



**2023
CORPORATE GOVERNANCE
REPORT**



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TABLE OF CONTENTS

CORPORATE GOVERNANCE REPORT

1.0 ISSUER PROFILE	5
2.0 INFORMATION ON THE OWNERSHIP STRUCTURE	6
a) Share capital structure	
b) Restrictions on the transfer of securities	
c) Significant equity interests	
d) Shares that confer special rights	
e) Restrictions on voting rights	
f) Shareholder agreements	
g) Mandates to increase share capital and authorisations to purchase treasury shares	
3.0 COMPLIANCE	16
4.0 BOARD OF DIRECTORS	17
4.1 Role of the Board of Directors	
4.2 Appointment and replacement	
4.3 Composition	
4.4 Functioning of the Board of Directors	
4.5 Role of the Chairman of the Board of Directors	
4.6 Executive directors	
4.7 Independent directors and Lead independent director	
5.0 MANAGEMENT OF CORPORATE INFORMATION	35
6.0 INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS	36
7.0 DIRECTORS' SELF-ASSESSMENT AND SELECTION – APPOINTMENTS COMMITTEE	37
7.1 Directors' self-assessment and succession	
7.2 Appointment committee	
8.0 DIRECTORS' REMUNERATION – REMUNERATION COMMITTEE	40
8.1 Directors' remuneration	
8.2 Remuneration committee	
9.0 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM – CONTROL AND RISK COMMITTEE	41
9.1 Director in charge of the internal control and risk management system	
9.2 Control and risk committee	
9.3 Internal auditing department manager	
9.4 Organisational model pursuant to Legislative Decree No. 231/2001	
9.5 Independent auditors	
9.6 Appointed Manager in charge of drafting corporate financial reports and other corporate roles and functions	
9.7 Coordination among the parties involved in the internal control and risk management system	
10.0 THE INTERESTS OF DIRECTORS AND RELATED-PARTY TRANSACTIONS	50
11.0 BOARD OF STATUTORY AUDITORS	51
11.1 Appointment and substitution	
11.2 Composition and functioning	
12.0 RELATIONS WITH SHAREHOLDERS	55
13.0 SHAREHOLDERS MEETINGS	57
14.0 CONSIDERATIONS REGARDING THE LETTER FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE	58
TABLE 1: STRUCTURE OF THE BOARD OF DIRECTORS AT YEAR END	60
TABLE 2: STRUCTURE OF THE BOARD COMMITTEES AT YEAR END	61
TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AT YEAR END	62
TABLE 4: POSITIONS THE DIRECTORS HOLD IN OTHER COMPANIES	63

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1.0 Issuer profile

The Hera Group was founded in 2002 as the integration of 11 Emilia-Romagna public service companies, and in the subsequent years continued its geographical growth in order to expand its core business, in particular through the subsequent merger of important companies (Agea Spa, Meta Spa, Sat Spa, Acegas Aps Spa and Amga Azienda Multiservizi Spa), and most recently through its partnership with Ascopiae Spa in the commercial energy sector.

Hera is one of the leading Italian multi-utilities in the environmental services, water, gas and electricity businesses, with more than 9,000 employees, counting both open-ended and fixed-term contracts. The Company, the majority of whose share capital is owned by the state, has been listed on the Mercato Telematico of Borsa Italiana Spa. since 26 June 2003 and operates mainly in the Emilia Romagna region in the territories of Bologna, Ravenna, Rimini, Forli, Cesena, Ferrara, Modena, and Imola as well as the Veneto, Friuli-Venezia Giulia, Marche and Abruzzo Regions. Hera is an Issuer that uses the traditional governance system and its organisational structure is versatile and capable of adapting to an economic, business and regulatory, technological, environmental and human capital context that is increasingly volatile and affected by significant changes.

The Hera Group's entrepreneurial and organisational model, unique in this sector, makes it possible to combine strong territorial roots with the need to grow in size and value, in order to offer increasingly efficient services while remaining open to new partners. Since its inception, Hera has developed a trajectory of growth both organic and along external lines.

Its development strategy entails actions to support organic growth in the businesses already served, but also consolidation and acquisition operations to expand the current perimeter of operations, maintaining the Group's solid financial structure in the context of a shared industrial vision.

On the internal front, Hera addresses all possible opportunities for developing activities in its businesses, leveraging innovation, efficiency and excellence.

The strategy for external lines of growth is based on three cornerstones:

- mergers and consolidation with other multi-utility companies, activities in which the Group has a long and successful track record;
- the acquisition of companies in the individual supply chains it serves, with the aim of accelerating the growth of its customer base and supplementing its facilities-industrial structure;
- participation in tenders for awarding concessions for the provision of regulated services.

Over the years, the Hera Group has, however, implemented a plan to rationalise its shareholdings, reducing their number significantly and more effectively merging the various companies by business area and geographical contiguity.

Hera is also committed to acting every day to enhance the experience and develop the skills of its employees, and to promote cooperation and the exchange of knowledge, so that work is a source of satisfaction and pride for everyone involved as well as an important factor for the success of the company.

Hera's goal is to become the best multi-utility in Italy for its customers, workforce and shareholders. It aims to achieve this through further development of an original corporate model capable of innovation and of forging strong links with the areas in which it operates, while respecting the local environment.

As early as 2003, Hera included Corporate Social Responsibility in its strategy, a concept which has since evolved into the broader perspective of shared value, understood as a tool for increasing competitiveness and a key factor for achieving sustainable success, in keeping with the guidelines identified by the United Nations.

During the shareholder's meeting of 28 April 2021, Hera amended Article 3 of the Articles of Association, integrating it with the corporate purpose that the Company aims to achieve in carrying out its business activities.

Therefore, by making this aim explicit, the Company has confirmed and outlined its commitment to developing a business model geared towards creating value for its shareholders by creating shared value together with its stakeholders.

In this regard, as more fully detailed in the consolidated non-financial statement pursuant to Articles 3 and 4 of Legislative Decree 254/2016, available on the website www.gruppohera.it in the "Sustainability Section", Hera organises and carries out its business activities with the aim of fostering social equity and contributing to the achievement of carbon neutrality, the regeneration of resources and the resilience of its system of services managed for the benefit of customers, the local ecosystem and future generations.

In compliance with Principle I of the Corporate Governance Code referred to below, therefore, Hera means to reaffirm its commitment to corporate social responsibility and sustainability, principles that have constituted a distinctive factor of the Company's relationship with all its stakeholders since its establishment, with the awareness that the points of intersection between business activities and the local ecosystem represent opportunities for the creation of shared value and, therefore, of lasting prosperity for the Group. In this respect, Hera was the first Italian multi-utility to be included in the Dow Jones Sustainability Index, a global stock market index for assessing social responsibility.

Hera has further strengthened its commitment to the energy transition and circular economy through innovation and digitalisation, as well as its engagement in promoting social equity. Hera believes that creating shared value in these areas represents a guarantee for achieving its "Purpose" and for continuing to act as a company capable of "leaving a mark and not a footprint", prioritising the three parameters of "Planet, People and Prosperity" at the top of its business model as the fundamental rationale behind its development.

The Mission and Values outline the guidelines for corporate behaviour already contained in the Code of Ethics and shape every action taken by and relationship maintained by the Group. Mission, values and shared conduct represent the strategic and cultural framework within which the business plan is formulated, results are reported transparently through the consolidated non-financial statement, and economic planning is defined on an annual basis.

Hera grants special attention to dialoguing with its stakeholders and the local area in which it operates, consolidating positive results achieved in terms of creating value and demonstrating the Group's ability to grow despite the current complex economic conditions.

The Board of Directors bases its activities on the pursuit of sustainable success, supported in this direction by the Ethics and Sustainability Committee which has the task, among others, of supervising the sustainability aspects of the Company's operations.

According to the classifications of the Corporate Governance Code, Hera Spa falls within the scope of large companies with non-concentrated ownership, having presented a capitalisation of more than one billion euro on the last day of the open market for the years 2021, 2022 and 2023.

2.0 Information on the ownership structure (pursuant to Article 123-bis, paragraph 1, letter a) of the Consolidated Finance Act (hereinafter TUF) at 26 March 2024

a) Share capital structure (pursuant to Article 123-bis, paragraph 1, letter a) of the TUF)

The share capital is 1,489,538,745 euro, fully subscribed and paid-up, and consists of 1,489,538,745 ordinary shares with a par value of 1 euro each

Share Capital Structure:

TYPE OF SHARES	NUMBER OF SHARES	N. OF VOTING RIGHTS	LISTED	RIGHTS AND OBLIGATIONS
Ordinary shares	749,914,176	749,914,176	MTA Italian Bourse	Ordinary shares grant their holders the property and administrative rights stipulated by law
Ordinary shares with increased voting rights	739,624,569	1,479,249,138	MTA Italian Bourse	Ordinary shares that have been registered for a continuous period of at least 24 months in the special list shall entitle holders to cast two votes for each share held, with regard to the resolutions of the Shareholders Meetings concerning: i) amendments to Articles 6.4 and/or 8 of the Articles of Association, ii) the appointment and/or revocation of the Board of Directors or its members, and iii) the appointment and/or revocation of the Board of Statutory Auditors or its members.
Total	1,489,538,745	2,229,163,314		

b) Restrictions on the transfer of securities (pursuant to Article 123-bis, paragraph 1, letter b) of the TUF)

Article 7 of Hera's Articles of Association stipulate that the majority of voting rights in the Company be held by Municipalities, Provinces and Consortiums established in accordance with Article 31 of Legislative Decree No. 267/2000, or by other Public Authorities, or consortiums or joint-stock companies including Municipalities, Provinces or Consortiums established in accordance with Article 31 of

Legislative Decree No. 267/2000, or other Public Authorities hold, even indirectly, the majority of the share capital. Article 8.1 of the Articles of Association prohibits the holding of more than 5% of the company's share capital by any shareholder other than those indicated above.

c) Significant equity interests (pursuant to Article 123-bis, paragraph 1, letter c) of the TUF

The parties that directly or indirectly hold more than 3% of the share capital of the Company, represented by shares with voting rights, are as follows, based on communications made pursuant to Article 120 of the TUF, as well as any other data in the possession of the Company:

DECLARER	DIRECT SHAREHOLDER	% OF THE SHARE CAPITAL	% OF VOTING SHARE CAPITAL
Municipality of Bologna	Municipality of Bologna	8.402%	8.402%
Municipality of Imola	Con.Ami	7.293%	7.293%
Municipality of Modena	Municipality of Modena	6.519%	6.519%
Lazard Asset Management LLC	Lazard Asset Management LLC	5.043%	5.043%
Municipality of Ravenna	Ravenna Holding Spa	4.916%	4.916%
Municipality of Trieste	Municipality of Trieste	3.731%	3.731%
Municipality of Padova	Municipality of Padova	3.097%	3.097%

d) Shares that confer special rights (pursuant to Article 123-bis, paragraph 1, letter f) of the TUF

The Shareholder's Meeting of 28 April 2015 authorised, pursuant to the limits established by Article 6 of the Articles of Association, an increased voting system, whereby individuals who are registered for a continuous period of at least 24 months in the special list established beginning in 1 June 2015, shall be entitled, for every share they hold, to two votes in shareholders deliberations regarding: i) the amendment of Articles 6.4 and/or 8 of the Articles of Association, ii) the appointment and / or revocation of the Board or its members, iii) the appointment and / or revocation of the Board of Statutory Auditors or its members. On 13 May 2015, Hera's Board of Directors in order to define the criteria and procedures for keeping the special list, approved the special list regulations regarding eligibility for increased voting rights, in implementation of the provisions of applicable law and Hera's Articles of Association.

e) Restrictions on voting rights (pursuant to Article 123-bis, paragraph 1, letter f) of the TUF

Article 8.6 of the Articles of Association stipulates that the voting rights of parties other than public authorities who hold more than 5% of the share capital shall be limited to an overall maximum of 5%.

f) Shareholder agreements (pursuant to Article 123-bis, paragraph 1, letter g) of the TUF

In accordance with Article 122 of the TUF, the following Voting Trust and Share Transfer Rules Agreements are in existence:

- Level-1 Shareholders Agreement, between 111 public shareholders, concerning the procedures for exercising voting rights and the transfer of the shareholdings held in Hera by members, signed on 28 April 2021, with a validity period of three years, from 1 July 2021 to 30 June 2024, in continuation of the previous agreements, in particular the one entered into on 26 June 2018 effective from 1 July 2018 until 30 June 2021, of which the existing structures and balances shown in that agreement are maintained unchanged;
- Level-2 Shareholders Agreement between 34 public shareholders of Hera, belonging to the Bologna area, concerning the regulation of the exercise of voting rights, the transfer of shareholdings held in Hera by members, as well as the designation of members of the Board of Directors, entered into on 10 February 2022 and with a validity period until 30 June 2024, in continuation of the previous agreements, in particular the one entered into on 26 June 2018 with effect from 1 July 2018 until 30 June 2021, of which the existing structures and balances shown in that agreement are maintained unchanged;
- Level-2 Shareholders Agreement between 41 public shareholders of Hera, belonging to the Romagna region, concerning the regulation of the methods of consultation and joint assumption of certain decisions of the parties relating to their shareholding in Hera, as well as the methods of circulating the shares bound by this agreement, entered into on 27 May 2021, with a three-year duration, from 1 July 2021 to 30 June 2024;
- Level-2 Shareholders Agreement between 20 public shareholders of Hera, belonging to the Modena area, concerning the regulation of the exercise of voting rights, the transfer of shareholdings held in

Hera by members, as well as the designation of members of the Board of Directors, entered into on 21 June 2021 and with a validity period of three years, from 1 July 2021 to 30 June 2024, as a continuation of the previous agreements, in particular the one entered into on 26 June 2018 effective from 1 July 2018 until 30 June 2021, of which the existing structures and balances shown in that agreement are maintained unchanged;

- Sub-Agreement between the municipalities of Padua and Trieste, having as its object the establishment of a consultation and voting syndicate functional for the realisation of some provisions regarding the corporate governance of Hera in implementation of the provisions of the Level-1 Shareholders Agreement, stipulated on 12 July 2021 and with a validity period of three years starting from the signing date, in continuation of the previous agreements, in particular that entered into on 26 June 2018, of which the existing structures and balances shown therein are maintained unchanged.

