluate performance targets and information concerning the policy for termination benefits or severance indemnities;
- (ii) with reference to Section II, an indication of the performance targets achieved compared to those assigned, any exceptions to the policy in the presence of exceptional circumstances as well as comparisons between annual changes in remuneration, company results and employee remuneration.

Therefore, with a view to increasing transparency towards stakeholders, we are disclosing the ratio between the remuneration (both in its fixed and overall component, understood as fixed plus variable) received during 2019 and 2020 by the Chief Executive Officer and General Manager compared to the average remuneration of the reference population.

| Year | Fixed remuneration CEO+GM (3) | Average fixed remuneration for employees (2) | Number of employees (HC) | Fixed pay ratio |
|------|-------------------------------|--|--------------------------|-----------------|
| 2019 | 700,000 | 36,568 | 11,271 | 19.14 |
| 2020 | 700,000 | 36,549 | 11,470 | 19.15 |

| Year | Overall remuneration CEO+GM (3) | Average overall remuneration for employees | Number of employees | Overall pay ratio |
|------|---------------------------------|--|---------------------|-------------------|
| 2019 | 976,527 | 43,434 | 11,271 | 22.48 |
| 2020 | 980,665 | 43,244 | 11,470 | 22.67 |

2 All permanent and fixed-term employment contracts were considered as employees, re-proportioned to 100% in the case of part-time employment.

3 The values indicated for the year 2019 refer to the remuneration package of Valerio Camerano, in office as CEO + GM in that year; the values indicated for the year 2020 refer instead to the annual remuneration package defined for Renato Mazzoncini, in office as CEO + GM from May 13, 2020. In particular, for the year 2020, for the fixed remuneration, the value approved by the Shareholders' Meeting and the Board of Directors was considered; for the variable remuneration, the value re-proportioned over the entire year was considered and not the actual pro-rata amount paid.

5 Section 1 - 2021 Remuneration Policy

a. Preparation, approval and implementation of the Remuneration Policy: procedures, bodies and entities involved

The preparation, approval and implementation of the Remuneration Policy related to the members of the Board of Directors, General Manager, Key Executives and members of the Control Bodies require the involvement and contribution of various bodies and entities depending on the recipient to which it is addressed and specifically:

- Shareholders' Meeting;
- Board of Directors;
- Remuneration and Appointments Committee;
- Chair and CEO;
- People & Transformation Department;
- Administration, Finance and Control Department;
- Board of Statutory Auditors.

Shareholders' Meeting

Regarding remuneration, the Shareholders' Meeting:

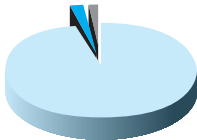
- Defines the remuneration of the members of the Board of Directors as Directors. The remuneration is determined at the time of appointment of Directors;
- Defines the remuneration of the members of the Board of Auditors. The remuneration is determined at the time of appointment of Auditors;
- Resolution in favour or against (binding vote) on Section 1 of the Report provided for in article 123-ter, paragraph 3 of the CFA on the Company's policy on remuneration of the members of the boards of directors and auditors, General Managers and Key Executives with reference at least to the following year;
- Resolution in favour or against (advisory vote, non-binding) on the Second Section of the Report, containing the remuneration paid in 2020 to the executive and non-executive members of the Board of Directors, the members of the Board of Statutory Auditors, the General Manager and the Key Executives.

On May 13, 2020, the Shareholders' Meeting also voted in favour on the First Section of the 2020 Remuneration Report.

The figure below (figure 5) outlines the results of the advisory vote by the Shareholders' Meeting of 2016 (June 7, 2016), 2017 (May 15, 2017), 2018 (April 27, 2018), 2019 (May 13, 2019) and 2020 (May 13, 2020) on the Remuneration Report.

Figure 5: Results of the advisory vote by the Shareholders’ Meeting on the 2017, 2018, 2019 and 2020 Remuneration Reports

| 2017 Remuneration Report | |
|--|---------------|
| Total shares for which the vote was expressed | 2,222,579,359 |
| Share capital | 3,132,905,277 |
| | |
| % Shares for which the vote was expressed of Share capital | 70.94% |
| | |
| % | |
| Favourable | 95.43% |
| Against | 2.48% |
| Abstention + Non-Voter | 2.09% |



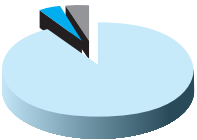
| 2018 Remuneration Report | |
|--|---------------|
| Total shares for which the vote was expressed | 2,121,771,440 |
| Share capital | 3,132,905,277 |
| | |
| % Shares for which the vote was expressed of Share capital | 67.73% |
| | |
| % | |
| Favourable | 92.04% |
| Against | 3.72% |
| Abstention + Non-Voter | 4.24% |



| 2019 Remuneration Report | |
|--|---------------|
| Total shares for which the vote was expressed | 2,231,648,559 |
| Share capital | 3,132,905,277 |
| | |
| % Shares for which the vote was expressed of Share capital | 71.23% |
| | |
| % | |
| Favourable | 90.22% |
| Against | 6.71% |
| Abstention + Non-Voter | 3.06% |



| 2020 Remuneration Report | |
|--|---------------|
| Total shares for which the vote was expressed | 2,276,275,663 |
| Share capital | 3,132,905,277 |
| | |
| % Shares for which the vote was expressed of Share capital | 72.66% |
| | |
| % | |
| Favourable | 91.00% |
| Against | 4.38% |
| Abstention + Non-Voter | 4.62% |



■ Favourable ■ Against ■ Abstentions and non-Voters

Board of Directors

Regarding remuneration, the Board of Directors:

- established a Remuneration and Appointments Committee and determined the powers and rules of operation thereof, bearing in mind that at least one of the members of the Committee possesses adequate knowledge and experience in financial matters or remuneration policies;
- and in accordance with the By-Laws of the Group:
- establishes, after consulting with the Remuneration and Appointments Committee, and the Board of Auditors, the remuneration for the Directors vested with particular offices, powers or functions by the By-laws or by the Board of Directors;
- may attribute special offices or special technical-administrative functions to one or more of its members, in this case resolving special remuneration and particular remuneration, both upon conferment of the office and subsequently, after consulting with the Remuneration and Appointments Committee and the opinion of the Board of Auditors;
- approves the Remuneration Policy and submits it to the Shareholders' Meeting during approval of the financial statements.

Furthermore, the Board of Directors, with the support of the Remuneration and Appointments Committee and, where necessary, the competent corporate organizational structures (People & Transformation and Administration, Finance and Control) is responsible for the preparation and implementation of the short-term incentive system of the CEO and the General Manager, setting the performance targets and approving the related level of achievement.

Remuneration and Appointments Committee

The Remuneration and Appointments Committee was established on May 14, 2020 by the Board of Directors, with the following composition: Secondina Giulia Ravera (Chair), Stefania Bariatti (Member) and Giovanni Comboni (Member).

Table 6: Current Composition - Remuneration and Appointments Committee

| | | Office |
|-------------------|------------------|---|
| Dina Ravera | Committee Chair | Independent Board Director pursuant to article 148 CFA and the Corporate Governance Code. |
| Stefania Bariatti | Committee Member | Independent Board Director pursuant to article 148 CFA and the Corporate Governance Code. |
| Giovanni Comboni | Committee Member | Independent Board Director pursuant to art. 148 CFA. |

The Remuneration and Appointments Committee has the task of assisting the Board of Directors with investigative, advisory and proposal functions.

In particular, the Committee is attributed the following tasks:

- periodically assess the adequacy, overall consistency and concrete application of the remuneration policy of Directors and Key Executives, availing itself, in this latter context, of the information provided by the Chief Executive Officer;
- submit proposals to the Board of Directors on the matter;
- submit proposals or express opinions to the Board of Directors on the remuneration of Executive Directors and other Directors who hold specific offices or functions and also on the establishment of performance targets related to the variable component of said remuneration;
- assess the possibility of setting up long-term incentive systems for the Chair, CEO and first-level Management;
- monitor the implementation of decisions taken by the Board itself, verifying, in particular, the actual achievement of performance targets;
- previously examine the Annual Remuneration Report to be made available to the public in view of the Shareholders' Meeting for the annual financial statements;
- propose to the Board of Directors candidates for the office of Director in cases of co-option, if it is necessary to replace independent Directors;
- perform preliminary investigation on the drafting of the plan for the succession of executive Directors, if the Board of Directors has assessed the adoption of said plan;
- submit to the Board of Directors proposals for the appointment and remuneration in the corporate bodies of the subsidiaries on the basis of the "Guidelines for the appointment and remuneration of members of the corporate bodies of investees";
- perform any other tasks assigned by the Board of Directors.

a.
Preparation,
approval and
implementation of
the Remuneration
Policy: procedures,
bodies and
entities
involved

b.
Aims and
Principles of the
Remuneration
Policy

c.
Detailed
Structure of the
Remuneration
Policy

For the effective performance of its analysis and investigation functions, the Committee may access the company information required and seek the operational support of the competent organizational structures.

In the terms established by the Board of Directors and the within the limits of the annual budget approved by the Board of Directors, the Committee, if it deems it appropriate, may also seek the consultancy of external expert companies on issues addressed, provided that they do not maintain relations with the Group such as to affect the independence of judgement.

The Committee shall meet as often as necessary for the proper performance of its functions. For the meetings to be valid, the presence of the majority of the members in office shall be required.

The resolutions may be adopted only with the favourable vote of the majority of members in office.

Committee meetings are also attended by the Chair of the Board of Auditors, who may designate another Statutory Auditor to attend in place. However, they can also be attended by the other Statutory Auditors.

The meetings are also attended by the Head of the Corporate Secretariat, who has been identified, on the basis of the corporate competencies and responsibilities assigned, as the secretary of the Committee, and by the People & Transformation Director for expertise on the issues addressed.

If necessary, meetings may also be attended by other members of the Board of Directors or heads of the company functions or third parties, whose presence may be of support to the activities of the Committee.

However, no Director may attend meetings in which proposals are formulated to the Board of Directors regarding their remuneration.

The meeting calls contain an indication of the topics on the agenda and shall be sent at least three business days before the date set (except in cases of urgency in which the term is reduced to one day), to each member of the Committee and members of the Board of Auditors.