The main identifying elements of the aforementioned Agreements can be found in the "Governance Section/ Shareholders Agreements Disclosures" section of the company's website at www.gruppohera.it.

1) Level-1 Shareholders Agreement

The Agreement concerns 682,586,858 shares assigned to the Voting Trust, corresponding to 45.82538% of Hera's share capital, 1,354,792,909 voting rights assigned to the Voting Trust, corresponding to 60.77585% of the total voting rights that make up the share capital and 571,257,152 blocked shares corresponding to 38.35128% of the share capital.

Content and bodies of the Agreement

Voting Trust

In order to implement the decisions of the Voting Trust, the Parties established a voting trust deliberative body (the Voting Trust Committee) composed as follows: a member designated by the Municipality of Bologna, to whom seven votes are assigned, a member designated by the minor shareholders of the Bologna area, to whom two votes are assigned, a member designated by Holding Ferrara Servizi Srl, to whom one vote is assigned, a member designated by Ravenna Holding Spa, to whom five votes are assigned, a member designated by CON.AMI, to whom six votes are assigned, one member designated by Rimini Holding Spa, to whom one vote is assigned, one member designated by the Municipality of Cesena, to whom one vote is assigned, one member designated by the shareholders of Modena, to whom six votes are assigned, one member designated by the Municipality of Padua, to whom three votes are assigned, one member designated by the Municipality of Trieste, to whom three votes are assigned, and one member designated by the Municipality of Udine, to whom two votes are assigned.

For the entire duration of the Agreement, the number of votes assigned to each principal shareholder through its committee member is allocated on the basis of one vote for each 1% of blocked shares held, rounded down if the surplus was less than 0.50%, or up if the surplus was equal to or greater than 0.50%, of the blocked shares. The percentage of blocked shares is calculated as follows:

$$\% \text{ of shares blocked} = \frac{\text{number of shares blocked by main shareholder}}{\text{Hera share capital}} \times 100$$

The number of votes cast by each of the main members was verified at the opening of the first meeting of the Committee and definitively ascertained by the Chairman of the Committee.

The Voting Trust Committee remains in office until the end of the Agreement.

Decisions will be made through a yes-vote by at least 65% of the total votes assigned to the members of the Voting Trust Committee present at that meeting, except for decisions for which the Agreement requires a different majority.

The Voting Trust Committee will meet at least one day prior to:

(i) any Shareholders Meeting that includes any of the following items on its agenda:

- 1) liquidation of the Company;
- 2) merger or demerger of the Company;
- 3) amendments made to Articles 6 ("Shares and Increased voting rights"), 7 ("Public majority shareholding"), 8 ("Limits on shareholdings"), 14 ("Validity of Shareholders Meetings and rights of veto") 17 ("Appointment of the Board of Directors"), 21 (Validity of resolutions), and 23.4 (Exercise of powers - matters falling within the exclusive competence of the Board of Directors) of the Articles of Association.

The Parties undertake to ensure that their vote at the Shareholders Meeting conforms to the resolutions adopted by the Voting Trust Committee and indicated in this section (i). In the event that a vote in favour of the resolution to be adopted pursuant to this Paragraph (i) is not reached in the Voting Trust Committee, every party to the Agreement shall cast a vote at the Shareholders Meeting against the adoption of that resolution.

- (ii) any meeting of the Board of Directors that includes any of the following items on its agenda:
 - 1) the establishment of the Hera Executive Committee, whose powers will be determined by the Board of Directors. The Executive Committee will be composed of the Chairman, the CEO, the Vice-Chairman and a Director appointed jointly by the Municipality of Padua and the Municipality of Trieste;
 - 2) within the limits of the law and the Articles of Association, the appointment (i) of the Chairman of the Board of Directors, who will be appointed on recommendation by the Shareholders of the Romagna Territorial Area; (ii) of the Chief Executive Officer, who will be appointed on recommendation by the Shareholders of Bologna. The Shareholders of the Romagna Area and the Shareholders of Bologna will consult each other before proceeding to appoint the Chairman and the Chief Executive Officer; (iii) the Vice Chairman of the Board of Directors will be appointed - within the limits of the law and the Articles of Association - from among the members indicated by the Municipality of Modena;
- (iii) the deadline for the submission of the List of Directors and the List of Statutory Auditors.

The Voting Trust Committee shall meet: (i) at least once a year, by the date of the Hera Shareholders Meeting called to approve the financial statements, in order to verify any plans for the sale of Hera Shares not subject to the voting trust blocking provided for by each Party; (ii) whenever one or more members of the same make a written request to the Chairman of the Voting Trust Committee. In addition, the Voting Trust Committee shall be responsible for:

- a) the collation and formation of the List of Directors. The number of members to be included in the List of Directors indicated by each group of contracting parties is allocated on the basis of one member designated for each 3% of shares blocked by that group of contracting parties, and therefore, the list of Directors will be composed as follows: three members designated by the Shareholders of Bologna and Municipality of Ferrara, also in the interest of the Shareholders of Ferrara; four members designated by the Shareholders of the Romagna Area; two members designated by the Municipality of Modena, also in the interest of the Shareholders of Modena; one member designated by the Municipality of Padua; and one member designated by the Municipality of Trieste;
- b) the collation and formation of the List of Statutory Auditors. The List of Statutory Auditors shall indicate as many candidates as there are members of the Board of Statutory Auditors, to be elected by the majority, and shall be determined according to the following procedures: a) the Shareholders of Bologna and the Municipality of Ferrara, also in the interest of the Shareholders of Ferrara, shall have the right to designate the candidates to be included in the second and third places on the list (one Statutory Auditor and one Alternate Auditor); b) the Shareholders of the Romagna Area shall have the right to designate the candidate to be included in the first place on the list (one Statutory Auditor);
- c) the resolution to request the penalty to be paid by the defaulting Party; the main shareholder accused of such a default shall not be allowed to participate in the discussion and shall not have the right to vote on the respective resolution;
- d) resolutions concerning the coordination and execution of plans to sell the shares as well as the related preparatory and consequent acts, with all the widest powers to implement them, also invested in the Chairman individually or jointly with other members of the Voting Trust Committee, including, among other things, the power to carry out in the name and on behalf of the Selling Parties procedures for the selection of consultants, placement agents, trust companies and to identify, negotiate, sign and, if necessary, amend the relative contracts, commitments and mandates as well as to implement them.

Stock Blocking Syndicate

The Parties undertake and agree, for the entire duration of the Agreement, not to transfer the shares allocated to the Blocking Syndicate (the blocked shares). Under the terms of the Agreement, "transfer" or "to transfer" refers to any legal transaction, even free of charge (including sale, donation, exchange, contribution to a company, forced sale, block sale, merger, demerger) that has the direct or indirect result of transferring to third parties ownership or bare ownership of the shares or vesting third parties with real

rights (pledge and usufruct) to the Shares in the event that the voting right belongs to the pledgee or usufructuary.

The Parties undertake to maintain on the list established by Hera in accordance with Article 6.4 of Hera's Articles of Association (the Special List) the number of blocked shares determined in each instance pursuant to the Agreement. The Parties may also register in the Special List a greater number of shares than the number of blocked shares.

The Agreement identifies the number of shares blocked for the entire duration of the Agreement with respect to each Party.

The Parties have agreed that, in any event, the total number of blocked shares may not be less than 38% of the share capital of Hera until the expiration of the Agreement. If the total number of blocked shares does not comply with the above-mentioned indefectible condition, the Parties, for this purpose, grant the Chairman of the Committee a mandate to adjust, without delay and on the basis of a principle of proportionality, the number of blocked shares. If the above condition is not satisfied due to the non-performance of a Party, the provisions relating to non-performance and penalties shall apply.

The contracting Parties shall be free to transfer blocked shares to public shareholders (Municipalities, Consortiums established in accordance with Article 31 of Legislative Decree 267/2000, or to other Public Authorities, or consortiums or joint-stock companies of which Municipalities or Consortiums established in accordance with Article 31 of Legislative Decree 267/2000 or other Public Bodies or Authorities hold, even indirectly, the majority of their share capital), including the other Parties, or to consortia formed between public bodies or to companies with share capital, also in consortium form, controlled by a Party to the Agreement, also jointly with other Parties to the Agreement, on the condition that the aforesaid company, at the time of the transfer made to it, has adhered to the Agreement. The Parties shall be free to transfer, even to third parties, the option rights to the blocked shares. Transfers of blocked shares shall be permitted only on the condition that the transferring entity, by the date of the Transfer made to it, has entered into the Agreement by accepting it in writing and allocating the transferred shares to the Blocking Syndicate.

Each Party undertakes to inform the Chairman of the Syndicate Committee in writing, in a timely manner and in any case no later than the fifth day following the transfer, of any change in the blocked shares held by that Party.

The non-transferability constraint applies only to blocked shares. In any case, the Parties undertake to sell, in an orderly manner, the shares other than the blocked shares which they intend to transfer in order to allow a smooth negotiation, in particular: a) each Party that intends to make sales on the stock market (without prejudice to the prohibition on selling blocked shares), for a total amount greater than three million shares in each calendar year, undertakes to coordinate in advance with the Committee, and its Chairman on its behalf, during the annual meeting and, where appropriate, also to request further meetings, and to implement a method of sale completed through a single transaction; b) if at the annual meeting: (i) the total number of shares to be offered for sale, even individually, is greater than ten million shares, the sale will proceed in a coordinated way; (ii) the total number of shares to be offered for sale does not exceed ten million shares, each Party may proceed with the sale independently, without prejudice to the provisions outlined under point a) above

The annual meeting will also be aimed at verifying whether the intentions of each Party to sell shares are lower than the number of shares held by that Party not subject to the Blocking Syndicate. In this case, extra shares not already subject to the Blocking Syndicate may be subjected to the Blocking Syndicate and the shares of other parties to the Agreement that need to be disposed of may be unblocked. Coordination will be carried out by the Committee on the basis of the principle of proportionality. Once shared, changes to the number of shares subjected to the Blocking Syndicate will be incorporated into the Agreement, it being understood that the total number of blocked shares may not be changed except as provided for in the preceding sections.

Each Party has the right to transfer, for any reason whatsoever, its shares to any joint-stock company, even as a consortium, controlled by itself or jointly with other Parties, provided that the aforesaid company, at the time of the transfer made to it, has adhered to the Agreement. In this case, all the rights and obligations of the Parties will be placed in the hands of the transferee company, without prejudice to the obligation of the Party to the Agreement that made the transfer to then repurchase a number of shares equal to those transferred, if the company (i) is no longer controlled by the transferor, or (ii) the

controlled company is subject to bankruptcy proceedings of any kind, or (iii) in the event of a merger, demerger or any other form of transformation of the controlled company.

For the entire duration of the Contract, the Parties undertake not to set up, directly or indirectly, including through third parties or through subsidiaries and/or connected parties or with third parties acting in concert with them, as defined in Article 109 of the TUF, acts and/or facts and/or transactions, including transfers, which involve or may involve the obligation to make a mandatory public offer for the purchase of Hera shares (takeover bid). The defaulting Party shall take all necessary and appropriate actions to remedy the occurrence of a takeover bid and, where possible, benefit from the exemptions provided for by applicable legislation, for example it shall undertake to transfer the shares to unrelated parties, or reduce the excess voting rights within 12 months and not to exercise these rights pursuant to letter e) of Article 49, paragraph 1) of the Issuers' Regulation and/or it must waive the allocation of the increased voting rights pursuant to and within the terms of applicable legislation.

Bodies of the Agreement

In addition to the Voting Trust Committee, the bodies of the Agreement are the Chairman and Secretary.

Chairman

The Voting Trust Committee is presided over by the Committee Chairman or, in his/her absence, the oldest individual among its members. The Chairman is assisted by the Secretary. In its first meeting, the Voting Trust Committee will appoint the Chairman, to be the person who, among the members of the Committee, has obtained the highest number of overall votes assigned to the members of the Committee present at that meeting. The Chairman performs the following tasks: a) convenes and chairs the Committee, preparing the agenda; b) carries out all the activities assigned to him by the Committee and by the Agreement; and c) adjusts the Agreement and its Annexes by removing from the text the names of persons who may not have signed the Agreement, and making any further changes resulting therefrom.

Secretary

In its first meeting, the Voting Trust Committee shall appoint a Secretary, whether or not he/she is a member of the Voting Trust Committee who, unless the position is revoked or resigned, shall remain in office for the entire duration of the Agreement. The Secretary shall be responsible for the following tasks: a) preparing the minutes of the meetings of the Voting Trust Committee; b) keeping the minutes of the meetings of the Voting Trust Committee; c) performing all the operational and executive functions necessary for the proper functioning of the Agreement, in support of the activities of the Voting Trust Committee and the Chairman, assigned to him/her by the Chairman.

Nature of the Agreement and persons exercising control over the Company through the Agreement

In view of the above, it is considered that the Agreement is material pursuant to Article 122, paragraph 5, letters a) and b) of the TUF.

In view of the nature of the Agreement and by virtue of its provisions, no person is in a position to exercise control over Hera.

Penalties

The Party that is in breach of certain provisions of the Agreement shall be liable to pay a penalty of (a) 5 million euro or (b) the lesser value to be calculated as follows: number of shares held by the Party that is in breach at the time of the breach, multiplied by three times the value of the share resulting from the arithmetic mean of the official stock exchange prices of the security during the 15 trading days prior to the date of the breach. The amount referred to in this paragraph, point (b), may not be less than 3 million euro and, therefore, if application of the above calculation results in less than this amount, the penalty shall be 3 million euro. This is without prejudice to the right of each of the non-defaulting parties to bring a lawsuit for damages. The penalty shall be requested and collected, upon a resolution by the Voting Trust Committee made without the vote of the defaulting party, by the Chairman of the Voting Trust Committee in the name and on behalf of the non-defaulting parties, and shall be paid to the non-defaulting parties in proportion to the shares held by each of them.

If, as a result of breaches of the provisions of the Agreement, one or more Parties, individually or jointly, become obliged to launch a takeover bid, the defaulting party(ies) shall indemnify and hold harmless the other Parties from all costs, expenses, charges, liabilities and damages related to or otherwise arising

from such conduct, including those relating to the mandatory public tender offer for the Company's shares and related payment obligations. In addition, in such a case, the amount of the applicable penalty referred to in points (a) to (b) shall be applied in duplicate, except in the case of greater damages. This penalty shall be applied, for the entire duration of the Agreement, in the event of a breach of the prohibition on the transfer of blocked shares resulting in a reduction in the total number of blocked shares below 38% of Hera's share capital.

Any Party that does not default may automatically terminate the Agreement in relation to the defaulting Party in accordance with Article 1456 of the Italian Civil Code and with retroactive effect, and, where necessary, request that the Arbitration Board, in accordance with the procedure established therein, pronounce the Agreement terminated by right against the defaulting Party, without prejudice to the application of the rules on penalties for non-performance.

Agreement validity and amendments

The Pact shall take effect on 1 July 2021 and shall remain in force until 30 June 2024. In view of the expiry of the Agreement, the parties undertake, in accordance with the principles of good faith, to do everything in their power, and in compliance with current legislation, to renegotiate new Shareholders agreements in accordance with the spirit of the Agreement. From the effective date of this Agreement, any previous Shareholders Agreement between the same parties concerning the shares and signed by the same parties shall be null and void.

The Agreement may be amended by a written agreement between the Parties which together hold at least 65% of the shares subject to the Blocking Trust. Amendments to the Agreement shall be communicated to all Parties at least 30 days prior to the date such amendments come into effect. In this case, the dissenting Parties shall have the right to withdraw immediately by means of a notice sent no later than the fifteenth day prior to the date on which the amendments to the Agreement come into effect.

2) Level-1 Shareholders Agreement, Bologna area

The Agreement concerns 164,880,856 Hera ordinary shares bound to the Agreement, with a par value of 1.00 euro, equal to 11.06926% of Hera's current share capital, held by a total of 34 public shareholders, and 320,597,560 voting rights, equal to 14.38197% of the total voting rights making up the share capital.

Content of the Agreement

Voting Trust

In order to take on the decisions made by the Voting Trust, the Parties have established a deliberative body of the Voting Trust (the Shareholders Meeting of the Voting Trust) composed of the pro-tempore legal representatives of each Party or their delegates.

The Agreement Assembly meets:

- (i) at least three days before each meeting of the Voting Trust Committee, as per the Voting Trust Agreement;
- (ii) at least five days before each meeting of the Hera Spa shareholders that includes any items on its agenda different from that covered by the Voting Trust Committee as outlined in point i) above;
- (iii) at least 30 days before each meeting of the Hera Spa shareholders that includes on its agenda the appointment of members of the Board of Directors and/or the Board of Statutory Auditors;
- (iv) any time the Municipality of Bologna, or 14 Parties other than the Municipality of Bologna, submit a written request to the Chairman of the Shareholders Meeting of the Voting Trust.

The decisions of the Shareholders Meeting of the Voting Trust are validly made by a majority of those present, provided that a yes vote has been cast by the Municipality of Bologna and at least eight other Parties. The Parties to the Agreement undertake to ensure that their vote at the Shareholders Meeting is in line with the resolutions adopted by the Shareholders Meeting of the Voting Trust.

Identification of the members of the Hera Board of Directors

With reference to the process of drawing up the majority list for appointing the Board of Directors of Hera Spa, the Parties themselves undertake to define and approve, as follows, with due regard for the gender balance of the list containing the names of directors:

- a maximum of two members - in accordance with the agreements that may be entered into with the Municipality of Ferrara, also in the interest of the shareholders of the Ferrara area - indicated by the Mayor of the Municipality of Bologna;

- one member indicated by the Parties, excluding the Municipality of Bologna, in the Agreement Assembly

Finally, the Parties undertake to ensure that the Directors appointed by them, at the first meeting of the Board of Directors of Hera Spa, proceed with appointing the office of Chief Executive Officer, it being understood that they will consult each other before the name of the candidate is formalised. Before the name of the candidate for Chief Executive Officer of the Board of Directors of Hera Spa is formalised, the Mayor of the Municipality of Bologna or a person appointed by the latter, in the interest of the Parties, shall consult with the common representative of the shareholders of the Romagna area and shall inform the Chairman of the Voting Trust Committee.

Rules for transfers of blocked shares

For the duration of the Agreement, the parties to the Agreement undertake not to transfer the Hera Spa shares subject to the Blocking Trust (blocked shares) referred to in the Level-1 Shareholders Agreement.

Rules for non-blocked Hera shares

The Party that intends to sell Syndicated shares that are not blocked shares, and therefore not subject to the non-transferability restriction, for a total amount of less than three million shares during each calendar year, must pre-emptively offer the Shares to be sold in advance to all the other Parties, under the same conditions, in proportion to the shareholding held by each Party in Hera, without prejudice to the right of survivorship of each Party.

In the event of non-compliance with the above provision, the acts of disposal of the shares shall be null and void and shall be unenforceable in relation to the Parties and Hera Spa.

Penalties

The Party in breach of the provisions of the Agreement will be required to pay a penalty, for each individual, confirmed violation, of 500,000 euro, without prejudice to compensation for any additional potential damage.

Validity

The Agreement shall take effect on 10 February 2022 and shall remain in force until 30 June 2024. In view of the expiry of the Agreement and if the Voting Trust Agreement is in turn renewed, the parties undertake, in accordance with the principles of good faith, to do everything in their power, and in compliance with current legislation, to renegotiate new Shareholders agreements.

Nature of the Agreement and persons exercising control over the Company through the Agreement

In view of the above, it is considered that the Agreement is material pursuant to Article 122, paragraph 5, letters a) and b) of the TUF. In view of the nature of the Agreement and by virtue of its provisions, no person is in a position to exercise control over Hera.

3) Level-2 Shareholders Agreement, Romagna area

The Agreement concerns 226,324,983 Hera ordinary shares bound to the Agreement, with a par value of 1.00 euro, equal to 15.19430% of Hera's current share capital, held by a total of 41 public shareholders, and 452,433,403 voting rights, equal to 20.29139% of the total voting rights making up the share capital.

Content of the Agreement

Voting Trust

In order to take on the decisions made by the Voting Trust, the Parties have established a deliberative body of the Voting Trust (the Shareholders Meeting of the Voting Trust) composed of the pro-tempore legal representatives of each Party or their delegates.

The Shareholders Meeting of the Voting Trust meets:

- at least eight days prior to the date set for meetings of the Audit Committee concerning the matters identified in Article 4.3 of the Voting Trust contract;
- at least eight days prior to any meeting of the Shareholders Meeting that brings to the agenda any of the matters other than those identified in Article 4.3 of the Voting Trust contract;
- any time 10 Parties make a written request to the Chairman for consultation purposes.

The decisions of the Agreement Assembly are validly taken if at least 2/3 of the Syndicated Shares are present and at least 2/3 of the Syndicated Shares present at the Shareholders Meeting of the Voting Trust vote in favour.

The Parties to the Agreement undertake to align their vote in the Voting Trust Committee with the relevant matters referred to in letters ii and iii) of Article 4.3 of the Voting Trust Agreement and at the Shareholders Meeting with respect to matters other than those relevant to the resolutions adopted.

Identification of the members of the Hera Board of Directors

With reference to the process of drawing up the majority list for appointing the Board of Directors of Hera Spa, the Parties undertake to define and approve at the Shareholders Meeting of the Voting Trust, with due regard for the gender balance of the list containing the list of the Directors appointed by the Romagna Area Shareholders, which shall be made up as follows:

- 1 member to be included in the first place of the Majority List, who will hold the position of Chairman of the Board of Directors, indicated by the Chairman of the Agreement Assembly, in the interests of the Romagna Area Shareholders;
- 1 member indicated by the Mayor of the Municipality of Imola, also in the interests of CON.AMI's Member Municipalities;
- 1 member indicated by the Mayor of the Municipality of Ravenna, also in the interests of the shareholders of Ravenna Holding and of the other Municipalities of the Province of Ravenna belonging to the Agreement which do not fall within the scope of CON.AMI;
- 1 member indicated by the Mayors of the Municipalities of Cesena and Rimini, also in the interests of the Municipalities of the Provinces of Forlì-Cesena and Rimini adhering to the Agreement.

Finally, the Parties undertake to ensure that the Directors appointed by them, at the first feasible meeting of the Board of Directors proceed with appointing the office of Executive Chairman of Hera, it being understood that that the Romagna Area Shareholders and Bologna Shareholders will consult each other before nominating their candidate for the position of Executive Chairman.

Rules for transfers of blocked shares

For the duration of the Agreement, the parties to the Agreement undertake not to transfer the Hera Spa shares subject to the Blocking Trust (blocked shares) referred to in the Level-1 Shareholders Agreement.

Penalties

The Party that fails to comply with the provisions of the Agreement shall be required to pay a penalty equal to 2% of the par value of the Shares held at the time of the breach. In any case of default, the amount of the penalty may not be less than 5,000 euro or more than 200,000 euro.

Validity

The Agreement shall take effect on 1 July 2021 and shall remain in effect until 30 June 2024. In view of the expiry of the Agreement and if the Voting Trust Agreement is in turn renewed, the parties undertake, in accordance with the principles of good faith, to their utmost, and in compliance with current legislation, to renegotiate new Shareholders agreements

Nature of the Agreement and persons exercising control over the Company through the Agreement

In view of the above, it is considered that the Agreement is material pursuant to Article 122, paragraph 5, letters a) and b) of the TUF. In view of the nature of the Agreement and by virtue of its provisions, no person is in a position to exercise control over Hera.

4) Level-2 Shareholders Agreement, Modena area

The total number of voting rights assigned to the Voting Trust is 231,621,326 and the relative percentage of the total voting rights that make up the share capital of Hera is approximately 10.38809%.

Content of the Agreement

Voting Trust

In order to take on the decisions made by the Voting Trust, the Parties have established a deliberative body of the Voting Trust (the Shareholders Meeting of the Voting Trust) composed of the pro-tempore legal representatives of each Party or their delegates.

The Shareholders Meeting of the Voting Trust meets:

- (i) at least one day before each meeting of the Voting Trust Committee, in accordance with the Hera Pact, that includes on its agenda one of the resolutions and activities referred to in Article 4.3 of the Hera Shareholders Agreement;
- (ii) at least one day before each meeting of the Hera Spa shareholders that includes any items on its agenda different from that covered by the Committee as outlined in point i) above;

With reference to the process of drawing up the majority list for appointing the Board of Directors of Hera Spa, if under the Hera Shareholders Agreement:

- (i) only one member of the majority list for the Board of Directors elections is reserved for the parties to the Modena agreement, the Shareholders meeting of the Voting Trust shall arrange for it;
- (ii) the parties to the Modena Agreement are assigned the right to designate two members of the majority list for the Board of Directors election, the Municipality of Modena will be in charge of designating who will be proposed as vice chairman of the Board of Directors, while the second member will be designated by the Shareholders Meeting of the Voting Trust;
- (iii) more than two members of the majority list for the election of the Board of Directors are to be appointed by the Parties to the Modena Agreement; the Municipality of Modena will be responsible for appointing two thirds of the members, rounded up to the nearest whole number, including the one who will be proposed as vice president, while the other members will be appointed by the Shareholders Meeting of the Voting Trust.

The Shareholders Meeting of the Voting Trust shall resolve on the basis of the number of Hera shares blocked under the Hera Shareholders Agreement held by each Party, with reference to the total number of Hera shares blocked under the Hera Shareholders Agreement held by the Parties as a whole: for resolutions to be valid, there must be present a number of Parties holding at least 7/8 of the blocked shares and a yes vote by a number of Parties holding at least 7/8 of the blocked shares in relation to those held by the Parties present.

Rules for blocked Hera shares

The Modena Agreement does not provide for a specific Blocking Trust; rather, it refers to the Hera Shareholders Agreement for the regulation of the blocked shares covered by it.

Rules for non-blocked Hera shares

The Modena Agreement refers to the Hera Shareholders Agreement for the regulation of the transfer of non-blocked shares. It also states that the Parties undertake to define, in advance and jointly, at the Shareholders Meeting of the Voting Trust, the number of shares to be transferred.

Validity

The Modena Agreement, in effect beginning 1 July 2021, shall remain in force until 30 June 2024. The parties have undertaken to renegotiate the Agreement in good faith, with due respect for the spirit of the Agreement and with a view to its expiry.

Nature of the Agreement and persons exercising control over the Company through the Agreement

In view of the above, it is considered that the Agreement is material pursuant to Article 122, paragraph 5, letters a) and b) of the TUF.

In view of the nature of the Modena Agreement and by virtue of its provisions, no person is in a position to exercise control over Hera.

Penalties

The Party that is in breach of the provisions of the Agreement shall be liable to pay a penalty equal to five per cent of the value of the Hera shares held at the time of the breach, calculated as the arithmetic mean of the official stock market prices of the Hera share during the 15 trading days prior to the date of the breach.

5) Sub-agreement between the Municipalities of Padua and Trieste

The Agreement concerns 101,696,159 ordinary Hera shares, equal to 6.82736% of the current share capital of Hera, held in total by the two participating municipalities, and 203,392,318 voting rights, equal to 9.11663% of the total voting rights that make up the share capital.

Content of the Sub-Agreement

The purpose of the Sub-Agreement is to establish a consultation and voting trust that will be instrumental in ensuring the implementation of certain provisions regarding Hera's corporate governance pursuant to the provisions of the Agreement.

Specifically, the Sub-Agreement regulates the procedures for the joint appointment of a member of the Hera Executive Committee, providing that the Parties confirm their mutual commitment to consulting in good faith in order to identify and agree which of the two directors elected to the Company's Board of Directors, upon their appointment, should be the director to be appointed as member of the Hera Executive Committee.