In 2020, the Committee met 20 times; the participation of its members was 99%. All meetings were regularly held by prior call sent to all parties concerned and for each meeting, minutes were prepared outlining the issues addressed and the decisions taken. The meetings were always attended by the Board of Auditors. In some cases, the meetings were also attended by other parties invited by the Committee Chair.

The detailed information regarding the Committee's operating mechanism is available on the Regulation published on the website www.a2a.eu (section "Governance" – "Committees").

During 2020, the activities carried out by the Committee, with regard to remuneration aspects only, were as follows:

- definition of proposals for the appointment and remuneration of members of corporate bodies of investees;
- attestation of the results of the Chief Executive Officer and the General Manager for 2019;
- definition of the short-term incentive scheme for the Chief Executive Officer and the General Manager for 2020;
- preparation of the Remuneration Report for 2020 (Sections I and II) to be submitted to the Board of Directors for approval with a view to subsequent submission to the Annual Shareholders' Meeting;
- definition of the proposal for the determination of the remuneration of Directors vested with particular offices, powers or functions and for the members of the Internal Board Committees;
- examination, with the intervention of a legal advisor, of the economic conditions relating to the termination of the relationship with the previous Chief Executive Officer and General Manager;
- examination of the economic conditions of employment of the new General Manager and discussion of the clause linking the employment relationship of General Manager to the mandate of Chief Executive Officer;
- review of the Chief Executive Officer/General Manager short-term incentive plan and Guidelines for the short-term incentive plan of first line management, including Strategic Executives;
- analysis of the remuneration positioning of the Company's Executives and related benchmarking with the support of an external consultant from the leading company in the sector ("Mercer");
- analysis of shareholders' meeting voting and voting policies of institutional investors and proxy advisors;
- results of the Chief Executive Officer/General Manager and the Strategic Executives regarding the short-term incentive plan for 2020;
- preparation of the proposal for the structure of the short-term incentive plan for 2021 for the Chief Executive Officer/General Manager and the Strategic Executives.

In the first months of 2021, the Committee met 7 times; the participation of its members was 100%. All meetings were regularly held by prior call sent to all parties concerned and for each meeting, minutes were prepared outlining the issues addressed and the decisions taken. The meetings were always attended by the Board of Auditors. In some cases, the meetings were also attended by other parties invited by the Committee Chair.

During 2021, the activities carried out by the Committee were as follows:

- Appointment and remuneration in the corporate bodies of investees with the definition of proposals to be submitted to the Board of Directors;
- Short-term incentive systems of the CEO and General Manager for the purpose of both definition of the proposal for the year 2021 and verification of achievement of performance targets for the year 2020;
- Short-term incentive systems of the Key Executives for the purpose of both definition of the proposal for the year 2021 and verification of achievement of performance objectives for the year 2020;
- Remuneration Report with the preparation of this document to be submitted for approval to the Board of Directors;
- Analysis and discussion of claw-back clauses to be introduced in the 2021 short-term incentive;
- Analysis and discussion of the People & Transformation Department's plan to introduce a Succession Plan;
- Analysis and discussion of the Group's People Strategy;
- Analysis and discussion regarding the introduction of long-term incentive mechanisms for key organizational roles.

Chair and CEO

The remuneration policies for executive personnel, including Key Executives, are defined as follows:

- the Chair limited to the managerial staff exclusively and directly under, after consulting the Chief Executive Officer;
- the Chief Executive Officer for all executives with the exception of the General Manager, which is the sole responsibility of the Board of Directors, and of the executives that report to the Chair of the Board of Directors, for which it is consulted by the Chair.

The General Manager is also responsible for managing all contractual and organizational aspects of the other employees of the A2A Group.

People & Transformation and Administration, Finance and Control

Activities pertaining to the Remuneration Policy of the Board of Directors and Key Executives also involve:

- People & Transformation for technical-specialist assistance on remuneration issues and for the elaboration of support analyzes such as, by way of example but not limited to, monitoring of internal remuneration and market trends; studies and benchmarks of market practices and trends; analysis of remuneration levels in terms of internal equity and competitiveness with respect to markets selected as reference;
- Administration, Finance and Control for the identification and valorization of quantitative parameters underlying the variable incentive systems and the ex-post assessment of their level of achievement.

Board of Statutory Auditors

The Board of Statutory Auditors, with regard to remuneration, attends the meetings of the Remuneration and Appointments Committee and expresses the opinions required by current regulations, verifying consistency with the remuneration policy adopted by the Company.

b. Aims and Principles of the Remuneration Policy

b1. Background: working conditions of employees

A2A makes the protection of the working conditions of its employees one of the cornerstones of its policies. To this end, it is recalled that the Group, which operates mainly in Italy, applies the main national contracts for the sector as well as numerous second level agreements.

In particular, respect for the working conditions of employees is embodied in various measures to which the group has been committed for some time, such as:

- Strengthening of welfare instruments
- Alignment of the Result Bonus with company objectives
- Strict control of injuries, included in the targets of the group managers
- Strong focus on female representation both in positions of responsibility and overall representativeness (this indicator will also be part of the set of top management targets in 2021)

Other instruments to which the group has committed are disability policies and the alignment of the recreational offer for employees and their families, which we are redesigning in agreement with the trade unions.

a.
Preparation,
approval and
implementation of
the Remuneration
Policy: procedures,
bodies and
entities
involved

b.
Aims and
Principles of the
Remuneration
Policy

c.
Detailed
Structure of the
Remuneration
Policy

b2. Linking the Remuneration Policy with the Business Plan

In January 2021, A2A announced its new 10-year Business Plan 2021-2030 and its repositioning from multi-utility to Life Company.

The Business Plan envisages two aspects that are the Circular Economy and the Energy Transition, as well as an important focus on Sustainability, both in the conduct of A2A and that of its citizens. A particularly relevant aspect of the plan is the strong acceleration in infrastructure and renewable energy investments.

During the presentation of the plan, ambitious targets were communicated, which are used for the main metrics of the variable remuneration system of the CEO/GM and Strategic Executives, as well as, cascading, on all company management subject to MBO.

In particular, it was decided to guarantee a high level of commitment from all management towards the achievement of a minimum Group EBITDA target, as well as a minimum level of investment (CAPEX) for both development and maintenance and improvement.

We will achieve the target of focusing management through an access gate to the MBO system that is the same for the entire company, which crosses these two parameters.

Within the MBO system for management, the concept is emphasised of being part of the same team with a consistent part of the targets linked both to results deriving from own activities and those of a higher level (one level up). This is to further drive a spirit of collaboration and teamwork without which the Business Plan will not be feasible.

It is important to note that all Strategic Executives will have a significant portion (15% of the MBO) linked to sustainability targets, according to their responsibilities (reduction of group injuries, gender representativeness, energy/material recovery, reduction of water cycle losses, reduction of CO₂, increase in energy produced from renewable sources, etc.).

A key element in measuring the General Manager's MBO, in order to ensure a strong alignment with the business strategy, is the presence of a mechanism that rewards the achievement of specific milestones related to multi-year targets of the plan. In this sense, even in the temporary absence of a long-term incentive plan, it was considered appropriate to provide a set of targets for projects with a multi-year duration.

As indicated in the activities planned in 2021 for the Remuneration and Appointments Committee, the evaluation of long-term incentive mechanisms for key organizational roles is, moreover, work already planned; this activity was also undertaken in consideration of the votes expressed at the Shareholders' Meeting on this specific issue.

It should also be noted that, also in relation to the discussions that took place after this vote, A2A decided to introduce a claw-back clause to be applied from 2021 to all MBO recipients for a period of three years after the bonus was paid.

b3. Aims of the Remuneration Policy

The A2A Remuneration Policy aims to:

- contribute to corporate strategy, the pursuit of medium/long-term interests and the sustainability of the Company;
- attract, motivate and retain people with the professional qualities necessary for the successful pursuit of the targets and the successful management of the Company;
- align the interests of management to the pursuit of the priority target of creating value for shareholders and the achievement of predetermined economic results, through the use of variable components;
- recognize the professional merit and compliance with the Code of Ethics of the Company and integrity of conduct;
- guarantee fair conditions within the organization and competitiveness with respect to other companies of comparable sectors in terms of business and size.

In the definition of the Remuneration Policy, the Board of Directors therefore applies the following criteria:

- Remuneration consistent with responsibilities assigned and activities managed:
 - the remuneration of Directors who hold special offices (Chair, CEO and General Manager) or functions, or members of the Board Committees, was defined considering responsibilities/powers assigned and the level of operations and the intensity of work required. For their determination, the remuneration practices of companies selected as reference panel were also analysed;

- the remuneration of Key Executives was also defined and updated on the basis of the “complexity” of the activities managed, evaluated by applying an internationally recognized and certified methodology, and on the level of coverage of the organizational position assigned;
- the fixed component of the remuneration, not subject to performance conditions for disbursement, is also such to compensate the activities managed even if the variable component, if applicable, is not disbursed.
- Link between variable remuneration and corporate performance:
 - the fixed component and the variable component are properly balanced according to the strategic objectives and the Company's risk management policy, also taking account of the sector and the characteristics of the activity in which it operates;
 - the variable incentive system provides an access mechanism that cancels or significantly reduces the bonus payable in the event of Company performance not in line with forecasts;
 - the targets assigned are predetermined, measurable and economic-financial, operational and/or productivity targets related to the Group's performance and the achievement of the Group's business plan;
 - maximum limits are provided for the variable component.
- Recognition of wage increases for merit in compliance with the Code of Ethics and conduct integrity:
 - the individual results obtained and the conduct for the achievement thereof are periodically measured in order to apply meritocratic management;
 - adherence to conduct in compliance with the Company's Code of Ethics and integrity of conduct are also verified and evaluated.

c. Detailed Structure of the Remuneration Policy

The structure of the Remuneration Policy for the year 2021, described in detail below, reflects the decisions made regarding remuneration on May 13, 2020 by the Shareholders' Meeting, and on May 14, June 18, and July 30, 2020 by the Board of Directors.

c1. Introduction

The Shareholders' Meeting held May 13, 2020 appointed the new Board of Directors and Statutory Auditors for the three-year period 2020-2022, determining, according to the provisions of the Company by-laws, the annual remuneration for the office of Board Director and Members of the Board of Auditors.