The Parties also acknowledge that the Executive Committee of Hera, the validity term of which was set until the date of approval of the financial statements at 31 December 2022, currently includes, as a member, the director designated by the Municipality of Padua. Based on the agreements reached, in the subsequent Executive Committee that was renewed on 10 May 2023 and will remain in office until the approval of the financial statements at 31 December 2025, the designation was made by the Municipality of Trieste.

Validity

The Sub-Agreement has a validity period of three years from the date of its signing (12 July 2021). In view of the expiry of the Sub-Agreement, the parties undertake, in accordance with the principles of good faith, to do their utmost, and in compliance with current legislation, to renegotiate new Shareholders agreements in accordance with the spirit of this Sub-Agreement.

Nature of the Agreement and persons exercising control over Hera Spa through the Sub-Agreement

In light of the above, it is considered that the Agreement is material pursuant to Article 122, paragraph 5, letter a) of the TUF.

In view of the nature of the Agreement and by virtue of its provisions, no person is in a position to exercise control over Hera.

g) Mandates to increase share capital and authorisations to purchase treasury shares (pursuant to Article 123-bis, paragraph 1, letter m) of the TUF

The Shareholder's Meeting of 28 April 2021 authorised, pursuant to the limits established by Article 2357 of the Italian Civil Code, to purchase, within 18 months of the date of the resolution, on one or more occasions, up to a revolving maximum of 60 million ordinary Hera shares with a par value of 1 euro each, equal to approximately 4.03% of the ordinary shares making up the share capital, in accordance with the following conditions:

- (i) purchase price not lower than the par value and not more than 10% higher than the reference price recorded on the stock market trading day preceding each individual purchase;
- (ii) the purchases and all the deeds concerning the treasury shares may occur at a price that does not involve negative economic consequences for the Company, and must occur in compliance with the laws, regulations and provisions established by the supervisory body and/or Borsa Italiana Spa, involving a maximum increase in investment of 240 million euro;
- (iii) use of treasury shares acquired as part of transactions, including those carried out by Group companies, in relation to which there is undertaken a consolidation of the shareholdings and/or there is an economic and/or financial advantage for Hera, including for the purpose of improving the operations and competitive positioning of the Hera Group, and investment opportunities or other transactions emerge that involve the allocation or distribution of treasury shares.

It should be noted that the buy-back authorisation only concerns the purchase of ordinary shares, thus excluding the possibility of purchasing derivative financial instruments, and that the number of treasury shares in portfolio at the end of the 2023 financial year was 45,830,208.

3.0 Compliance (pursuant to article 123-bis, paragraph 2, letter a), of the TUF)

Hera, with a resolution by the Board of Directors on 11 November 2020, adopted the provisions of the Corporate Governance Code (hereinafter referred to as the Code), which contains a detailed series of recommendations concerning principles and rules for the management and control of listed companies, in order to increase the clarity and concreteness of persons and roles, particularly with regard to the independent directors and the internal committees of the Board of Directors.

Although adoption of the recommendations contained in the Code is voluntary, the Company, in continuity with its previous adherence to the Self-Regulatory Code, has decided to adhere to the Code's recommendations in order to reassure investors that it has a clear and well-defined organisational model, with adequate allocation of responsibilities and powers and a proper balance between management and control; this model is an effective tool at the disposal of the administrative body for the pursuit of sustainable success.

The full text of the Code currently in force is available to the public on the Committee for Corporate Governance website, at: <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>.

4.0 Board of Directors

Hera has an ordinary/traditional system of governance. The following sections describe the role, composition and functioning of the Board of Directors.

4.1 Role of the Board of Directors

The Board of Directors is the central administrative body of the Company. In accordance with the recommendations of the Code, the Board of Directors is responsible for guiding the Company by pursuing its sustainable success (Principle I) and defining its strategies (Principle II), including for the Group in question, in a manner consistent with the pursuit of sustainable success, and for monitoring the implementation of these strategies.

The administrative body also defines the corporate governance system that is most effective for carrying out the company's business and pursuing its strategies (Principle III) and promotes, in the most appropriate manner, dialogue with the shareholders and other relevant stakeholders of the Company (Principle IV).

The Articles of Association require the Board to meet at least quarterly and whenever the Chairman deems it necessary, or when requested by at least 1/3 of its members or by the Board of Statutory Auditors. Furthermore, the Board of Directors shall be vested with the widest powers for the ordinary and extraordinary management of the Company without any limitations, with the power to carry out all the acts deemed necessary or appropriate to achieve the Company's aims, with the sole exception of those which, strictly speaking, are assigned to the competence of the Shareholders Meeting by law or by the Articles of Association.

Specifically, in accordance with the provisions of the Articles of Association, and in addition to the definition of the Group's structure, deliberations on the following matters fall to the exclusive competence of the Board:

- I. appointment and/or removal of the Chairman and Vice Chairman;
- II. appointment and/or removal of the CEO and/or the General Manager;
- III. formation and composition of the Executive Committee, appointment and/or removal of the members of the Executive Committee;
- IV. determination of the powers delegated to the Chairman, the CEO and/or the General Manager and/or the Executive Committee, and modification of those powers;
- V. approval and modification of any long-term plans or business plans;
- VI. approval and modification of Group regulations, if adopted;
- VII. recruitment and/or appointment, on the proposal of the Group CEO, of the managers responsible for each departmental area;
- VIII. proposal to place on the agenda of the Shareholders Meeting the amendment of Article 6.4 (shares and shares with increased voting rights) Article 7 (Public majority shareholding), Article 8 (Limits on shareholdings), Article 14 (Validity of Shareholders Meetings and rights of veto) and Article 17 (Appointment of the Board of Directors) of the Articles of Association;
- IX. the acquisition and disposal of equity investments with a value exceeding 500,000 euro (five hundred thousand);
- X. purchase and/or sale of properties with a value exceeding 500,000 euro;
- XI. provision of sureties, liens and/or other real guarantees with a value exceeding 500,000 euro;
- XII. purchase and/or sale of companies and/or business units;
- XIII. appointment of directors of subsidiaries and affiliates;
- XIV. participation in calls for tender and/or public procedures involving the assumption of contractual obligations exceeding 25 million euro.

With reference to item XI, it should be noted that the Shareholders Meeting scheduled for 30 April 2024 will be called to pass a resolution on the adjustment of the value provided for therein by raising it to 25 million euro, taking into account the size and turnover achieved to date by the Company, as well as the parameters adopted by its main competitors for the same type of operations.

Specifically, the Board is tasked with:

- examining and approving the business plan of the Issuer and its Group, based also on an analysis of the issues that are relevant for long-term value generation (Recommendation 1, a);
- periodic monitoring of the implementation of the Business Plan, as well as assessment of general operating performance by periodically comparing achieved results with planned results (Recommendation 1, b);
- defining the nature and level of risk compatible with the Issuer's strategic objectives, including in its assessments all the elements that may be relevant for the Issuer's sustainable success (Recommendation 1, c) (for further details, see "Section 9");
- defining the Issuer's corporate governance system and the structure of the group to which it belongs (Recommendation 1, d, part one);
- assessing the suitability of the Issuer's organisational, administrative and accounting structure and that of its subsidiaries with strategic importance, in particular with regard to the internal audit and risk management system (Recommendation 1, d, part two) (for further details, see "Section 9");
- deciding on the transactions of the Issuer and its subsidiaries that have significant strategic, economic, capital or financial importance for the Issuer, and establishing the general criteria for identifying significant transactions (Recommendation 1, e);
- adopting, upon request of the Chairman and in agreement with the Chief Executive Officer (or Managing Director?), a procedure for the internal handling of documents and information concerning the Issuer and their disclosure to third parties, in particular with regard to privileged information (Recommendation 1, f) (for further details, see "Section 5").

Specifically, the Board of Directors:

- following the adoption of the "Policy for Managing Dialogue with General Shareholders and Bondholders" (which took place during the 2021 financial year), in the 2023 financial year the Executive Chairman, as appointed director, reported on a regular basis half-yearly, on the development and relevant content of the dialogue that took place with shareholders and bondholders, as well as on the most significant requests received from other stakeholders (for further details, see "Section 12");
- approved the Business Plan on 24 January 2024;
- approved the transactions concerning Hera and Group companies carried out in implementation of the strategies outlined in the Business Plan.

With regard to the Board's further powers concerning its composition, functioning, appointment, self-assessment, the remuneration policy, and internal control system and risk management, please refer to the following sections of this Report.

4.2 Appointment and replacement (pursuant to Article 123-bis, paragraph 1, letter I) of the TUF

List voting

The appointment of the Board of Directors is subject to the list voting mechanism, in order to guarantee that the Board of Directors includes Directors designated by minority shareholders, in compliance with current legislation on gender balance.

Specifically, Articles 16 and 17 of the Articles of Association govern the terms and conditions for filing and publishing lists, as well as the related documentation, in compliance with current regulations.

It should be noted in this regard that the Shareholders Meeting of 28 April 2022 approved an amendment to the Articles of Association to adapt the number of independent directors based on the guidelines introduced by the Code.

In view of the above, the current Articles of Association provide that the lists submitted by the shareholders must include at least two candidates in possession of the independence requirements established for auditors by Article 148 paragraph 3, of Legislative Decree 58/1998, as well as at least half of the candidates in possession of the independence requirements established by the Code drawn up by the Corporate Governance Committee, together with the candidates' CVs, irrevocable acceptance of the position and the certification about the absence of causes of ineligibility and/or forfeiture, integrity, as well as the possible declaration of being in possession of the independence requirements established

for auditors by Article 148 paragraph 3 of the Consolidated Finance Act and those provided for by the Code. In this regard, it is noted that the Board of Directors currently in office is made up of 10 out of 14 independent directors.

The lists must be filed, pursuant to Article 17.5 of the Articles of Association, at the registered office at least 25 days before the Shareholders Meeting, and made available to the public at the registered office and on the website www.gruppohera.it at least 21 days before the meeting.

The terms and conditions for the filing of lists are indicated by the Company in the Shareholders Meeting notice of call. Each shareholder may submit or participate in the submission and voting of only one list. Subscriptions and votes cast in violation of this prohibition shall not count towards any list.

Eligibility to submit lists and their composition

The Articles of Association do not allow the outgoing Board of Directors to present a list.

Lists for the appointment of members of the Board of Directors may be submitted by shareholders representing at least 1% of the share capital with voting rights at the Ordinary Shareholders Meeting, unless otherwise provided for by current legislation, to be indicated in the notice of call.

In this regard, it should be noted that, on the occasion of the last renewal of the administrative body which took place at the Shareholders Meeting of 27 April 2023, the shareholding required for presenting lists of candidates for the election of the sitting administrative body was identified by CONSOB (through Resolution 76 of 30 January 2023) as 1%, equal to the percentage provided for in Article 17.4 of the current Articles of Association.

In order to demonstrate ownership of the number of shares necessary for presenting lists, shareholders must file the appropriate certification proving ownership of the number of shares represented at the registered office within the deadline set by the Company for posting the lists.

The rules established by Article 17 of the Articles of Association, as amended by the Extraordinary Shareholders Meeting of 29 April 2020, in implementation of Law 160 of 27 December 2019, also guarantee compliance with current legislation regarding the gender balance in the administrative and control bodies of listed companies.

If the list voting system does not ensure the minimum gender quota required by law, the candidate of the most represented gender positioned last on the list of candidates elected from the list with the highest number of votes shall be replaced by the candidate of the less-represented gender who was positioned first among the non-elected candidates on the same list and so on, up to the minimum number of directors belonging to the less-represented gender. If the minimum number of directors belonging to the less represented gender still has not been reached even after applying this criterion, the replacement criterion indicated will be applied to the minority lists, starting from the list that received the highest number of votes.

Appointment mechanism

The members of the Board of Directors are appointed in accordance with current law and on the basis of the provisions of Articles 16 and 17 of the Articles of Association, and therefore:

- the Company is managed by a Board of Directors composed of 15 members;
- The members of the Board of Directors are appointed on the basis of lists in which the candidates are marked with a progressive number and, in any case, number no more than the number of members to be elected;
- 11 members taken from the list that obtained the highest number of votes according to the rank order in which they were listed, of which at least four must be of the less-represented gender;
- for the appointment of the remaining four members, the votes obtained by each of the lists other than the majority list, and which have not been presented or voted for by shareholders connected to the shareholders who presented or voted for the same majority list in accordance with the regulations in force at the time, are subsequently divided by one, two, three and four. The quotients derived from this division are progressively assigned to the candidates on each list, in the order provided for by the list. Candidates are then arranged in a single descending ranking, according to the quotients assigned to each candidate. The candidates elected shall be those who obtained the highest scores, in relation to the remaining members to be elected, of which at least one must be of the less-represented gender.

Replacement of directors

In accordance with Article 17.10 of the Articles of Association, if one or more directors appointed on the basis of the list voting system should leave office during the course of the financial year, their places will be filled by means of the co-opting, pursuant to Article 2386 of the Italian Civil Code, of the first unelected candidates from the list to which the departing directors belonged who have not yet been members of the Board of Directors, respecting the principles of gender balance set forth by the law. If, for any reason, no candidates are available, the Board, in compliance with the principles of gender balance set forth by the law, and again pursuant to Article 2386 of the Italian Civil Code, shall co-opt a director, as envisaged in Article 2386 of the Italian Civil Code. The directors thus appointed will remain in office until the next Shareholders Meeting, which will deliberate in accordance with the procedures established for the appointment.

Refer to "Section 7" for information on the role played by the Board of Directors and Board committees in the processes of self-evaluation, appointment and succession of directors.

4.3 Composition (pursuant to Article 123-bis, paragraph 2, letter d) and d-bis, of the TUF)

In line with the requirements set out in Principle V of the Code, the Board is made up of executive and non-executive directors, all of whom have the professionalism and skills required for the tasks assigned to them. Principle VI of the Code is also complied with in that all twelve non-executive Directors are independent and their number and skills are such as to ensure that they have a significant influence on the Board's resolutions and guarantee effective monitoring of management.

The Shareholder's Meeting held on 27 April 2023 appointed for three financial years a Board of Directors, whose mandate lasts until the approval of the financial statement for the 2025 financial year, composed of 15 members, including:

- 11 members taken from the list that obtained the highest number of votes according to the rank order in which they were listed, of which four of the less-represented gender;
- four members taken from the lists that were not the one that obtained the highest number of votes and which were neither presented nor voted on by shareholders associated with the shareholders who presented or voted for the majority list, of which two of the less-represented gender.

This appointment was thus made on the basis of the list voting system, in order to ensure that at least 1/5 of the directors are appointed from the minority list in compliance with the provisions of Article 4 of Decree-Law 332 of 31 May 1994, converted from Law No. 474 of 30 July 1994.

At the Shareholders Meeting of 27 April 2023 mentioned above, three lists of candidates were presented, listed below along with an indication of their proposing Shareholders:

List No. 1, presented on 6 March 2023 by the shareholders Municipality of Bologna, Municipality of Casalecchio di Reno, Municipality of Cesena, Municipality of Modena, Municipality of Padova, Municipality of Trieste, Municipality of Udine, CONAMI, Holding Ferrara Servizi Srl, Ravenna Holding Spa and Rimini Holding Spa, who, together with 100 other public shareholders, were at the time parties to the "Shareholders Agreement on Voting and Share Transfer Rules" of 28 April 2018, and who together hold 610,623,147 Hera shares, corresponding to 40.99% of the voting shares of Hera Spa, a list that obtained 1,185,355,753 voting shares, equal to 67.833794% of the total voting shares present, containing the names, in ranked order, of the following candidates:

1. Cristian Fabbri
2. Orazio Iacono
3. Gabriele Giacobazzi
4. Monica Mondardini
5. Fabio Bacchilega
6. Gianni Bessi
7. Lorenzo Minganti
8. Milvia Mingozi
9. Grazia Ghermandi
10. Alessandro Melcarne
11. Marina Monassi

List No. 2, submitted on 31 March 2023 by the shareholder Gruppo Società Gas Rimini Spa, holder of 30,771,269 Hera shares, corresponding to 2.065825% of the shares with voting rights of Hera Spa, a list

that obtained 139,557,833 voting rights, corresponding to 7.986410% of the total voting shares present, containing the names, in ranked order, of the following candidates:

12. Bruno Tani
13. Micaela Dionigi
14. Mara Bernardini
15. Rodolfo Ortolani

List No. 3, submitted on 31 March 2023 by Studio Trevisan & Associati on behalf of the shareholders Amundi Asset Management SGR Spa, manager of the funds: Amundi Sviluppo Italia, Amundi Risparmio Italia, Amundi Dividendo Italia, Amundi Luxembourg SA - Amundi Funds; European Equity Small Cap; Arca Fondi Sgr Spa manager of the fund: Fondo Arca Azioni Italia; Etica Sgr Spa manager of the funds F.do Etica Rendita Bilanciata, F.do Etica Obbligazionario Misto, F.do Etica Bilanciato, F.do Etica Azionario, F.do Etica Impatto Clima, F.do Etica Obiettivo Sociale; Eurizon Capital SGR Spa fund manager: Eurizon Progetto Italia 40, Eurizon Am Tr Megatrend, Eurizon Pir Italia Azioni, Eurizon Azioni Italia, Eurizon Progetto Italia 70; Eurizon Capital S.A. manager of the funds: Eurizon Fund Comparti: EuF - Equity Italy Smart Volatility, EuF - Equity Europe LTE, EAM - Global Equity; Fideuram Asset Management Ireland manager of the fund: Fonditalia Equity Italy; Fideuram Intesa Sanpaolo Private Banking Asset Management Sgr Spa fund manager: Fideuram Italia, Piano Azioni Italia, Piano Bilanciato Italia 50; Interfund Sicav - Interfund Equity Italy; Kairos Partners Sgr Spa as the Management Company of Kairos International Sicav - Comparti Italia e Made in Italy; Legal & General Assurance (Pensions Management) Limited; Mediolanum Gestione Fondi Sgr Spa manager of the fund: Mediolanum Flessibile Futuro Italia, together the holders of 17,714,416 Hera shares, corresponding to 1.18926% of the Hera Spa shares with voting rights, a list that obtained 420.574.334 voting rights, corresponding to 24.068009% of the total number of voting rights present, containing the names, in ranked order, of the following candidates:

1. Francesco Perrini
2. Paola Gina Maria Schwizer
3. Alice Vatta
4. Erwin Paul Walter Rauhe
5. Cristina De Benetti

Following the Shareholders Meeting vote, as well as the subsequent meeting of the Board of Directors held on the same date for the appointment of Executive Chairman, Chief Executive Officer and Vice Chairman, the administrative body was made up as follows:

1. Cristian Fabbri (Executive Chairman)
2. Orazio Iacono (Chief Executive Officer)
3. Gabriele Giacobazzi (Vice Chairman)
4. Monica Mondardini
5. Fabio Bacchilega
6. Gianni Bessi
7. Lorenzo Minganti
8. Milvia Mingozi
9. Grazia Ghermandi
10. Alessandro Melcarne
11. Marina Monassi
12. Francesco Perrini
13. Paola Gina Maria Schwizer
14. Alice Vatta
15. Bruno Tani

The current composition of the Board of Directors is indicated below, please see Table 2 - Structure of the Board of Directors at the end of the financial year - attached to this report for more detailed information on the composition and functioning of the Board of Directors, as well as the specific section on the Company's website where the personal and professional details of each director are outlined.

It should be noted that, following the resignation tendered by Lorenzo Minganti from the position of non-executive and Independent Director, with effect from 19 June 2023, the Board of Directors, on 27

September 2023, resolved to appoint by co-optation, as Director, Enrico Di Stasi, who will remain in office until the next Shareholders Meeting scheduled for 30 April 2024.
It should also be noted that Vice Chairman Gabriele Giacobazzi died on 3 March 2024.

First and last name	Office	Title
Cristian Fabbri	Executive Chairman	Executive Director
Orazio Iacono	Chief Executive Officer	Executive Director
Gabriele Giacobazzi *	Vice Chairman	Non-executive Independent Director
Fabio Bacchilega	Director	Non-executive Independent Director
Gianni Bessi	Director	Non-executive Independent Director
Enrico Di Stasi **	Director	Non-executive Independent Director
Grazia Ghermandi	Director	Non-executive Independent Director
Alessandro Melcarne	Director	Non-executive Independent Director
Milvia Mingozi	Director	Non-executive Independent Director
Marina Monassi	Director	Non-executive Independent Director
Monica Mondardini	Director	Non-executive Independent Director
Francesco Perrini	Director	Non-executive Independent Director
Paola Gina Maria Schwizer	Director	Non-executive Independent Director
Bruno Tani	Director	Non-executive Independent Director
Alice Vatta	Director	Non-executive Independent Director

*: ceased on 3 March 2024.

**: Director Enrico Di Stasi was assessed as non-independent at the Board of Directors meeting of 26 March 2024.

In compliance with the recommendations of the Corporate Governance Code, the Board of Directors in office decided to provide shareholders with its guidelines regarding the managerial and professional figures whose presence in the new administrative body is deemed appropriate. These guidelines were made available well in advance on the company's website (www.gruppohera.it) and on the authorised storage mechanism 1Info (www.1Info.it).

Diversity criteria and policies in Board composition and corporate organisation

Hera has applied diversity criteria, including gender-based criteria, in forming the administrative body, the members of which possess the required skills and professionalism.

The appointment of the Board of Directors took place during the Shareholders Meeting of 27 April 2023, following the presentation of three lists, one majority and two minority, which guaranteed, in accordance with regulatory provisions on gender balance currently in force, that at least 2/5 of the members of the Board of Directors consisted of the least-represented gender (six members of the least-represented gender out of a total of 15 directors).

Of the current 14 directors, three are between 30 and 50 years old, six are between 51 and 60 years old and five are over 60 years old, for an average age of 58.

The directors possess proven professional competence in financial, economic, and legal matters and in the fields of sustainability, social and environmental issues.

Furthermore, Hera maintains as a priority the objective of ensuring equal treatment and opportunities between genders, including within the company organisation as a whole, on the assumption that:

- differences in gender, culture and origin are now universally recognised as a value and must therefore be managed in the best possible way;
- feeling equal and included leads to the generation of cooperative behaviour at work and fosters an organisational coexistence which promotes greater sharing of the company culture.

Already in 2011, in order to further promote the development and dissemination of a company policy on equal opportunities and equality at work, the figure of the Diversity Manager was established with the aim of fostering the implementation of this company policy on equal opportunities and diversity enhancement.

The mission of Diversity Management can be described in the following macro-points:

- spreading the culture of inclusion among public, private and civil society, and sharing best practices with local institutions and companies to strengthen the social network;
- supporting the management and enhancement of plurality in the Company;
- strengthening the Hera Group's role in developing the culture of appreciating differences and fostering work-life balance.

Spreading a culture of diversity, introducing time-saving projects aimed at achieving an effective balance between everyday life and work, health and wellbeing and fostering empowerment have been central themes in the Company's work to date.

Specifically, Hera continued to focus in 2023 on activities to raise awareness and promote a culture of diversity, both internally and externally, strengthening networking with stakeholders.

In continuity with the Hera Group's priorities, particular attention is paid to STEM (Science, Technology, Engineering, Mathematics) fields and the gender gap that is often associated with them.

Maximum accumulation of positions in other companies

It should be noted that by a Resolution dated 28 June 2023, the Board of Directors placed a limit of one on the maximum number of positions of director or statutory auditor in listed companies that can be regarded as compatible with the role of executive director, and a limit of two on the maximum number of positions of director or statutory auditor in listed companies that can be regarded as compatible with the role of non-executive director.

In this regard, the Board of Directors, in its 26 March 2024 meeting, deemed to be compatible:

- the position of director held by Ms. Mondardini in Hera, although she declared that she holds positions in three listed companies and in one company of significant size, given that three of these belong to the same corporate group;
- the position of director held by Bruno Tani in Hera, although he declared that he holds positions in five listed companies of significant size, given that four of these belong to the same corporate group;

4.4 Functioning of the Board of Directors (pursuant to Article 123-bis, paragraph 2, letter d) of the TUF)

In accordance with the provisions of Article 3 - Recommendation 11- of the Code, the Company adopted regulations for the functioning of the administrative body, approved by the Board of Directors on 11 November 2020, as well as regulations concerning the functioning of its internal committees.

The Regulations of the Board of Directors govern, in particular, the functioning of the body, the duties of the Executive Chairman and Secretary, pre-meeting information, and the duties of the Directors with specific reference to the diligence required to carry out their duties, as well as the safeguarding of the confidentiality of the data and information they acquire.

As far as pre-meeting information is concerned, in order to guarantee the timeliness and completeness of this information, the Regulations specify that the resolution proposals and/or the supporting documentation for Board meetings be brought to the attention of each Director and Statutory Auditor via a dedicated information system - accessible by means of confidential user IDs for each member - at least three working days before the date of the Board meeting, except in urgent circumstances in which case the documentation is made available as soon as it is available and in any case, if possible, before the start of the Board meeting.

The Executive Chairman and CEO ensure that the Board of Directors is also informed on the most important changes in legislation and regulations relating to the Company and the corporate bodies.

Following each Board meeting, a draft of the minutes shall be filed by the Secretary of the Board of Directors and, following the approval by the Chairman, is submitted to the Board of Directors for approval at its next meeting and, subsequently, transcribed into the proper Company register. In cases of urgency - in particular for adopted resolutions requiring the immediate production of documents and/or execution - the minutes, or part thereof, may be approved on the spot.

The Board of Directors, in conformity with the provisions of Article 23 of the Articles of Association and Article 150 of Legislative Decree No. 58/98, reports regularly to the Board of Statutory Auditors, at least every three months, normally during the meetings of the Board of Directors or even directly through a written memorandum sent to the Chairman of the Board of Statutory Auditors, on the activities carried out and on the most important economic, financial and asset-related operations carried out by the

Company or its subsidiaries, as well as on the operations in which the directors have an interest, on their own behalf or that of third parties, or which are influenced by the party that exercises the activity of direction and coordination. Each director, pursuant to Article 2391 of the Italian Civil Code, notifies the other directors and the Board of Statutory Auditors of any interest which, on his own account or that of third parties, he/she has in a given operation of the Company, indicating the nature, terms, origin and extent of that interest; if the director concerned is the Group CEO, he/she must refrain from carrying out the operation and assign it to the Board.

The Board of Directors met on 13 occasions in 2023: all the directors took part in six of these meetings, while almost all of them took part in the other seven; all the statutory auditors took part in 10 of the meetings, while almost all of them took part in three. The average length of the meetings of the Board of Directors was approximately two hours and 30 minutes.

In 2023, as in financial years since 2019, the directors again displayed a high level of attendance at the meetings of the Board of Directors (equal to more than 97%), a figure higher than the average level of attendance recorded for FTSE MIB Index companies.

In accordance with Principle XII of the Code, each director consequently ensured that he or she has adequate time available to diligently perform the duties assigned to him or her.

The Head of Legal and Corporate Affairs, in his capacity as Secretary of the Board of Directors, attended twelve of the thirteen meetings.

When so required, the managers responsible for the various departmental areas participated in the meetings of the Board of Directors to refer on matters falling under their competence that are part of the agenda.

Below are the attendance records of managers invited to attend board meetings:

- the Administration, Finance and Control Central Director attended seven meetings;
- the Strategy Regulation and Local Authorities Central Director attended two meetings;
- the Networks Central Director attended one meeting;
- the Innovation Central Director attended two meetings;
- the Market Central Director attended one meeting;
- the Personnel and Organisation Central Director attended one meeting;
- the Corporate Services Central Director attended one meeting;
- the Administration Director attended one meeting;
- the IT Systems Director attended one meeting;
- the Shared Value and Sustainability Director attended two meetings.

Regarding the current financial year, as of 26 March 2024, a total of three Board of Directors meetings have been held: almost all of the members took part in two meetings while all of the members took part in one meeting. As of that date, another eight Board of Directors meetings had been planned for the remainder of the year.