Subsequently, on May 14, 2020, the Board of Directors:

- appointed Renato Mazzoncini as Chief Executive Officer and General Manager of the Company, approving the remuneration for the two roles;
- defined the composition of the three Internal Board Committees, indicating their members and remuneration.

In addition, in July 2020, a Macro-Organization was resolved, which modified the list of organizational positions the executives of which are to be considered as “Key Executives”, from a number of 8 positions (covered by 7 holders) to 7 positions (covered by the same number of holders).

c2. Remuneration of the members of the Board of Directors, excluding the Chair and CEO

The remuneration of the individual Board Directors, not vested with special offices, powers or functions, and of the Vice-Chair consists of:

- the fixed annual gross remuneration, approved by the Shareholders' Meeting upon appointment, received as Board member and equal to 80,000 euro/year;
- the fixed annual gross remuneration, approved by the Board of Directors, for participation in the Board Committees, according to as indicated in table 7. Said remuneration is commensurate to the commitment required and therefore has different amounts for the Control and Risk Committee, in terms of greater commitment required, and the Chair, in view of the role assigned for work coordination and liaison with the corporate bodies and corporate functions.

Table 7: Annual gross fixed remuneration for participation in Board Committees

| Committee | Emolument for participation in Committees (euro/year) | |
|-------------------------------|---|--------|
| | Chair | Member |
| Control and Risks | 30,000 | 20,000 |
| Remuneration and Appointments | 20,000 | 19,000 |
| Sustainability and Territory | 20,000 | 19,000 |

No attendance tokens are provided for meetings of the Board Committees nor, in consideration of the non-executive role, variable monetary incentive systems based on financial instruments or equity. For the Directors who are members of professional bodies, the 4% contribution, as required by law, is paid entirely by the Company.

The remuneration due for participation in the Board Committees was resolved by the Board of Directors a first time in 2014 and subsequently confirmed in 2017 and 2020, taking into consideration:

- the Remuneration practices of the major companies in the FTSE MIB index;
- the method of operation of the Board Committees of the leading companies in the FTSE MIB index and Italian companies in the multi-utilities sector;
- the responsibilities assigned as well as the level of operations and the intensity of work required by the Board Committees;
- the role specificity of the Control and Risks Committee.

On November 12, 2020, the Board of Directors established that the “Internal Audit” function would functionally report to the Vice-Chair of the Board of Directors (Giovanni Comboni), with the payment, pro-rata, of the supplementary gross annual remuneration already resolved for said position of a total of 40,000 euro/year, to be added to the remuneration received as a Director as resolved by the Shareholders’ Meeting of appointment.

c3. Remuneration of the Chair of the Board of Directors

The remuneration of the Chair of the Board of Directors includes:

- annual gross fixed remuneration, approved by the Shareholders’ Meeting, received as Board member and equal to 80,000 euro/year;
- annual gross fixed remuneration, approved by the Board of Directors, for participation in the Board Committees, according to as indicated in table 7;
- fixed remuneration for the specific office of Chair for 250,000 euro/year gross, in addition to the amount indicated above.

For the Chair no attendance tokens are provided for individual meetings of the Board Committees; moreover, repayment is provided for any remuneration received for participation, as Director, in the Boards of Directors of investees.

The remuneration of the Chair is completed by the provision of non-monetary benefits provided to the managerial staff of the Group (details provided in paragraph c8).

Also considering the type of non-employment contract of the Chair with the Company, the Company pays and exclusively undertakes pension contributions in separate management.

The remuneration of the Chair described above was approved in 2020 by the Board of Directors considering:

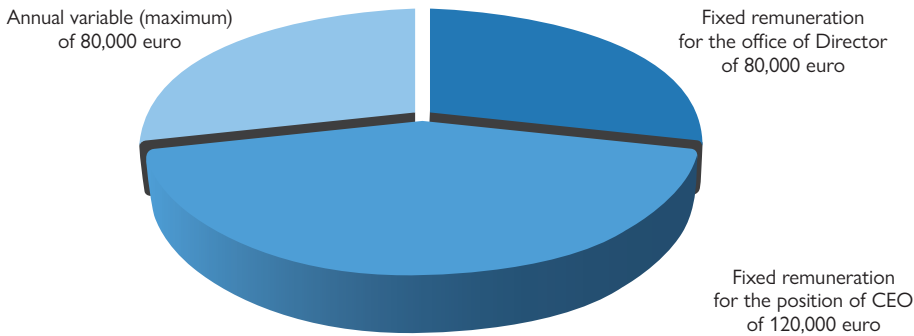
- the remuneration practices of companies with similar characteristics to A2A;
- the executive nature and the strategic importance of the Chair;
- the responsibilities, delegations and powers attributed.

c4. Remuneration of the Chief Executive Officer

The remuneration package of the CEO for 2021 includes:

- annual gross fixed remuneration, approved by the Shareholders’ Meeting, received as Board member, equal to 80,000 euro/year;
- fixed remuneration for the specific office of CEO for 120,000 euro/year gross, in addition to the amount above;
- gross annual variable remuneration linked to the achievement of short-term targets assigned annually by the Board of Directors, with a maximum payable value of 40% of the total emolument (200,000 euro=120,000 euro+80,000 euro) and therefore 80,000 euro/year.

A long-term incentive plan is not currently available for the Chief Executive Officer.



a.
Preparation,
approval and
implementation of
the Remuneration
Policy; procedures,
bodies and
entities
involved

b.
Aims and
Principles of the
Remuneration
Policy

c.
Detailed
Structure of the
Remuneration
Policy

The annual variable remuneration envisages:

- an “access gate”, based on EBITDA of the Company in 2021 and Capex at 12/31/2021, which reduces by 30% or annuls the remuneration payable if the Group’s economic-financial performance is not in line with the budget of the year of reference;
- two targets:
 - Industrial Cash Flow, set as target on the budget value for the reference year and with fluctuation +/-5%;
 - Net Debt/Ebitda, set, as target, at 3.3x with a range of 3.5x (corresponding to the minimum achievement of the target) and 3.1x (corresponding to the maximum achievement of the target)⁴.

With respect to the “access gate” used in previous years, the Board of Directors, on the proposal of the Remuneration and Appointments Committee, decided to replace Industrial Cash Flow with Total Capex (maintenance and development) of the Group in view of the importance of investments for the sustainable development of the Company, a key point also of the Strategic Plan.

In addition to the “access gate”, it is required to achieve a minimum of the targets below which the remuneration shall not be paid; upon exceeding said minimum achievement, the remuneration may vary linearly between 26.7% and 40% of the total emolument (200,000 euro) depending on the level of achievement of targets (upon achievement of 100% of the targets, the pay mix of the variable remuneration on the fixed remuneration is therefore equal to 33.3%).

The 40% of the overall emolument (80,000 euro) represents a maximum amount (“Cap”) above which, even in the presence of over-performance of the Company and the CEO, no further increase of the amount due shall be provided.

Even for the CEO, repayment is provided for any remuneration received for participation, as Director, in the Boards of Directors of investees.

Also considering the type of non-employment contract of the Chief Executive Officer with the Company, the Company pays and exclusively undertakes pension contributions in separate management.

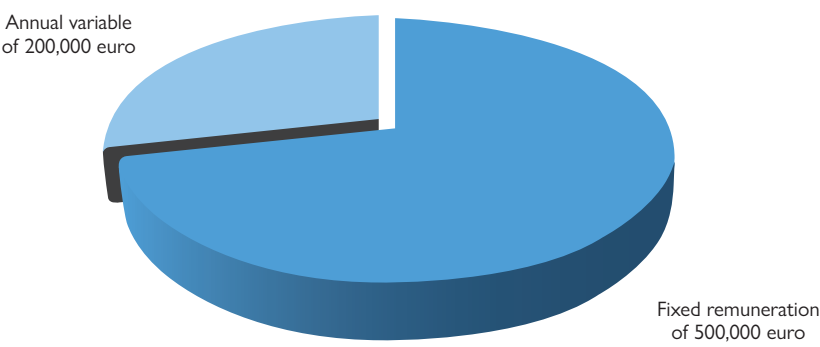
c5. Remuneration of the General Manager

The remuneration package of the General Manager for 2021 includes:

- a fixed remuneration of 500,000 euro/year gross;
- annual variable remuneration linked to the achievement of short-term targets assigned annually by the Board of Directors, with a payable value at target of 40% of the fixed remuneration (500,000 euro) and therefore 200,000 euro/year.

A long-term incentive plan is not currently available for the General Manager.

4 Ebitda and Capex do not include the differential contribution from new acquisitions (M&A transactions). Net Debt / Ebitda includes the differential contribution from new acquisitions (M&A transactions), excluding those above 500 million, and the portion of Ebitda from this source (“acquired” Ebitda), for the purposes of calculating the ratio, shall be pro-forma on 12/12.



The annual variable remuneration envisages:

- an “access gate”, based on EBITDA of the Company in 2021 and Capex of the Company at 12/31/2021, which reduces by 30% or annuls the remuneration payable if the Group’s economic-financial performance is not in line with the budget of the year of reference;
- the following targets:
 - Economic - Financial (weight 40%): Ebitda set, as target, on the value forecast in the budget for the reference year and with a +/-5% fluctuation; Capex set, as maximum (120%) on the budget value, as minimum on 85% of the budget value and as target (100%) on the linear interpolation between minimum and maximum⁵;
 - Strategic Projects (weight 37%): 10 projects of major strategic importance envisaged in the Business Plan, monitored every two months by the Board of Directors
 - Sustainability (weight 23%): regarding:
 - D&I: % women in management; % women on the Boards of Directors of subsidiaries/investee companies; % women on the short lists for selection
 - Control of injuries: Containment of the If*Ig value below the maximum value defined for the Group
 - CO2 emissions (from business plan to 2021)

As for the Chief Executive Officer, with respect to the “access gate” used in previous years, the Board of Directors, on the proposal of the Remuneration and Appointments Committee, decided to replace Industrial Cash Flow with Total Capex (maintenance and development) of the Group in view of the importance of investments for the sustainable development of the Company, a key point also of the Strategic Plan.