4.5 Role of the Chairman of the Board of Directors

In line with the provisions of Principle X of the Code, the Chairman receives the requests and contributions of the Company's independent non-executive Directors through the Lead independent director, the latter representing a reference point and coordination hub.

Furthermore, the Chairman, pursuant to Article 2381 of the Italian Civil Code, convenes the Board of Directors, sets the agenda, coordinates its work and ensures that all Directors are provided with adequate information regarding the items on the agenda, according to the procedures outlined in Article 7 below. Specifically, the Chairman, as provided for in the Regulations on the Functioning of the Board of Directors and in compliance with Recommendation 12 of the Code, with the assistance of the Secretary, is responsible for ensuring that:

- a) the pre-meeting information and additional information provided during meetings are adequate to enable Directors to act in an informed manner in carrying out their role;
- b) The activities of board committees with investigative, propositional and consultative duties are coordinated with those of the governing body;
- c) the Company and Group company managers in charge of the relevant corporate departments may attend Board meetings to discuss the items for which they are responsible; they are, however, obliged to observe the confidentiality requirements laid down for Board meetings;
- d) all members of the management and control bodies may attend induction sessions after their appointment and during their term of office;
- e) the self-assessment process conducted by the governing body is effective and transparent.

In terms of induction activities, the Chairman ensures that the members of the governing body participate in initiatives aimed at increasing their own knowledge of Hera's sector of activities, its company dynamics and their developments, as well as the regulatory reference frame.

As in the past, during the last financial year in-depth analysis was carried out in order to ensure that Directors had adequate knowledge of the main issues concerning the Company.

Specifically, after the renewal of the administrative body, during 2023, the in-depth focuses concerned the environment supply chain (collection and sweeping - treatment and recovery), the district heating and energy supply chain (sale and production of energy and energy services) and the networks supply chain (gas and electricity distribution, integrated water cycle).

Furthermore, during 2023, emphasis was placed on in-depth discussion at Board meetings aimed at providing Board members with adequate knowledge of the main characteristics of the Company (governance and sustainability), of the results the Group has achieved in recent years, of the elements of the Business Plan and CSV strategy, as well as human resources, financial management and risk management, with specific in-depth analyses of the individual sectors a focus on the other services and activities carried out by the Group in terms of innovation front (specifically photovoltaics, agrivoltaics and production of green hydrogen and biomethane). As regards stakeholders, an overview of the activity of the local advisory councils (HeraLAB) was also provided.

Topics relating to climate and sustainability, the recommendations of the Task Force on Climate-Related Financial Disclosures (TFCD) and the SBTi (Science Based Target) initiatives were examined.

In relation to the energy scenario, updates were provided on the price trend of energy commodities, on the markets of last resort and on the performance of the Hera stock.

As regards the climate scenario, an update was provided on the actions implemented by the Hera Group in response to the flood-related events in Italy.

With reference to the National Recovery and Resilience Plan, among other issues, project proposals were presented - funded, in part or in full, by the Plan itself - relating to the strengthening of the Ferrara geothermal plant - district heating and, for AcegasApsAmga, the paper and plastic pre-treatment plant.

Furthermore, in-depth analyses were carried out regarding risk assessment, the progress of the cyber security management plan, financial risk reports as well as investments.

The periodic reports of the Risk and Control Committee were illustrated.

Evaluations were then carried out on the recommendations of the Chairman of the Corporate Governance Committee.

In 2023 as well, further in-depth analysis was also carried out during strategy day, as a moment of collective reflection on the future of the Company, with the support of Management.

The issue of gender equality was also analysed, which led to the adoption of the Hera Group's Gender Equality Policy, as well as the signing of the Self-Regulatory Code of Responsible Companies in Favour of Maternity, promoted by the Ministry for the Family, Birthrate and Equal Opportunities and aimed at supporting birthrates and gender equality in every workplace.

Furthermore, visits to the Group's plants were organised, specifically to the waste-to-energy plant and geothermal wells in Ferrara and the cogeneration plant in Imola.

In-depth analysis will also continue during 2024.

The Chairman, with the support of the Secretary of the Board of Directors, reports to the Board of Directors on a bi-annual basis or by the first available meeting, whenever significant events occur, on the development and relevant aspects of the dialogue with shareholders and bondholders, as well as on any contacts with other stakeholders.

During the 24 February 2024 meeting, the Chairman informed the Board of Directors about the meetings held with investors and financial analysts as well as about the road shows held in the main European marketplaces of Milan, Geneva, London, Zurich, Paris, Bruxelles, Luxembourg and Amsterdam), those in North America (New York, Chicago and Toronto) and Australia (Sydney), as well as about the most significant requests received from other stakeholders.

Secretary of the Board

In compliance with the provisions contained in Recommendation 18 of the Code, the Board resolves - upon proposal of the Chairman - regarding the appointment and removal of the Secretary of the administrative body, this latter required to meet the professionalism requirement and provide assistance and advice to the administrative body in relation to any issue that has to do with the proper functioning of the corporate governance system.

In the event he or she is absent or unable, the duties of Secretary shall be temporarily assigned by the Chairman to a person designated by him or her.

Also pursuant to the provisions of Recommendation 12, the Secretary is responsible for the following duties:

- a) coordinating and collecting the documentation to be submitted to the Board of Directors;
- b) assisting the Chairman in conducting the meeting;
- c) drafting the minutes of the meeting;
- d) maintaining the stamped minute books of the meetings and the records of the Board of Directors' meetings;
- e) communicating to the relevant departments the resolutions adopted by the Board of Directors relating to their sphere of competence.

4.6 Executive directors

There are two executive directors on the Hera Board of Directors, the Chairman and the Chief Executive Officer.

Neither of the two executive directors can be described as the principal supervisor for the management of the company (chief executive officer), given that both receive the reports of different company sectors and are assigned specific management powers pertaining to these sectors.

Executive Chairman of the Board of Directors

The Board of Directors, at its meeting of 27 April 2023, passed a unanimous resolution to grant the following powers to the Executive Chairman:

1. to chair and direct the Shareholders Meetings;
2. to establish the agenda of the meetings of the Board of Directors, taking into account the proposals of the CEO;
3. to oversee the deliberations of the Company's auditing bodies, without neglecting the periodic reports presented by the Internal Auditing Department;
4. to represent the Company before third parties and in legal proceedings, with the power to appoint attorneys and lawyers;
5. in cases of urgency, in association with the CEO, to make any decision falling within the competence of the Board of Directors, informing the Board of Directors accordingly at its next meeting;
6. in association with the Group CEO, to propose to the Board of Directors the appointment of Company representatives on the administrative and control bodies of affiliate companies;
7. to represent the Company in relations with the shareholding Public Authorities;
8. to propose to the Board the candidates for membership of the Committees that the Board may decide to establish in compliance with the Stock Exchange regulations which the Company is obliged to observe, or that it intends to establish;
9. to execute the decisions of the Shareholders Meeting and of the Board of Directors insofar as his authority permits;
10. to supervise the Company's performance for the purposes of achieving the corporate goals and to draw up proposals relating to the management of the Company to be submitted to the Board of Directors;
11. to be responsible for organising the services and offices under his authority, as well as the employees working under him;
12. to sign Company correspondence and deeds associated with the exercise of the powers attributed to him and the functions he holds;
13. to supervise the management of the Company and, insofar as his authority permits, of its subsidiaries, reporting each month to the Board of Directors;
14. to draw up the long-term plans to be submitted to the Board of Directors; to implement corporate and Group strategies, within the context of the directives established by the Board, and to exercise the delegated powers, particularly those listed here, in accordance with the said strategies and directives;
15. to propose to the Board any initiatives that he may deem useful to the interests of the Company and the Group, and to draw up proposals on matters reserved to the competence of the Board;
16. to represent the Company in the Shareholders meetings of companies, associations, entities and bodies that do not constitute joint-stock companies, of which the Company is a member, with the power to issue special proxies;
17. to make payments into bank and post office accounts of the Company, and to endorse cheques and drafts for crediting to the said accounts;
18. to actively or passively represent the Company before public and private entities and offices, Chambers of Commerce, Stock Exchanges, the National Commission for Listed Companies and the Stock Exchange, the Ministry for Foreign Trade, and the Italian Exchange Office, and any other Public Administration or Authority; for example:
 - a) to sign notices, including notices to the General Register of Shares and to CONSOB, and to fulfil the corporate obligations provided by law and regulations;

- b) to submit reports, motions and appeals, to apply for licences and authorisations;
- 19. to represent the Company in all active and passive lawsuits, in all degrees of jurisdiction, before arbitration boards, with the widest powers to:
 - a) promote actions to determine jurisdiction, conservative, restraining and executive actions, request summary judgements and seizures of property and oppose the same, enter civil proceedings, present motions and appeals, file lawsuits and complaints;
 - b) request and oppose any evidence, undergo free or formal examination, elect domicile, appoint lawyers, attorneys and arbitrators, and perform whatever else may be necessary for the positive outcome of the lawsuits at issue;
- 20. to stipulate and sign contracts and deeds to take on or dispose of shares, to constitute companies, associations and consortiums with a value not exceeding €500,000.00 (five hundred thousand euro) for each transaction;
- 21. to establish, in the Company's interests, consultancy relationships with external experts and professional consultants, specifying the terms and conditions of payment, all within the limits of €300,000.00 (three hundred thousand euro) for each transaction;
- 22. insofar as his authority permits, to stipulate, amend and terminate commercial agreements with companies and entities;
- 23. insofar as his authority permits, to stipulate, with all the appropriate clauses, assign and terminate contracts and agreements pertaining in any manner to the corporate purpose – including those relating to know-how, trademarks and patents – also in association with other companies, up to a limit of €2,000,000.00 (two million euro) for each transaction;
- 24. to provide for the expenses incurred by the Company for investments, call for tenders, stipulate, amend and terminate the relative contracts, in particular for:
 - a) works and supplies necessary for the transformation and maintenance of properties and plants up to an amount of €20,000,000.00 (twenty million euro) for each individual transaction;
 - b) purchases and disposals of furniture, fittings, machinery and moveable assets in general, including those enrolled in public registers, up to an amount of €10,000,000.00 (ten million euro) for each individual operation, as well as finance leases and rentals of such assets, with the cost limit referring to the annual rental;
 - c) purchases, including those under usage licence with the cost limit referring to the annual premium, and job orders relating to EDP programmes;
 - d) commercial information;
- 25. to participate, insofar as his authority permits, in the capacity of representative of the Company, as Parent Company or as principal company, in the formation of joint ventures, Temporary Associations of Companies (TACs), European Economic Interest Groupings (EEIGs), consortiums and other entities, issuing and receiving the relative mandates, for the purpose of participating in tenders for the awarding of works, services and supplies;
- 26. to take part, insofar as his authority permits, in the Company's name, including in Temporary Associations of Companies (TACs), European Economic Interest Groupings (EEIGs), consortiums and other entities, in tenders for contracts or concessions, auctions, private invitations to tender, private negotiations, calls for bids and other public auctions at national, EU and international level, including those eligible for State grants or aid, for the awarding of works, supplies of plant, including turn-key, and/or of goods and/or studies and/or research and/or services in general for any national, EU or international public or private entity; submit applications for participation as from the pre-qualification stage; submit bids up to an amount of €25,000,000.00 (twenty-five million euro) for each individual transaction - in cases of urgency, the decision concerning amounts exceeding €25,000,000.00 (twenty-five million euro) will be taken in association with the Group CEO, informing the Board of Directors accordingly at its next meeting; in the case of awarding, sign the relevant documents, contracts and commitments, including the issue of guarantees and/or the establishment of guarantee deposits, with the widest powers to negotiate, settle and/or complete all the clauses that he may deem necessary and/or appropriate and/or useful;
- 27. to take out, amend and cancel insurance policies, with the cost limit referring to the annual premium, including for surety policies, up to the value of €500,000.00 (five hundred thousand euro) for each transaction (this limit will not apply to transactions connected with participation in tenders);
- 28. to draw up, sign and implement deeds of sale, purchase, and expropriation of properties and to grant, modify or cancel the in rem rights associated with these properties, with the option of carrying out all the operations associated with and consequent to this, including paying and/or receiving, also in instalments, the payment, and to pay out possible damages and waive statutory mortgages, up to a total of €500,000.00 (five hundred thousand euro) for each transaction;