In addition to the “access gate”, it is required to achieve a minimum of the targets below which the remuneration shall not be paid; upon exceeding said minimum achievement, the remuneration may vary linearly between 32% and 48% of Fixed Remuneration (500,000 euro) depending on the level of achievement of targets (upon achievement of 100% of the targets, the pay mix of the variable remuneration on the fixed remuneration is therefore equal to 40%).

The 48% of the overall emolument (240,000 euro) represents a maximum amount (“Cap”) above which, even in the presence of over-performance of the Company and the General Manager, no further increase of the amount due shall be provided.

c6. Remuneration of Key Executives

In July 2020, a Macro-Organization was approved by the Board of Directors, which modified the list of organizational positions the executives of which are to be considered as “Key Executives”.

As a result of the above, in 2020, the organizational positions held by Key Executives went from 8 positions (covered by 7 holders) to 7 positions (covered by the same number of holders).

At the date of publication of this document, this number had not changed.

5 Ebitda and Capex do not include the differential contribution from new acquisitions (M&A transactions). Net Debt / Ebitda includes the differential contribution from new acquisitions (M&A transactions), excluding those above 500 million, and the portion of Ebitda from this source (“acquired” Ebitda), for the purposes of calculating the ratio, shall be pro-forma on 12/12.

The aforementioned organizational positions were identified on the basis of the following criteria defined in 2019 by the Board of Directors on the proposal of the Remuneration and Appointments Committee:

- position in the organization chart as the first line of reporting to the Chief Executive Officer or General Manager;
- effectiveness of the powers assigned through specific proxies;
- effective possibility of impacting the Group's current business as well as its evolution and future prospects;
- be a priority for the implementation of the Strategic Plan;

highlighting in particular the importance of the link with the Business Plan.

For 2021, the remuneration packages of Key Managers include:

- annual fixed component determined:
 - based on the role and responsibilities assigned considering the average salary levels applied to roles of comparable complexity, by national companies comparable in size;
 - based on professional specialization and technical, and managerial skills required and held;
- a short-term variable component related to individual targets with a target value equal to approximately 30%-40% (average value 34%) of the annual gross fixed amount.

The value of the remuneration is characterized by a range of fluctuations with a minimum amount (80% of the target value), payable only when the minimum targets have been achieved, a target amount, payable when 100% of the short-term targets assigned have been achieved, and a maximum amount ("cap"; 120% of the target value) payable under over-performance conditions.

Variable remuneration is directly related to the achievement of predefined targets assigned annually:

- Economic and financial performance of the Company relating to Net Debt/Ebitda and Ebitda, with a weight of 25%, equally divided on the two parameters, and Ebitda, Capex and/or Costs of Competence and Development Capex by area of competence, with a weight of 25% ;
- Strategic projects: selection of projects consistent with the area of responsibility, with an overall weight of 25%;
- of sustainability relevant/measurable and consistent with the Business Plan, with an overall weight of 15%;
- competencies, with soft skills assessment, for a total weight of 10%.

As for the Chief Executive Officer and the General Manager, also for Strategic Executives, an "access gate" is envisaged, based on Ebitda and Capex, and which reduces or annuls the remuneration payable if the Group's economic-financial performance is not in line with the budget.

A long-term incentive plan is not currently available for Key Executives.

c7. Board of Statutory Auditors

The Remuneration Policy provides for a fixed remuneration, approved by the Shareholders' Meeting, commensurate with the responsibilities, complexity and onerousness of the assignment.

On May 13, 2020, the Shareholders' Meeting determined, for the period of office of the Board of Auditors, the following annual gross remuneration:

- 130,000 euro for the Chair of the Board of Auditors;
- 80,000 euro for Statutory Auditors.

For the Statutory Auditors who are members of professional bodies, the 4% contribution, as required by law, is paid entirely by the Company.

c8. Non-monetary benefits

With the aim of ensuring that the overall remuneration offered is as competitive as possible and in line with the best practices adopted at national and international level, the total remuneration of Directors, the General Manager and Key Executives is supplemented by non-monetary benefits.

The Directors, excluding the Chair and Chief Executive Officer, and the members of the Board of Auditors (including the Chair) shall receive as non-monetary benefits:

- insurance policy occupational and non-occupational injuries;
- insurance for civil liability Directors, Auditors and Executives.

6 Ebitda and Capex do not include the differential contribution from new acquisitions (M&A transactions). Net Debt / Ebitda includes the differential contribution from new acquisitions (M&A transactions), excluding those above 500 million, and the portion of Ebitda from this source ("acquired" Ebitda), for the purposes of calculating the ratio, shall be pro-forma on 12/12.

a.
Preparation,
approval and
implementation of
the Remuneration
Policy; procedures,
bodies and
entities
involved

b.
Aims and
Principles of the
Remuneration
Policy

c.
Detailed
Structure of the
Remuneration
Policy

The Chair, Chief Executive Officer, General Manager and Key Executives will receive non-monetary benefits such as:

- insurance policies (occupational and non-occupational injury; permanent disability due to illness and life);
- supplementary health coverage;
- insurance for civil liability Directors, Auditors and Executives;
- car for mixed-use and use of fuel card.

In addition to the above monetary benefits, a house allowance in line with the market standards of companies comparable with the Company is attributable for specific needs.

c9. Indemnities in the event of termination of office or termination of employment

As far as the Chair of the Board of Directors, the Directors and the Key Executives are concerned, there are no specific agreements that regulate ex ante the economic aspects relating to the termination of office or termination of employment.

For Key Executives, the remunerations provided by law and by the CCNL for executives of companies belonging to the Confservizi associations apply; the overall individual remuneration, therefore, may reach, excluding the indemnity in lieu of notice (which may - depending on seniority up to a maximum of 12 months' pay), a maximum of 24 months' pay calculated on the basis of the criteria of article 2121 of the Civil Code.

For the Chief Executive Officer/General Manager only, an agreement is in place for the termination of both the administrative and managerial relationship, whereby, in the event of the simultaneous termination of both the subordinate and the administrative relationship, an amount equal to the sum of the indemnity in lieu of notice and the maximum additional indemnity provided for by the CCNL is paid, in relation to the case of termination of the employment relationship⁷.

This remuneration is due if the relationship is terminated by the Company for reasons other than just cause or by the Chief Executive Officer-General Manager for resignation for just cause due to events that have caused actual and concrete demotion, or due to organizational changes within the Company that have caused a reduction in duties (including the revocation or non-renewal of the office of Chief Executive Officer in the absence of just cause).

The application of the above, in the event of termination in the year 2021, would result in:

- for the Chief Executive Officer/General Manager, the payment of an amount equal to 10 months of remuneration calculated according to the conventional rules;
- for Strategic Executives the payment of an amount based on individual seniority and with an average value equal to 20 months of remuneration calculated on the basis of the criteria of article 2121 of the Civil Code.

c10. Deferral of cash components and claw-back and malus clauses

To date, there are no mechanisms for deferment in the payment of the fixed or variable component.

On the other hand, from 2021, the A2A Remuneration Policy envisages ex-post correction mechanisms in the form of claw-back clauses, which allow the Company to ask for the restitution - or rather not to make payments in the context of malus clauses - of all or part of the variable components of remuneration paid to individuals who, with wilful misconduct or gross negligence, have altered the data used to achieve the targets or have behaved in breach of corporate, contractual or legal regulations.

c11. Benchmark of other companies on remuneration policies

The preparation of the guidelines and the evaluation of the policies implemented are carried out with the support of Mercer, an external advisor specialized and leader in the sector, using salary benchmarks. The salary references used are indicated below:

- Chief Executive Officer and General Manager: Italian companies belonging to the FTSE MIB index, with the exception of financial sectors/departments;
- Key Executives: "Restricted Energy Market" consisting of a subset of the Company's peer Italian companies in the Energy market.

⁷ This amount will be calculated, with regard to the fixed part, on the basis of the Fixed Remuneration actually received at the time of termination of the employment relationship; with regard to the variable part, on the basis of the average remuneration actually received or accrued in the last three years as Variable Remuneration. Should the termination take place before the end of the third year, as better remuneration, reference shall be made to the better remuneration between 60% of the amount of the Variable Remuneration - as determined above - and the Variable Remuneration actually received in the previous year (if the relationship has lasted less than two years) or the average Variable Remuneration actually received in the previous two years.

6 Section 2 - Implementation of the 2020 Remuneration Policy

This section of the Remuneration Report provides:

- a representation of each of the items that make up the remuneration for the previous year (2020) for Members of the Board of Directors and Controlling Bodies, General Managers and Key Executives;
- an analytical illustration of the remuneration paid in the previous year (2020), showing its consistency with Section One of the previous Remuneration Policy Report and comparing the performance targets achieved with those expected.

As explained in Section One of this Report on May 13, 2020, the Shareholders' Meeting:

- appointed, for the three-year period 2020-2022, a Board of Directors consisting of 12 members;
- appointed Marco Patuano as Chair of the Board of Directors;
- appointed Giovanni Comboni as Vice-Chair of the Board of Directors;
- appointed, for the three-year period 2020-2022, a Board of Statutory Auditors consisting of 3 standing members and 2 substitute members;
- determined, in accordance with the provisions of the Company By-laws, the annual remuneration payable for the office of Director of the Board of Directors (80,000 euro/year gross, pro-rated for the period of office), Chair of the Board of Statutory Auditors (130,000 euro/year gross, pro-rated for the period of office) and Member of the Board of Statutory Auditors (80,000 euro/year gross, pro-rated for the period of office).

Subsequently, on May 14, 2020, the Board of Directors appointed Renato Mazzoncini as Chief Executive Officer and General Manager of the Company.

On the same date, the Company reached an agreement for the consensual employment termination of Luca Valerio Camerano, whereby Luca Valerio Camerano waived, with immediate effect, his role as General Manager and all powers and authorities granted to him.

In view of the above, the Board of Directors resolved to hire Renato Mazzoncini on a permanent executive contract.

On June 18, 2020, the Board of Directors, on the proposal of the Remuneration and Appointments Committee, with the favourable opinion of the Board of Statutory Auditors, and in continuity with the previous mandate in consideration of the historical moment of serious economic crisis that did not allow hypothesizing increases in remuneration despite the presence of two new top management figures of significant importance, resolved to:

- award Marco Patuano - for the position of Chair of the Board of Directors - remuneration of 250,000 euro gross per year and non-monetary benefits similar to those provided for general company executives;
- award Renato Mazzoncini - for the position of Chief Executive Officer - remuneration of 120,000 euro gross/year with a variable amount of 80,000 euro gross/year upon achievement of the maximum level of the targets.

The aforementioned remuneration, pro-rated from the date of appointment to the respective offices, is fully consistent with the Company's Remuneration Policy.

At the same meeting of June 18, 2020, also in continuity with the past and fully consistent with the Company's Remuneration Policy, the Board of Directors, on the proposal of the Remuneration and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors, resolved to award the Chairs and Members of the internal Board Committees the gross annual remuneration, pro-rated for the period of office, shown in the table below.

Table 9: Gross fixed remuneration paid for participation in Board Committees

| Committee | Emolument for participation in Committees (amounts in euro) | |
|-------------------------------|---|-------------|
| | Chair | Member |
| Control and Risks | 30,000 euro | 20,000 euro |
| Remuneration and Appointments | 20,000 euro | 19,000 euro |
| Sustainability and Territory | 20,000 euro | 19,000 euro |

Lastly, on November 12, 2020, the Board of Directors:

- resolved to appoint, for the three-year period 2020-2022 (until approval of the financial statements at 12/31/2022), the Independent Director Vincenzo Cariello as “Lead Independent Director”, assigning him a remuneration of 10,000 euro gross/year pro-rated for the period of office;
- established, on the proposal of the Remuneration and Appointments Committee, that the “Internal Audit” function report functionally to the Vice-Chair Giovanni Comboni, assigning him, with the favourable opinion of the Board of Statutory Auditors, an additional remuneration of 40,000 euro gross per year for this responsibility, pro-rated and in line with as already approved by the previous Board for this position, to be added to the remuneration received as a Director.

Moreover, as part of the contract for the hiring of the General Manager and certain Key Executives in addition to the monetary benefits normally provided to executives, a house allowance in line with the market standards of companies comparable with the Company was granted for specific needs.

This treatment as an exception to the 2020 Remuneration Policy has been thoroughly analyzed, also from an economic point of view, by the Remuneration and Appointments Committee and the Related Parties Committee and has been included in the 2021 Remuneration Policy, as described in the first section of this document.

With respect to the foregoing, described below is the remuneration paid in 2020 to:

- Outgoing and incoming members of the Board of Directors;
- Members of the Board of Auditors;
- Outgoing and incoming General Manager;
- Key Executives.

As described below is annexed (tables 1 and 3b) according to the standard established by Consob.

Comparison of the annual change in remuneration, company results and employee remuneration

In accordance with the new Issuers’ Regulations - and with Annex 3A, Schedule 7-bis, Section II, Part One, par. 1.5 - the tables below show the trend of the Company’s results and their correlation with the remuneration multiples between the Chief Executive Officer and the average remuneration of employees (both fixed and short-term variable remuneration), as well as the evolution of the remuneration of the main offices of the Company, Directors and Statutory Auditors.

| euro/m | | | | |
|--------|----------|------------------------|------------------|--|
| Year | Revenues | Gross operating margin | Operating income | |
| 2018 | 6,494 | 1,231 | 588 | |
| 2019 | 7,324 | 1,234 | 687 | |
| 2020 | 6,862 | 1,204 | 550 | |

| euro/000 - remuneration | | | | |
|-------------------------|-------------------------------|--|--------------------------|-----------------|
| Year | Fixed remuneration CEO+GM (2) | Average fixed remuneration for employees (1) | Number of employees (HC) | Fixed pay ratio |
| 2019 | 700,000 | 36,568 | 11,271 | 19.14 |
| 2020 | 700,000 | 36,549 | 11,470 | 19.15 |

| euro/000 – overall remuneration | | | | |
|---------------------------------|---------------------------------|--|---------------------|-------------------|
| Year | Overall remuneration CEO+GM (2) | Average overall remuneration for employees | Number of employees | Overall pay ratio |
| 2019 | 976,527 | 43,434 | 11,271 | 22.48 |
| 2020 | 980,665 | 43,244 | 11,470 | 22.67 |

1 All permanent and fixed-term employment contracts were considered as employees, re-proportioned to 100% in the case of part-time employment.

2 The values indicated for the year 2019 refer to the remuneration package of Valerio Camerano, in office as CEO + GM in that year; the values indicated for the year 2020 refer instead to the annual remuneration package defined for Renato Mazzoncini, in office as CEO + GM from May 13, 2020. In particular, for the year 2020, for the fixed remuneration, the value approved by the Shareholders’ Meeting and the Board of Directors was considered; for the variable remuneration, the value re-proportioned over the entire year was considered and not the actual pro-rata amount paid.

Annual change in remuneration

| Offices/Roles | 2019 | Δ % 19-20 | 2020 |
|--|---------|-----------|---------|
| Chair of the Board of Directors | 330,000 | - | 330,000 |
| Directors | 80,000 | - | 80,000 |
| CEO | 266,667 | - | 266,667 |
| Chair of the Board of Statutory Auditors | 130,000 | - | 130,000 |
| Statutory Auditors | 80,000 | - | 80,000 |

The remunerations shown in the table above are annual and for:

- Chair of the Board of Directors: include the remuneration for the role of Director and for the office of Chair. They do not include remuneration for participation in Committees and grossed up expenses;
- Directors: do not include remuneration for participation in Committees. They do not include any payments of the 4% contribution, paid in full by the Company, required by law for Directors enrolled in professional pension funds;
- Chief Executive Officer: include the remuneration for the role of Director and the fixed and variable remuneration for the office of Director. They do not include grossed up expenses.

It is worth highlighting the fact that, even in the presence of a change in top management (Chair and Chief Executive Officer), remuneration has been kept constant.

Outgoing and incoming members of the Board of Directors, excluding the Chief Executive Officer

In 2020, individual Board Directors were paid the following remuneration, pro-rated in case of leaving or entering appointment of May 13, 2020:

- gross fixed remuneration, approved by the Shareholders' Meeting, received as Board member and equal to 80,000 euro/year;
- a fixed gross amount, approved by the Board of Directors, for participation in the Board Committees, according to the following scheme (table 9).

In addition to the previous amounts, also pro-rated for leaving and entering appointment on May 13, 2020, in accordance with the resolution of the Board of Directors, the Chair was granted remuneration of 250,000 euro/year for the specific office assigned.

Both the Chair of the Board of Directors outgoing (Giovanni Valotti) and the Chair of the Board of Directors incoming (Marco Patuano), consistent with the disclosures provided in the 2020 Remuneration Report and in this document, considering the type of employment contract they have with the Company, paid and undertaken at sole expense by the Company were the contributions for pension purposes under the separate management system.

Moreover:

- in line with as indicated in the 2020 Remuneration Report, in addition to the remuneration received as Director, outgoing Director Corali was paid an annual gross remuneration of 40,000 euro pro-rated until May 13, 2020 (i.e., 14,575 euro gross) for the responsibility for the "Internal Audit" function, maintained until the end of the term of office;
- since it was established - on November 12, 2020 - by the Board of Directors that the same function would functionally report to the Vice-Chair of the Board of Directors Giovanni Comboni, with the payment, pro-rata, of the same supplementary gross annual remuneration (40,000 euro), the amount paid to Giovanni Comboni was increased by the resulting value (and therefore equal to 5,370 euro gross);
- Independent Director Vincenzo Cariello was paid an additional remuneration of 10,000 euro gross/year pro-rated for the period in office (and therefore equal to 1,342 euro gross) for the role of Lead Independent Director.

In accordance with the By-Laws of A2A, members of the Board of Directors were paid an amount equal to the reimbursement of expenses actually incurred by virtue of their office.

For the Directors who are members of professional bodies, the 4% contribution, as required by law, was paid entirely by the Company.

The annexed table (1a) also indicates, for Directors, including the outgoing and incoming Chair, the value of non-monetary benefits recognized.

Outgoing Chief Executive Officer and General Manager

In 2020, the following amounts were paid to the outgoing CEO and General Manager (Valerio Camerano):

- In relation to the administration report:
 - gross fixed remuneration, approved by the Shareholders' Meeting, received as Board member and equal to 80,000 euro/year, pro-rated for the period of office (and thus equal to 29,151 euro/gross);
 - gross fixed amount, approved by the Board of Directors for the specific office assigned and equal to 120,000 euro/year, pro-rated for the period of office (i.e. 43,728 euro/gross);
- In relation to the employment relationship as General Manager and as fixed component, for the period January - May 2020, 208,333 euro gross.

As a result of the term of office ending on May 13, 2020, the outgoing Chief Executive Officer was not paid variable remuneration.

Moreover, in full compliance with the Company's Remuneration Policy, no end-of-term indemnity was paid to the Chief Executive Officer.

The annexed table (1a) also indicates, for the CEO, the value of non-monetary benefits recognized until the date of termination of office.

Following the waiver, also effective May 13, 2020, of the role of General Manager and any delegated powers and power conferred, an agreement has been defined that provides, in line with the provisions of the remuneration policy most recently approved by the Shareholders' Meeting of May 13, 2020:

- recognition of a leaving incentive equal to the amount provided for by the collective agreement in force applied by the Company, and therefore equal to the sum:
 - an amount of 468,618 euro, equal to the company cost of the indemnity in lieu of notice (equal to 6 months);
 - an amount of 458,034 euro, equal to an additional 8 months of the actual overall remuneration (of which 10,000 euro for the Manager's more ample waivers in relation to the employment and administration relationships);for a total amount of 926,652 euro;
- the signing of a non-competition and non-solicitation agreement until October 31, 2020, relating to parties operating in the generation, distribution and sale of electricity, the sale and distribution of gas, the production, distribution and sale of heat via district heating networks, the collection, treatment and disposal of waste, the management of the integrated water cycle, the development, management and/or provision of Smart Cities services, for 273,348 euro (to be paid 50% immediately and 50% at the end of the period of validity of the non-competition agreement), accompanied by reporting obligations (for the outgoing General Manager) and penalties in the event of breach thereof.