29. to draw up, sign and implement deeds of association, modification or extinguishment for positive and negative easements, voluntary or of necessity, and to initiate expropriation proceedings for properties, installations, equipment and plants serving these networks, as well as any other deed that might become necessary for fine-tuning the easements in question, with the authority to execute all the associated and consequent deeds, including paying and/or receiving, also in instalments, the payment and to pay out possible damages and waive statutory mortgages, up to a total of €500.000,00 (five hundred thousand euro) for each transaction;
30. to rent or let out properties under leases or subleases and stipulate, amend and terminate the relative contracts;
31. to deliberate the cancellation, reduction or restriction of mortgages or liens registered in favour of the Company, as well as subrogations in favour of third parties, where the aforesaid cancellations and waivers are requested further or subordinate to the full discharge of the credit
32. to establish, register and renew mortgages and liens on the account of third parties and to the benefit of the Company; permit mortgage cancellations and limitations on the account of third parties and to the benefit of the Company for return and reduction of obligations; waive mortgages and mortgage subrogations, including those of a legal nature, and effect any other mortgage transaction, always on the account of third parties and to the benefit of the Company, and therefore receivable, exonerating the competent property registrars from any and every responsibility;
33. to appoint lawyers and attorneys for dispute proceedings of any judicial degree; conclude transactions up to a maximum of €5,000,000.00 (five million euro) for each individual transaction, sign arbitration agreements and arbitration clauses, also proceeding with the designation and appointment of arbitrators;
34. to determine the Company's departments and its subsidiaries, within the framework of the general organisation guidelines established by the Board, specify the criteria for personnel hiring and management in compliance with the annual budget; propose the engagement of directors for each department to the Board of Directors, in consultation with the Executive Committee; engage, appoint and dismiss personnel in accordance with the provisions contained in the annual budgets; promote disciplinary sanctions, dismissals and any other measure in relation to personnel;
35. to represent the Company in all lawsuits pertaining to labour law, including the power to:
 - a) settle individual labour disputes concerning all categories of employees;
 - b) request and oppose any evidence, undergo free or formal examination, elect domicile, appoint lawyers, attorneys and arbitrators, and perform whatever else may be necessary for the positive outcome of the lawsuits at issue;
36. to represent the Company before Social Security and Welfare offices and entities in relation to issues concerning employees of the Company, and also before Trade Unions in negotiations for contracts, agreements and labour disputes, with the power to sign the related documents;
37. to grant and revoke powers of attorney within the sphere of the aforesaid powers, for individual acts or categories of acts, to both employees of the Company and to third parties including legal entities;
38. insofar as his authority permits, to decide the Company's membership in bodies, associations and entities of a scientific or technical nature or pertaining to studies and research within the Company's field of interest, where the related membership fees do not represent an interest in the equity of the entity concerned and where participation in the same does not involve an outlay of more than €300,000.00 (three hundred thousand euro) for each transaction;
39. the Chairman is assigned the powers and responsibilities set forth in EU Regulation 2016/679 (General Data Protection Regulation - GDPR) and Legislative Decree 196 of 30 June 2003 concerning the processing of personal data and privacy, with the power of delegation;
40. the Chairman, within the scope and limits of the respective delegations and reporting lines of the various corporate structures, is charged, as far as his authority permit, with the establishment and maintenance of the Internal Control and Risk Management Systems. To this end, insofar as his authority permits, he:
 - a) ensures that the Risk Committee identifies the main business risks, taking into account the activities carried out by the Company and its subsidiaries, and periodically presents those risks for examination by the Board of Directors,
 - b) implements the guidelines set out by the Board of Directors, ensuring that the responsible business structures design, create and manage the Internal Control and Risk Management Systems, constantly checking their overall appropriateness, effectiveness and efficiency;
 - c) ensures that the system is suited to the dynamics of the operating conditions and of the legislative and regulatory context;
 - d) may ask the Internal Auditing Structure to perform checks on specific operational areas, and on compliance with internal rules and procedures in carrying out corporate operations,

- e) promptly informs the Control and Risk Committee (or the Board of Directors) regarding problem areas or issues that emerge in carrying out his activities or of which he has been informed, in order that the Committee (or Board) may take appropriate actions.

In relation to the powers outlined above and in conformity with the provisions of Article 2 - Recommendation 4 of the Code, it is noted that the Board of Directors has granted management authority to the Chairman due to the organisational complexity of the Hera Group and for the purposes of a more efficient achievement of the company's business and strategies. In this regard, according to the organisational structure the President is responsible for Legal and Corporate Central Management, Human Resources and Organisation Central Management, External Relations Central Management, Strategy, Regulatory Affairs and Local Authorities Central Management, Corporate Services Central Management and the Investor Relations Department, as well as the businesses related to the activities of the companies Herambiente Spa, Marche Multiservizi Spa and AcegasApsAmga Spa.

Chief Executive Officer

The Board of Directors, at its meeting of 27 April 2023 and effective 1 August 2021, unanimously passed a resolution, indicated below in their version subsequently updated in subsequent meetings of the Board of Directors of 24 May 2023, 28 June 2023, 29 November 2023, 24 January 2024, effective 1 February 2024, and, lastly on 26 March 2024, to grant the following powers to the Group CEO:

1. to execute the decisions of the Shareholders Meeting and of the Board of Directors insofar as his authority permits;
2. in cases of urgency, in association with the Chairman, to make any decision falling within the competence of the Board of Directors, informing the Board of Directors accordingly at its next meeting;
3. to implement corporate and Group strategies, within the context of the directives established by the Board of Directors, and to exercise the delegated powers, specifically those listed here, in accordance with the said strategies and directives;
4. to propose to the Board any initiatives that he may deem useful to the interests of the Company and the Group, and to draw up proposals on matters reserved for the competence of the Board;
5. to draw up the annual budget to be submitted to the Board of Directors
6. to be responsible for organising the services and offices under his authority, as well as the employees working under him;
7. to make monthly reports to the Board of Directors, insofar as his authority permits, as regards the specified subsidiary companies;
8. to sign Company correspondence and deeds associated with the exercise of the powers attributed to him and the functions he holds;
9. to stipulate, amend and terminate agreements concerning lines of credit or loans of any type and duration involving a cost commitment of up to €1,000,000.00 (one million euro) for each individual transaction;
10. to open and close current accounts with banks and credit institutions, withdraw sums from the accounts held in the Company's name, issuing for this purpose the relative cheques or equivalent credit documents, and order transfers utilising available funds or lines of current account credit;
11. to make payments into bank and post office accounts of the Company, and to endorse cheques and drafts for crediting to the said accounts; arrange for the management of activities relating to the collection of sums due and payments by the Company, including the issuing of discharged receipts;
12. to draw bills on customers, endorse also for discount promissory notes, bills and drafts, as well as cheques of any kind, and effect any consequential transaction;
13. to assign receivables and accept the assignment of receivables claimed by Company suppliers (contracts for reverse factoring and/or indirect factoring) without recourse and/or with recourse up to a maximum amount of €250,000,000.00 (250 million euro) per transaction and to operate with companies and factoring institutions by signing all related deeds;
14. to actively and passively represent the Company before the Tax Authorities and Commissions of any nature and rank, as well as before the Cassa Depositi Prestiti, the Bank of Italy, Customs Offices, Post and Telegraphic Offices; for example:
 - a) to sign tax and VAT returns and to fulfil any other tax-related obligations;
 - b) to submit reports, motions and appeals, to apply for licences and authorisations;
 - c) to issue receipts, in particular for payment orders in relation to credits subject to factoring operations;
 - d) to perform any transaction at the Cassa Depositi Prestiti, the Bank of Italy, Customs Offices, Post and Telegraphic Offices for the shipment, deposit, clearance and collection of goods, credit

instruments, parcels and packages, registered and insured letters, issuing receipts for the same;

15. to issue guarantees and grant loans, and sign bank surety agreements up to the value of €500,000.00 (five hundred thousand euro) for each transaction (this limit shall not apply to operations relating to participation in tenders); to issue, accept and endorse credit instruments;
16. to participate, insofar as his authority permits, in the capacity of representative of the Company, as Parent Company or as principal company, in the formation of joint ventures, TACs (Temporary Associations of Companies), EGEIs (European Groups of Economic Interest), consortiums and other entities, issuing and receiving the relative mandates, for the purpose of participating in tenders for the awarding of works, services and supplies;
17. to take part, insofar as his authority permits, in the Company's name, including in Temporary Associations of Companies (TACs), European Group of Economic Interest (EGEIs), consortiums and other entities, in tenders for contracts or concessions, auctions, private invitations to tender, private negotiations, calls for bids and other public auctions at national, EU and international level, including those eligible for State grants or aid, for the awarding of works, supplies of plant, including turn-key, and/or of goods and/or studies and/or research and/or services in general for any national, EU or international public or private entity; submit applications for participation as from the pre-qualification stage; submit bids up to an amount of €25,000,000.00 (twenty-five million euro) for each individual transaction - in cases of urgency, the decision concerning amounts exceeding €25,000,000.00 (twenty-five million euro) will be taken in association with the Chairman, informing the Board of Directors accordingly at its next meeting; in the case of awarding, sign the relevant documents, contracts and commitments, including the issue of guarantees and/or the establishment of guarantee deposits, with the widest powers to negotiate, settle and/or complete all the clauses that he may deem necessary and/or appropriate and/or useful;
18. insofar as his authority permits, to stipulate, amend and terminate commercial agreements with companies and entities;
19. insofar as his authority permits, to stipulate, with all the appropriate clauses, assign and terminate contracts and agreements pertaining in any manner to the corporate purpose - including those relating to know-how, trademarks and patents - also in association with other companies, up to a limit of €2,000,000.00 (two million euro) for each transaction;
20. to establish, in the Company's interests, consultancy relationships with external experts and professional consultants, specifying the terms and conditions of payment, all within the limits of €300,000.00 (three hundred thousand euro) for each transaction;
21. to enter into transactions up to an amount of €5,000,000.00 (five million euro) for each individual transaction, sign arbitral settlements and compromise agreements, as well as nominate and appoint arbitrators;
22. to draw up, sign and implement deeds of association, modification or extinguishment for positive and negative easements, voluntary or of necessity, and to initiate expropriation proceedings for properties, installations, equipment and plants serving these networks, as well as any other deed that might become necessary for fine-tuning the easements in question, with the authority to execute all the associated and consequent deeds, including paying and/or receiving, also in instalments, the payment and to pay out possible damages and waive statutory mortgages, up to a total of €500,000.00 (five hundred thousand euro) for each transaction;
23. to grant and revoke powers of attorney within the sphere of the aforesaid powers, for individual acts or categories of acts, to both employees of the Company and to third parties including legal entities;
24. insofar as his authority permits, to decide the Company's subscription to bodies, associations and entities of a scientific or technical nature or pertaining to studies and research within the Company's field of interest, where the related subscription fees do not represent an interest in the equity of the entity concerned and where participation in the same does not involve an outlay of more than €300,000.00 (three hundred thousand euro) for each transaction;
25. the CEO is assigned the role of "Employer" pursuant to and for the purposes of Article 2 of Legislative Decree 81 of 9 April 2008 and subsequent amendments and integrations, with the duties provided for therein and with the power to delegate, as far as is permitted by said decree, the performance of any activity useful and/or necessary for ensuring compliance with the provisions of the law, with the exception of the following Sectors/Structures, for which the role of Employer is attributed as indicated below:
 - a) Corporate Systems Central Department (excluding the Purchasing and Procurement Department) Marcello Guerrini;
 - b) Purchases and Contracts Department Giancarlo Randi Marco Del Giaccio;

- c) Central Network Management (with the exclusion of the Water Department) Alessandro Baroncini;
- d) Water Department Emidio Castelli;
- e) Environmental Services and Fleets Central Department Giulio Renato;
- f) Innovation Central Department Salvatore Molè;
- g) Operations Development Department (within the Renewable Energy Business Unit) Salvatore Molé ad interim;
- h) Central Market Department (with the exclusion of the Production, Trading and District Heading Department Cristian Fabbri interim Director;
- i) Production, Trading and District Heading Department Stavros Papageorgiou;

26. The CEO is responsible for overseeing activities relating to the Register of Freight Carriers, with the power of delegation;

27. The CEO, within the scope and limits of the respective delegations and reporting lines of the various corporate structures, is charged, as far as his authority permits, with the establishment and maintenance of the Internal Control and Risk Management Systems. To this end, insofar as his authority permits, he:

- a) ensures that the Risk Committee identifies the main business risks, taking into account the activities carried out by the Company and its subsidiaries, and periodically presents those risks for examination by the Board of Directors;
- b) implements the guidelines defined by the Board of Directors, ensuring that the responsible business structures design, create and manage the Internal Control and Risk Management Systems, constantly checking their overall appropriateness, effectiveness and efficiency;
- c) ensures that the system is suited to the dynamics of the operating conditions and of the legislative and regulatory context
- d) may ask the Internal Auditing Structure to perform checks on specific operational areas, and on compliance with internal rules and procedures in carrying out corporate operations;
- e) promptly informs the Control and Risks Committee (or the Board of Directors) regarding problem areas or issues that emerge in carrying out his activities or of which he has been informed, in order that the Committee (or Board) may take appropriate actions.

Analogously to that stated for the Chairman, in compliance with the provisions of Article 2 - Recommendation 4 of the Code, it is noted that the Board of Directors has granted management authority to the CEO due to the organisational complexity of the Hera Group and for the purposes of a more efficient achievement of the company's business and strategies. To this end, the organisational structure establishes that the Chief Executive Officer oversees the Administration Central Management, Finance and Control Department, Market Central Department, Innovation Central Department, Networks Central Department, Waste Management and Fleets Central Department, Shared Value and Sustainability Department, as well as the businesses linked to the activities of the companies Uniflotte Srl, Inrete Distribuzione Energia Spa, Heratech Srl, Hera Comm Spa, Hera Trading Srl and Acantho Spa.

It was also provided that:

- a) Renewable Energy Business Unit shall report on an interim basis to the CEO;
- b) the projects developed by the Business Development and Participatory Management, which reports directly to the CEO, shall be managed jointly with the Executive Chairman.

Executive Committee (pursuant to Article 123-bis, paragraph 2, letter d) of the TUF

The Board of Directors, appointed during the Shareholders Meeting of 27 April 2023 and in office until the natural expiration of the administrative body's term, and therefore until the approval of the financial statements as of 31 December 2025, as provided for by Articles 21.3 (iii) and (iv) and 23.3 of the Articles of Association, at its meeting of 10 May 2023, appointed Cristian Fabbri, Chairman of the Executive Committee, Gabriele Giacobazzi, Vice Chairman of the Executive Committee, as well as Orazio Iacono and Marina Monassi as members of the Executive Committee.