Incoming Chief Executive Officer

In 2020, the following amounts were paid to the incoming Chief Executive Officer (Renato Mazzoncini):

- gross fixed remuneration, approved by the Shareholders' Meeting, received as Board member and equal to 80,000 euro/year, pro-rated for the period of office (and thus equal to 50,849 euro/gross);
- gross fixed remuneration, approved by the Board of Directors for the specific office assigned and equal to 120,000 euro/year, pro-rated for the period of office (i.e. 75,600 euro/gross);

As indicated in the 2020 Remuneration Report, the annual variable remuneration provided for the entire beneficiary population of variable incentives an "access gate", based on EBITDA of the Company in 2020 and Industrial Cash Flow of the Company at 12/31/2020, which reduced by 30% or annulled the remuneration payable in case of the Group's economic-financial performance not in line with the budget of the year of reference.

During the year, in view of the serious economic and business crisis that was occurring as a consequence of the pandemic, the Board of Directors, with the support of the Remuneration and Appointments Committee, took note that, with the forecast of the economic and financial data, the "access gate" would have inhibited the payment of MBO to the entire population assigned this incentive tool.

Following an in-depth analysis and discussion of the above, the Board of Directors, with the support of the Remuneration and Appointments Committee, considered it appropriate to make some minimal changes to the "access gate" scheme in order to:

- guarantee the maximum commitment of all management towards the implementation of the recovery plan;
- commensurate with the actual results achieved by the Group;
- make it possible to implement a variable remuneration policy. .

Specifically, the Board of Directors decided, for the entire population assigned MBO, to:

- eliminate - from the "access gate" - the Industrial Cash Flow parameter;
- extend the minimum Ebitda threshold at access (from 95% to 90%);
- re-parameter, downwards, the individual MBO target on the basis of the EBITDA result achieved.

| Original 2020 gate | | | Modified 2020 gate | |
|------------------------------|-------------------------------------|------------------------------|------------------------------|---|
| | CFI at 12/31 ≥ 95% budget | CFI at 12/31 < 95% budget | | |
| Ebitda at 12/31 ≥ 95% budget | Open gate, 100% total MBO available | Reduction total MBO of 30% | Ebitda at 12/31 ≥ 90% budget | Open gate total MBO available to be calculated in proportion to the result obtained in Ebitda |
| Ebitda at 12/31 < 95% budget | Reduction total MBO of 30% | Closed gate, MBO not payable | Ebitda at 12/31 < 90% budget | Closed gate, MBO not payable |

In addition, with specific reference to the Chief Executive Officer's scorecard, the Board of Directors decided to maintain the structure defined at the beginning of the year and described in the 2020 Remuneration Report, making only one change to the industrial Cash Flow target, specifically, setting it on the 4+8 forecast instead of the budget.

For the year 2020, the Chief Executive Officer's MBO scorecard therefore consisted of the following:

Access gate:

- profitability at December 31 ≥ 90% budget 2020: Economic value of the MBO target reduced in percentage terms according to the actual vs. budget 2020 ratio and short-term variable remuneration to be paid, calculated by applying to the target amount of the short-term incentive the % of achievement of targets (determined as the weighted sum of the achievements of the individual targets assigned).
- profitability at December 31 < 90% Budget: Short-term variable remuneration to be paid equal to 0, regardless of the result achieved on the assigned targets.

Target Scorecard: composed of four targets:

- EBITDA (weight 29%) of the Company in the financial year 2020, set as target on the budget value for the reference year;
- Industrial Cash Flow (weight 29%) of the Company at 12/31/2020, set as a target on the value expected at forecast 4+8 for the reference year;
- Strategic projects for the Group (weight 31%) identified by the Board of Directors and linked to the strategic guidelines for territorial aggregations, development of the customer base and development of the circular economy;
- Sustainability target (weight 11%) calculated as the average of the achievements of the individual targets assigned to the Executives directly reporting to the General Manager.

At the beginning of 2021, the Board of Directors, with the support of the Remuneration and Appointments Committee, verified and certified the level of achievement of the aforementioned targets by calculating the resulting overall % of achievement (equal to 105.6%), against which a pro-rated variable remuneration was paid to the Chief Executive Officer for the period of office and equal to 43,640 euro (equal to 34.5% of the fixed remuneration), as illustrated in the following table showing the performance targets achieved compared to those expected:

| Access gate: target reduction of 97.9% | | | | | | |
|--|--------|--------|--------|----------------------|---------------------|-------------------------|
| Objective Description | Weight | Target | Actual | Level of achievement | Pay-out (Full year) | Pay-out (Pro-rata year) |
| Ebitda | 29.00% | 1,213 | 1,188 | 95.9% | 18,154 | 11,490 |
| Industrial Cash Flow | 29.00% | 261 | 444 | 120.0% | 22,722 | 14,381 |
| Strategic projects | 31.00% | | | 100.0% | 20,241 | 12,811 |
| Sustainability objective | 11.00% | | | 109.1% | 7,835 | 4,959 |

It is relevant to specify that, as part of the final accounts, the Remuneration and Appointments Committee reviewed what the Chief Executive Officer's MBO outcome would have been had the access gate mechanism not been changed during the year.

As a result of a better than expected financial and economic close and the introduction - in the review of a mechanism to reduce the MBO target based on the ratio of actual to budget 2020 - the Chief Executive Officer's MBO result under the original gate mechanism would have been better. Specifically, the variable result of CEO + GM with the original gate would have been 180,713 versus the actual disbursed of 178,763 euro (101%).

A reduction (estimated at around 2%) will also be made in the variable incentive system for company management.

The annexed table (1a) also indicates, for the CEO, the value of non-monetary benefits recognized from the date of appointment of office.

For the Chief Executive Officer/General Manager, an agreement is in place for the termination of both the administrative and managerial relationship, whereby, in the event of the simultaneous termination of both the subordinate and the administrative relationship, an amount equal to the sum of the indemnity in lieu of notice and the maximum additional indemnity provided for by the CCNL is paid, in relation to the case of termination of the employment relationship³.

This remuneration is due if the relationship is terminated by the Company for reasons other than just cause or by the Chief Executive Officer-General Manager for resignation for just cause due to events that have caused actual and concrete demotion, or due to organizational changes within the Company that have caused a reduction in duties (including the revocation or non-renewal of the office of Chief Executive Officer in the absence of just cause).

Members of the Board of Auditors

The members of the Board of Auditors were paid the following remuneration, approved by the Shareholders' Meeting of May 15, 2017 and May 13, 2020.

In particular, the following were paid:

- to the Chair, a fixed gross remuneration of 130,000 euro/year;
- to the Statutory Auditors, a fixed gross remuneration of 80,000 euro/year;

For Statutory Auditors who are members of professional bodies, the 4% contribution, as required by law, was paid entirely by the Company.

Finally, in accordance with the By-Laws of A2A, members of the Board of Auditors were paid an amount equal to the reimbursement of expenses actually incurred by virtue of their office.

The annexed table (1b) also indicates, for the Chair and for the Statutory Auditors, the value of non-monetary benefits recognized.

3 This amount will be calculated, with regard to the fixed part, on the basis of the Fixed Remuneration actually received at the time of termination of the employment relationship; with regard to the variable part, on the basis of the average remuneration actually received or accrued in the last three years as Variable Remuneration. Should the termination take place before the end of the third year, as better remuneration, reference shall be made to the better remuneration between 60% of the amount of the Variable Remuneration - as determined above - and the Variable Remuneration actually received in the previous year (if the relationship has lasted less than two years) or the average Variable Remuneration actually received in the previous two years.

Incoming General Manager

In 2020, by way of a fixed component, 500,000 euro/year was paid to the incoming General Manager (Renato Mazzoncini) with re-parameter pro rata temporis with effect from May 2020, equal to 317,061 euro gross.

The same applies to the General Manager as described above regarding the change in the access gate to the variable component.

As for the Chief Executive Officer, with specific reference to the General Manager’s scorecard, the Board of Directors decided to maintain the structure defined at the beginning of the year and described in the 2020 Remuneration Report, making only one change to the industrial Cash Flow target, specifically, setting it on the 4+8 forecast instead of the budget.

For the year 2020, the General Manager’s MBO scorecard therefore consisted of the following:

Access gate:

- Profitability at December 31 ≥ 90% budget 2020: Economic value of the MBO target reduced in percentage terms according to the actual vs. budget 2020 ratio and short-term variable remuneration to be paid, calculated by applying to the target amount of the short-term incentive the % of achievement of targets (determined as the weighted sum of the achievements of the individual targets assigned).
- Profitability at December 31 < 90% Budget: Short-term variable remuneration to be paid equal to 0, regardless of the result achieved on the assigned targets.

Target Scorecard: composed of four targets:

- EBITDA (weight 25%) of the Company in the financial year 2020, set as target on the budget value for the reference year;
- Industrial Cash Flow (weight 25%) of the Company at 12/31/2020, set as a target on the value expected at forecast 4+8 for the reference year;
- Strategic projects for the Group (weight 40%) identified by the Board of Directors and connected to the strategic guidelines for the development of gas generation to support the energy transition, development of the customer base, development of treatment and recovery facilities to support the circular economy and increase the resilience of the distribution network.
- Sustainability target (weight 10%) calculated as the average of the achievements of the individual targets assigned to the Executives directly reporting to the General Manager (detail in the table below).

At the beginning of 2021, the Board of Directors, with the support of the Remuneration and Appointments Committee, verified and certified the level of achievement of the aforementioned targets by calculating the resulting overall % of achievement (equal to 109.0%), against which a pro-rated variable remuneration was paid to the General Manager for the period of office and equal to 135,123 euro (equal to 42.6% of the fixed component), as illustrated in the following table showing the performance targets achieved compared to those expected:

| Access gate: target reduction of 97.9% | | | | | | |
|--|--------|--------|--------|----------------------|---------------------|-------------------------|
| Objective Description | Weight | Target | Actual | Level of achievement | Pay-out (Full year) | Pay-out (Pro-rata year) |
| Ebitda | 25.00% | 1,213 | 1,188 | 95.9% | 46,951 | 29,715 |
| Industrial Cash Flow | 25.00% | 261 | 444 | 120.0% | 58,763 | 37,191 |
| Strategic projects | 40.00% | | | 110.3% | 86,411 | 54,690 |
| Sustainability objective | 10.00% | | | 109.1% | 21,368 | 13,524 |

It is relevant to specify that, as part of the final accounts, the Remuneration and Appointments Committee reviewed what the General Manager’s MBO outcome would have been had the access gate mechanism not been changed during the year.

As a result of a better-than-expected financial and economic close and the introduction - in the review of a mechanism to reduce the MBO target based on the ratio of actual to budget 2020 - the General Manager’s MBO result under the original gate mechanism would have been better. Specifically, the

variable result of CEO + GM with the original gate would have been 180,713 versus the actual disbursed of 178,763 euro (101%).
A reduction (estimated at around 2%) will also be made in the variable incentive system for company management.

SUSTAINABILITY OBJECTIVES

| |
|---|
| Increase of the proportion of energy produced from renewable sources |
| Increased Environment/Circular Economy activity |
| Development of innovative ideas with the impact of reducing the carbon footprint of A2A or its customers |
| Organization of Regulatory Breakfast on the EU Green Deal |
| Containment and reduction of the IF*IG concise risk index |
| Percentage reduction of inhabitants served without access to the purification service |
| Number of contracts with Bollett@mail |
| Volumes of green energy sold to the Mass Market segment |
| Number of charging stations for electric cars |
| Specific Risk Intelligence system for ESG risks |
| Increase of treated waste (urban + special) aimed at material recovery |
| Increase in the number of low environmental impact waste collection vehicles (Euro 6, methane, electric vehicles) |
| Development of a sustainable procurement start-up plan |
| Definition of a Group Digital and Green ICT plan |
| Concept, design and planning of a new section on the a2a.eu-sustainability website dedicated to A2A territorial Reports |
| Development of an awareness-raising program on the culture of Compliance through appropriate training and information initiatives |
| Extension of the use of the Legal Procurement platform for the entrustment of assignments through the Digital Beauty Contest tool |
| Development of an awareness program on anti-fraud issues |
| Execution of an awareness campaign on cyber risks (e.g. intrusion through PC fishing and theft of sensitive data) |

Key Executives

As described in the first section of this document, in July 2020, a Macro-Organization was approved by the Board of Directors, which modified the list of organizational positions the executives of which are to be considered as “Key Executives”.

As a result of the above, in 2020, the organizational positions held by Key Executives went from 8 positions (covered by 7 holders) to 7 positions (covered by the same number of holders).
The economic values shown below are therefore pro-rated - for both the fixed and variable components - based on the months of the year 2020 in which the individual holders were Key Executives. The % achievement of targets is instead an average of individual achievements.

In 2020, by way of a fixed component, Key Executives were paid a total of 1,886,442 euro/year; the total of the variable component of the remuneration totalled 606,471 euro (32.1% of the fixed component), with respect to an average achievement of the targets assigned of 108.85%.
The same applies to Key Executives as described above in relation to the change in the access gate to the variable component and, for them too, as a result of a better than expected financial and economic close and the introduction of a mechanism to reduce the MBO target based on the ratio of the final balance and the 2020 budget, the MBO result with the original gate mechanism would have been better. Specifically, the variable result with the original gate would have stood at 619,246 euro towards the actual disbursed amount of 606,471 euro (102%).

With regard to the variable component of remuneration, below is a breakdown by macro-area of the average percentage achieved.

| Objective macro-description | % average of achievement |
|---------------------------------|--------------------------|
| Group Ebitda | 95.9% |
| Economic - financial objectives | 115.4% |
| Strategic projects | 107.7% |
| Sustainability | 115.6% |

Table 1: Compensation paid to members of administration and control bodies, general managers and other key executives

1/a - Compensation to the Board of Directors (amounts in €)

| (A) | (B) | (C) | | (D) | (1) |
|---|-----------------------|---|------------|-------------|--------------------|
| Surname Name | Office | Period for which the office was covered | | End of term | Fixed compensation |
| | | from | to | | |
| Patuano Marco Emilio Angelo | Chair A2A S.p.A. | 05.13.2020 | 12.31.2020 | 12.31.2022 | 181,288 (*) |
| | Director A2A S.p.A. | 05.13.2020 | 12.31.2020 | 12.31.2022 | 50,849 (*) |
| Comboni Giovanni | Vice Chair A2A S.p.A. | 05.13.2020 | 12.31.2020 | 12.31.2022 | - |
| | Director A2A S.p.A. | 01.01.2020 | 12.31.2020 | 12.31.2022 | 80,000 |
| Bariatti Stefania | Vice Chair A2A S.p.A. | 01.01.2020 | 05.13.2020 | 12.31.2022 | - |
| | Director A2A S.p.A. | 01.01.2020 | 12.31.2020 | 12.31.2022 | 80,000 |
| Mazzoncini Renato | CEO A2A S.p.A. | 14.05.2020 | 12.31.2020 | 12.31.2022 | 75,945 (*) |
| | Director A2A S.p.A. | 05.13.2020 | 12.31.2020 | 12.31.2022 | 50,849 |
| Cariello Vincenzo | Director A2A S.p.A. | 05.13.2020 | 12.31.2020 | 12.31.2022 | 50,849 |
| D'Andrea Federico Maurizio | Director A2A S.p.A. | 05.13.2020 | 12.31.2020 | 12.31.2022 | 50,849 |
| De Paoli Luigi | Director A2A S.p.A. | 01.01.2020 | 12.31.2020 | 12.31.2022 | 80,000 |
| Giusti Gaudiana | Director A2A S.p.A. | 01.01.2020 | 12.31.2020 | 12.31.2022 | 80,000 |
| Lavini Fabio | Director A2A S.p.A. | 05.13.2020 | 12.31.2020 | 12.31.2022 | 50,849 |
| Perrotti Christine | Director A2A S.p.A. | 05.13.2020 | 12.31.2020 | 12.31.2022 | 50,849 |
| Ravera Secondina Giulia | Director A2A S.p.A. | 01.01.2020 | 12.31.2020 | 31.12.2022 | 80,000 |
| Speranza Maria Grazie | Director A2A S.p.A. | 05.13.2020 | 12.31.2020 | 12.31.2022 | 50,849 |
| Valotti Giovanni | Chair A2A S.p.A. | 01.01.2020 | 05.13.2020 | 05.13.2020 | 103,318 (*) |
| | Director A2A S.p.A. | 01.01.2020 | 05.13.2020 | 05.13.2020 | 29,151 (*) |
| Camerano Luca Valerio | CEO A2A S.p.A. | 01.01.2020 | 05.13.2020 | 05.13.2020 | 52,008 (*) |
| | Director A2A S.p.A. | 01.01.2020 | 05.13.2020 | 05.13.2020 | 29,151 |
| Brivio Giambattista | Director A2A S.p.A. | 01.01.2020 | 05.13.2020 | 05.13.2020 | 29,151 |
| Coralì Enrico | Director A2A S.p.A. | 01.01.2020 | 05.13.2020 | 05.13.2020 | 29,151 |
| Fracassi Alessandro | Director A2A S.p.A. | 01.01.2020 | 05.13.2020 | 05.13.2020 | 29,151 |
| Franceschetti Maria Chiara | Director A2A S.p.A. | 01.01.2020 | 05.13.2020 | 05.13.2020 | 29,151 |
| Rosini Norberto | Director A2A S.p.A. | 01.01.2020 | 05.13.2020 | 05.13.2020 | 29,151 |
| (I) Compensation in the company drafting the Financial Statements | | | | | 1,372,559 |
| (II) Compensation from Subsidiaries and Associates | | | | | |
| (III) TOTAL | | | | | 1,372,559 |

(*) Includes grossed up expenses

(**) Compensation received as Chair of AMSA S.p.A.

As part of the renewal of the Board of Directors of Amsa S.p.A., the Related Parties Committee examined and expressed a favorable opinion on the candidacy of the lawyer Federico Maurizio d'Andrea for the office of Chair of the Board of Directors of Amsa. He has been awarded remuneration determined in the maximum amount of 180,000.00 euro for the three-year term of office.

1/b - Compensation to the Board of Auditors (amounts in €)

| (A) | (B) | (C) | | (D) | (1) |
|---|------------------|---|------------|-------------|--------------------|
| Surname Name | Office | Period for which the office was covered | | End of term | Fixed compensation |
| | | from | to | | |
| Sarubbi Giacinto Gaetano | Chair | 01.01.2020 | 12.31.2020 | 12.31.2022 | 130,000 |
| Lombardi Maurizio Leonardo | Standing Auditor | 01.01.2020 | 12.31.2020 | 12.31.2022 | 80,000 |
| Segala Chiara | Standing Auditor | 01.01.2020 | 12.31.2020 | 12.31.2022 | 80,000 |
| (I) Compensation in the company drafting the Financial Statements | | | | | 290,000 |
| (II) Compensation from Subsidiaries and Associates | | | | | |
| (III) TOTAL | | | | | 290,000 |

| (2) | (3) | | (4) | (5) | (6) | (7) | (8) |
|---|----------------------------------|------------------------------|-----------------------|--------------------|-----------|-----------------------------------|--|
| Compensation for participation in Committees (**) | Non-equity variable compensation | | Non-monetary benefits | Other remuneration | TOTAL | Fair value of equity compensation | Indemnity for end of term or termination of employment |
| | Bonuses and other incentives | Participation in the profits | | | | | |
| | | | 3,209 | | 184,497 | | |
| 12,657 (1) | | | | | 63,506 | | |
| | | | 324 | | 324 | | |
| 24,683 (2) | | | | | 104,683 | | |
| | | | 324 | | 324 | | |
| 18,948 (3) | | | | | 98,948 | | |
| | 43,640 | | | | 119,585 | | |
| | | | | | 50,849 | | |
| 13,367 (4) | | | 206 | | 64,422 | | |
| 12,658 (5) | | | 206 | 38,137 (**) | 101,850 | | |
| 29,918 (6) | | | 324 | | 110,242 | | |
| 19,945 (7) | | | 324 | | 100,269 | | |
| 12,025 (8) | | | 206 | | 63,080 | | |
| 12,658 (9) | | | 206 | | 63,713 | | |
| 19,945 (10) | | | 324 | | 100,269 | | |
| 12,025 (11) | | | 206 | | 63,080 | | |
| 7,288 (12) | | | 1,544 | | 104,862 | | |
| | | | | | 36,439 | | |
| | | | | | 52,008 | | |
| | | | | | 29,151 | | |
| 6,923 (13) | | | 118 | | 36,192 | | |
| 21,863 (14) | | | 118 | | 51,132 | | |
| 6,923 (15) | | | 118 | | 36,192 | | |
| 6,923 (16) | | | 118 | | 36,192 | | |
| 6,923 (17) | | | 118 | | 36,192 | | |
| 245,672 | 43,640 | | 7,993 | | 1,669,864 | | |
| | | | | 38,137 | 38,137 | | |
| 245,672 | 43,640 | | 7,993 | 38,137 | 1,708,001 | | |

| (2) | (3) | | (4) | (5) | (6) | (7) | (8) |
|---|----------------------------------|------------------------------|-----------------------|--------------------|---------|-----------------------------------|--|
| Compensation for participation in Committees (**) | Non-equity variable compensation | | Non-monetary benefits | Other remuneration | TOTAL | Fair value of equity compensation | Indemnity for end of term or termination of employment |
| | Bonuses and other incentives | Participation in the profits | | | | | |
| | | | 411 | | 130,411 | | |
| | | | 324 | | 80,324 | | |
| | | | 324 | | 80,324 | | |
| | | | 1,060 | - | 291,059 | | |
| | | | 1,060 | - | 291,060 | | |

1/c - Compensation to the General Manager (amounts in €)

| (A) | (B) | (C) | | (D) | (1) |
|---|-----------------|---|------------|-------------|--------------------|
| Surname Name | Office | Period for which the office was covered | | End of term | Fixed compensation |
| | | from | to | | |
| Luca Valerio Camerano | General Manager | 01.01.2020 | 05.13.2020 | | 208,333 |
| Mazzoncini Renato | General Manager | 05.14.2020 | 12.31.2020 | | 317,061 |
| (I) Compensation in the company drafting the Financial Statements | | | | | 525,394 |
| (II) Compensation from Subsidiaries and Associates | | | | | |
| (III) TOTAL | | | | | 525,394 |

1/d - Compensation to Key Executives (amounts in €)

| (A) | (B) | (C) | | (D) | (1) |
|---|--------|---|----|-------------|--------------------|
| Surname Name | Office | Period for which the office was covered | | End of term | Fixed compensation |
| | | from | to | | |
| Key Executives (8 positions, filled by 7 incumbents, until July 30, 2020 and 7 positions, filled by 7 incumbents, as of July 30, 2020). | | | | | 1,886,442 |

(**) Breakdown Compensation for participation in Committees (amounts in €):

| | |
|---|--------|
| (1) Of which: SUSTAINABILITY AND TERRITORY COMMITTEE (Chair) (from 05.14.2020) | 12,657 |
| (2) Of which: INTERNAL AUDIT (from 11.12.2020) | 5,370 |
| REMUNERATION AND APPOINTMENTS COMMITTEE (from 05.14.2020) | 12,025 |
| AUDIT AND RISKS COMMITTEE (until 05.13.20) | 7,288 |
| (3) Of which: REMUNERATION AND APPOINTMENTS COMMITTEE (from 01.01.2020 to 12.31.2020) | 18,948 |
| (4) Of which: SUSTAINABILITY AND TERRITORY COMMITTEE (from 05.14.2020) | 12,025 |
| LEAD INDEPENDENT DIRECTOR (from 11.12.2020) | 1,342 |
| (5) Of which: AUDIT AND RISKS COMMITTEE (from 05.14.2020) | 12,658 |
| (6) Of which: AUDIT AND RISKS COMMITTEE (Chair) (from 01.01.2020 to 12.31.2020) | 29,918 |
| (7) Of which: AUDIT AND RISKS COMMITTEE (from 01.01.2020 to 12.31.2020) | 19,945 |
| (8) Of which: SUSTAINABILITY AND TERRITORY COMMITTEE (from 05.14.2020) | 12,025 |
| (9) Of which: AUDIT AND RISKS COMMITTEE (from 05.14.2020) | 12,658 |
| (10) Of which: REMUNERATION AND APPOINTMENTS COMMITTEE (Chair) (from 01.01.2020 to 12.31.2020) | 19,945 |
| (11) Of which: SUSTAINABILITY AND TERRITORY COMMITTEE (from 05.14.2020) | 12,025 |
| (12) Of which: SUSTAINABILITY AND TERRITORY COMMITTEE (Chair) (until 05.13.2020) | 7,288 |
| (13) Of which: SUSTAINABILITY AND TERRITORY COMMITTEE (until 05.13.2020) | 6,923 |
| (14) Of which: AUDIT AND RISKS COMMITTEE (until 05.13.20) | 7,288 |
| INTERNAL AUDITING RESPONSIBILITY (until 05.13.2020) | 14,575 |
| (15) Of which: SUSTAINABILITY AND TERRITORY COMMITTEE (until 05.13.2020) | 6,923 |
| (16) Of which: SUSTAINABILITY AND TERRITORY COMMITTEE (until 05.13.2020) | 6,923 |
| (10) Of which: REMUNERATION AND APPOINTMENTS COMMITTEE (until 05.13.2020) | 6,923 |

| (2) | (3) | | (4) | (5) | (6) | (7) | (8) |
|--|-------------------------------------|---------------------------------|--------------------------|-----------------------|---------|---|---|
| Compensation for participation in Committees (**) | Non-equity variable compensation | | Non-monetary benefits | Other remuneration | TOTAL | Fair value of equity compensation | Indemnity for end of term or termination of employment |
| | Bonuses and other incentives | Participation in the profits | | | | | |
| | | | 5,760 | | 214,093 | | 1,200,000 |
| | 135,123 | | 8,179 | | 460,363 | | |
| | - | | 13,939 | | 674,456 | | 1,200,000 |
| | | | | | | | |
| | - | | 13,939 | | 674,456 | | |

| (2) | (3) | | (4) | (5) | (6) | (7) | (8) |
|--|-------------------------------------|---------------------------------|--------------------------|-----------------------|-----------|---|---|
| Compensation for participation in Committees (**) | Non-equity variable compensation | | Non-monetary benefits | Other remuneration | TOTAL | Fair value of equity compensation | Indemnity for end of term or termination of employment |
| | Bonuses and other incentives | Participation in the profits | | | | | |
| | 626,471 | | 69,660 | | 2,582,573 | | 776,147 |

TABLE 3B: Monetary incentive plans in favour of members of the Administrative Body, General Managers and other Key Executives

| (A) | (B) | (1) | (2) | | | (3) | | | (4) |
|---|-------------------------|---------------|-------------------------|----------------------|---------------------------|-----------------------------|-------------------------|-----------------|---------------|
| Surname Name | Office | Plan | Bonuses in the year | | | Bonuses in previous years | | | Other Bonuses |
| | | | (A) Payable/ Paid | (B) Deferred | (C) Deferral period | (A) No longer payable | (B) Payable/ Paid | (C) Deferred | |
| Mazzoncini Renato | Chief Executive Officer | | | | | | | | |
| (I) Compensation in the company drafting the Financial Statements | | Plan STI 2020 | 43,640 | Resolution 3/18/2021 | | | | | |
| (II) Compensation from Subsidiaries and Associates | | | | | | | | | |
| (III) TOTAL | | | 43,640 | | | | | | |
| | | | | | | | | | |
| Mazzoncini Renato | General Manager | | | | | | | | |
| (I) Compensation in the company drafting the Financial Statements | | Plan STI 2020 | 135,123 | Resolution 3/18/2021 | | | | | |
| (II) Compensation from Subsidiaries and Associates | | | | | | | | | |
| (III) TOTAL | | | 135,123 | | | | | | |
| | | | | | | | | | |
| Key Executives | | | | | | | | | |
| (I) Compensation in the company drafting the Financial Statements | | Plan STI 2020 | 606,471 | Resolution 3/18/2021 | | | | | |
| (II) Compensation from Subsidiaries and Associates | | | | | | | | | |
| (III) TOTAL | | | 606,471 | | | | | | |
| TOTAL | | | 785,234 | | | | | | |

Scheme 7-ter: Scheme related to information on the shareholdings of members of the Management and Control bodies, General Managers and other Key Executives

The following tables outline the shareholdings of all parties that in 2020 held, even for a fraction of the year, offices as members of the Management and Control Bodies, General Manager or Key Executive.

TABLE 1: Shareholdings of members of the Management and Control Bodies and General Managers

| Surname Name | Office | Investee company | Number of shares held at the end of 2019 (or at the date of appointment 05/13/2020) | Number of shares purchased in 2020 | Number of shares sold in 2020 | Number of shares held at the end of 2020 (or at the date of termination of the office 05/13/2020) |
|----------------------------|---|------------------|---|------------------------------------|-------------------------------|---|
| Mazzoncini Renato | Chief Executive Officer and General Manager (from 05 13 2020) | A2A S.p.A. | ===== | 150,000 | ===== | 150,000 |
| Guerra Cristina | Spouse of Renato Mazzoncini | A2A S.p.A. | ===== | 550 | ===== | 550 |
| Franceschetti Maria Chiara | Board Director (until 05 13 2020) | A2A S.p.A. | 1,000 | ===== | ===== | 1,000 |

TABLE 2: Shareholdings of other Key Executives

| Number of Key Executives | Investee company | Number of shares held at the end of 2019 (or at the date of appointment) | Number of shares purchased in 2020 | Number of shares sold in 2020 | Number of shares held at the end of 2020 (or at the date of termination of the office if before) |
|---|------------------|--|------------------------------------|-------------------------------|--|
| Key Executives (8 positions, filled by 7 incumbents, until July 30, 2020 and 7 positions, filled by 7 incumbents, as of July 30, 2020). | A2A S.p.A. | ===== | ===== | ===== | ===== |