In view of the above, the Executive Committee, and following the termination, on 3 March 2024 Gabriele Giacobazzi from the position of Vice Chairman of the Executive Committee, the latter, coordinated in its activities by the President, is composed as follows:

<ul style="list-style-type: none"> ▪ Cristian Fabbri ▪ Orazio Iacono ▪ Marina Monassi 	<p>Chairman of the Executive Committee member of the Executive Committee member of the Executive Committee</p>
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With regard to the annual definition of the Group Business Plan, the budget and the proposals for the appointment of first level senior executives for each departmental area, the Committee has the task of expressing an opinion prior to presentation to the Board of Directors, and also of deciding:

1. as to contracts and agreements pertaining to the corporate purpose with a value exceeding 2 million euro for each individual contract;
2. in the interests of the Company, consultancy relationships with external experts and professional consultants, specifying the terms and conditions of payment, with a value exceeding 300,000 euro and up to 1 million euro for each transaction;
3. as to the Company's membership in bodies, associations and entities of a scientific and technical nature or pertaining to studies and research within the Company's field of interest, where the related membership fees do not represent an interest in the equity of the said entity and where participation in the same involves an outlay of more than 300,000 euro and up to 1 million euro for each transaction;
4. to settle disputes and/or waive credits of an amount exceeding 5 million euro;
5. as to the activation, amendment and termination of contracts for the opening of lines of credit or loans of any type and duration involving a cost commitment of more than 1 million euro and up to 5 million euro for each transaction;
6. as to issuing calls for tender and/or the stipulation, amendment and termination of contracts for investments relating to:
 - works and supplies necessary for the transformation and maintenance of properties and plants for an amount exceeding 20 million euro for each transaction;
 - purchases and disposals of furniture, fittings, machinery and moveable assets in general, including those enrolled in public registers, with a value exceeding 10 million euro for each transaction;

The Committee is also responsible for:

7. examining Audit Reports on a three-monthly basis;
8. supervising, in conformity with the system of delegations defined within the Company, the implementation of the action plans arising from the Audit Reports
9. examining the reports for the mapping and monitoring of financial risks on a three-monthly basis;

The Executive Committee met on seven occasions in 2023, and six of the meetings were attended by all members, while almost all members attended one meeting. The average duration of the meetings of the Executive Committee, duly recorded in the minutes, was approximately one hour.

The managers invited to attend the meetings of the Executive Committee, limited to the matters within their competence, were as follows:

- the Administration, Finance and Control Central Director took part in two sessions;
- the Strategy, Regulation and Local Authorities Central Director took part in one session.

The President shall report on a bi-annual basis to the Board of Directors regarding the activities of the Executive Committee during the reporting period.

Regarding the current financial year, as of 26 March 2024, two Executive Committee meetings have been held: almost all of the members took part in both. As of that date, another four Executive Committee meetings had been planned for the remainder of the year.

Information to the Board from the Directors/delegated bodies

In accordance with the recommendations of the Code, the delegated bodies report to the Board of Directors and to the Board of Statutory Auditors, at least every three months, on the activities carried out in exercising the powers delegated to them.

Other Executive Directors

With the exception of the Executive Chairman and Chief Executive Officer, there are no additional directors on Hera's Board of Directors who are to be considered executive.

As regards the Directors, in addition to the Executive Chairman and CEO who are also members of the company's Executive Committee, it is believed that they should not be considered executive directors since they carry out their duties collectively within the committee.

4.7 Independent directors and Lead independent director

Independent directors

There are currently 10 independent non-executive members of the Board, Fabio Bacchilega, Grazia Ghermandi, Alessandro Melcarne, Milvia Mingozi, Marina Monassi, Monica Mondardini, Francesco Perrini, Paola Gina Maria Schwizer, Bruno Tani e Alice Vatta, in the sense that they meet the independence requirements set out in the Corporate Governance Code and Article 148, paragraph 3 of the TUF.

Specifically, in compliance with Recommendation 7 of the Code, the directors indicated above stated that:

- they are not significant shareholders of the Company;
- they are not currently, and have not been in the previous three fiscal years, an executive director or employee:
 - of the Company, of a subsidiary with strategic importance or of a company under common control;
 - of a significant shareholder of the Company;
- they do not currently have, nor have they had in the previous three financial years, either directly or indirectly, any significant commercial, financial or professional relationship:
 - with the Company or its subsidiaries, or with its executive officers or top management;
 - with a party who, also together with others through a Shareholders agreement, controls the Company; or, if the controlling party is a company or entity, with its executive directors or top management;
- they do not receive and have not received in the previous three financial years, from the Company, one of its subsidiaries or the parent company, any significant remuneration in addition to the fixed remuneration for the office;
- they have not been a director of the Company for more than nine financial years, including non-consecutive ones, in the last 12 financial years;
- they have not held the office of executive director in another company in which an executive director of the Company holds the office of director;
- they are not shareholders or directors of a company or entity belonging to the network of the firm appointed to audit the Company's accounts;
- they are not close relatives of a party in one of the positions described in the previous points.

In compliance with Recommendation 5, it is believed that the number and expertise of independent directors is appropriate to the needs of the company and the operation of the Board, as well as the establishment of related committees.

At its 23 February 2022 meeting, the Board of Directors defined the quantitative and qualitative criteria for assessing the significance of the relevant circumstances pursuant to the Code for the purposes of evaluating directors' independence.

Specifically, the Board of Directors established that:

- business, financial, and professional relationships, pursuant to Recommendation 7, first paragraph, letter c) of the Code, are to be considered "significant" and therefore capable of compromising the Director's independence if for any reason the Director has derived from the commercial, financial or professional relationship a sum the total annual value of which is equal to or greater than:
 - (i) 5% of the annual turnover of the legal entity, organisation or professional firm over which the Director has control or in which he/she holds shares or of which he/she is an executive director

or

 - (ii) 10% of the total annual costs incurred by the Hera Group for services attributable to the same type of contractual relationship as the commercial, financial or professional relationship in question.
- Additional compensation, pursuant to Recommendation 7, first paragraph, letter d) of the Code is that which the Director receives or has received, from Hera Spa and/or one of its subsidiaries, with respect to the fixed remuneration for the office held and is to be considered "significant" if:
 - (i) it relates to professional appointments or consultancies

and

 - (ii) it is equal to the fixed remuneration received from Hera Spa in the year in question for holding the office of Director.

In line with the provisions of Recommendations 6 and 10 of the Code, the independence of the aforementioned directors had already been assessed, at the time of their appointment, by the Board of Directors, which announced the result of this assessment by means of a press release circulated to the market.

The following circumstances do not invalidate the independence requirements for a director: the appointment of the director by the shareholders or group of shareholders controlling the Company; the holding of the office of director of a subsidiary of the Company and receiving the related remuneration; the holding of the office of member of one of the advisory Committees cited below.

During the meeting of 26 March 2024, in light of what was declared by each of the non-executive directors and taking into account that the Board of Directors is not aware of the existence of relationships of the current non-executive directors such as to compromise or condition their independent judgment, except as specified below, the Board of Directors confirmed the assessment of independence of its non-executive members, with the exception of the directors Gianni Bessi and Enrico Di Stasi.

Concerning independent non-executive directors, it is specified that:

- with regard to the Director Marina Monassi, member of the Executive Committee, it is deemed that she meets the independence requirements since she is not involved in the operational management of the Company, also taking into account the functions assigned to said body;
- with regard to Director Fabio Bacchilega, although he is a significant representative of the shareholder CON.AMI (Chairman of CON.AMI), it is deemed that he meets the independence requirements as the shareholder CON.AMI cannot be considered the parent company of Hera Spa, nor is it able to exert a significant influence over it
- with regard to the director Milva Mingozi, despite holding a position in the supervisory body of the shareholder Ferrara Tua Spa (Standing Auditor of Ferrara Tua Spa), she possesses the independence requirements as the shareholder Ferrara Tua Spa indeed, the latter cannot be construed as the parent company of Hera Spa nor is it capable of exerting a significant influence over it;
- with regard to Director Monica Mondardini, who stated that she has a fourth-degree familial relationship with a Hera Spa employee, it is deemed that she cannot influence, or be influenced by this person in her relations with Hera and its Group, and therefore continues to meet the independence requirements.

As regards non-independent non-executive directors, it is specified that:

- the director Gianni Bessi declared that he is an employee of Hera Spa currently on leave and therefore does not possess the independence requirements established by the Code (Recommendation 7 letter b), as well as those referred to in Article 148 paragraph 3 of Legislative Decree No. 58/98;
- the director Enrico Di Stasi declared that he does not possess the independence requirements established by the Code (Recommendation 7 letter b), as well as those referred to in current legislation. To confirm this, he reported the increase in his commitment as delegate of the Mayor of the Municipality of Bologna in relations with ATERSIR (Emilia-Romagna Regional Agency for water and waste services) and the resulting continuity and intensification of his activities in respect of the Agency.

As part of the tasks assigned to it by law, the Board of Statutory Auditors has verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to evaluate the independence of its non-executive members.

During the financial year 2023, the independent directors, in compliance with the last paragraph of Recommendation 5 of the Corporate Governance Code, met separately and independently on 28 July 2023 and 18 December 2023.

The purpose of the 28 June 2023 meeting was to discuss a proposal for the appointment of the Lead independent director of Hera Spa.

The 18 December 2023 meeting was chaired and coordinated by the lead independent director and focused on (i) evaluating the activities of the independent directors, in the first months of work of the new Board of Directors, (ii) the degree of satisfaction of the independent directors with respect to the information received relating to the matters placed on the agenda of the meetings of the Board of Directors, (iii) the degree of satisfaction in comparisons of in-depth analysis and new topic proposals, (iv) evaluation of the effectiveness and usefulness of off-site meetings.

Lead independent director

Recommendation 13 of Article 3 of the Code provides that, if certain conditions are met, at the request of the majority of the independent directors, the board of directors shall appoint, as required by Article 1.1 of the Hera Spa Lead Independent Director Regulation, adopted by the Board of Directors in the meeting of 22 September 2021, an independent director as lead independent director, so that he or she can be the focal point and coordinator of the requests and contributions from non-executive directors and, in particular, independent directors, coordinating the meetings, and carrying out any further tasks which, from time to time, may be assigned to him by the Board of Directors and the Executive Chairman.

At a meeting held on 28 June 2023, upon proposal of the Vice Chairman and in accordance with what was shared following the meeting of the independent directors of the same date, the Board of Directors appointed the independent director Paola Gina Maria Schwizer as Lead Independent Director of the Company, who will hold this role until natural expiry of the administrative body and precisely until the date the Hera Shareholders Meeting approves the financial statements as of 31 December 2025.

Since 2021, the Lead Independent Director has had specific regulations approved by the Board of Directors, as noted above.

5.0 Management of corporate information

For the purposes of governing the communication to the sector Authorities and the public of notices, data and price-sensitive information pertaining to the management and activities carried out, the dissemination of which might have an impact on the processes used for valuing the Company's shares, and consequently, on the levels of demand and supply of those shares, the Board of Directors updated the specific Group procedure by incorporating the legislative innovations effective as of 3 July 2016 introduced by the European legislation on Market Abuse Regulation (MAR) (EU Regulation 596/2014, Directive 2014/57/EU, EU Implementation Regulations 2016/347 and 2016/1055), as well as the CONSOB guidelines on the subject issued in October 2017.

This procedure has the aim of:

- I. identifying and ascertaining specific confidential and material information, i.e. information relating to data, events, projects or circumstances that may take on a privileged nature and, consequently, influence the price of Hera shares;
- II. defining procedures for authorisation and management within the Group;
- III. governing the procedures for external communication in terms of documentation, notices issued, interviews given, statements made and meetings conducted.

The aforementioned procedure is aimed at identifying the Company's departments that support top management in identifying and consequently mapping the relevant information, as well as the parties who have access to it and the moment in which such information can take on the character of inside information, based on the assessments made by top management.

In compliance with the provisions of the CONSOB Guidelines, a so-called Relevant Information List (RIL) is drawn up that includes the names of the parties who have access to the relevant information. The RIL stands alongside the already-existing list of people with access to inside information, the management and storage methods of which were already updated at the time in compliance with the provisions introduced by the MAR (EU Regulation 596/2014, Directive 2014/57 / EU, EU Implementing Regulation 2016/347), which, in particular, expanded the concept of inside information, establishing that it is information of a precise nature that has not been made public, relating directly or indirectly to one or more issuers or one or more financial instruments and which, if made public, could have a significant effect on the prices of such financial instruments or on the prices of related financial derivative instruments, and introducing the concept of inside information that is part of a protracted process.

Furthermore, in applying the internal dealing procedure updated by Hera Spa following the entry into force of the MAR (EU Regulation 596/2014, Directive 2014/57 / EU, EU Implementing Regulations 2016/523 and 2016/522) relevant parties, obliged to communicate to CONSOB the transactions they carry out on the financial instruments of Hera Spa, are considered to include the members of the Board of Directors, the standing auditors, the general managers, and the holders of an equity investment calculated pursuant to Article 118 of the CONSOB Issuers' Regulation as equal to at least 10% of the total voting rights that make up the Company's share capital, as well as persons closely associated with them. This procedure governs the timing and methods of communicating the operations carried out by the relevant parties. Hera Spa has identified the Legal and Corporate Affairs Department as the entity responsible for receiving, managing and disseminating this type of information to the market.

The responsible party shall utilise the External Relations Central Department to disseminate the information to the market.

6.0 Internal Committees of the Board of Directors (pursuant to Article 123-bis, paragraph 2, letter d) of the TUF

The internal committees, set up in compliance with Principle XI and Recommendation 16 of the Code, represent an internal Board of Directors structure with investigative, propositional and advisory functions.

Their composition, which is available on the website www.gruppohera.it, evaluated at the time of appointment by the Board, was formed in line with the provisions of Recommendation 17 to grant priority to the competence and experience of the members, while avoiding an excessive concentration of positions.

The Hera Board of Directors, following its renewal on 27 April 2023, proceeded to redefine the composition of the aforementioned committees at its meeting of 10 May 2023.

Concerning the committees envisaged by the regulations, see the specific paragraph of "Section 4.6" that relates to the Executive Committee, and "Section 10" below with reference to the Related Parties Committee.

Moreover, in order to provide the individual committees with specific internal regulations aimed at defining their operating rules, recording and managing the information provided to the Board of Directors, the latter approved their contents.

It was decided to maintain the Appointments Committee's functions within the Board of Directors, under the coordination of the Chairman.

Additional committees (other than those required by regulations or recommended by the Code)

Ethics and Sustainability Committee

During its meeting of 12 September 2007, the Board of Directors of Hera Spa established the text of the mission and values and working principles of the Group, and consequently approved the updated version of the Code of Ethics that constitutes a social responsibility tool for the Company in implementing ethical principles inspired by good practices and aimed at the pursuit of the Company's mission.

Therefore, in implementing the aforementioned Code, the Board of Directors, in its 8 October 2007 meeting, set up a special Committee made up of three members, at least one of whom is a director of the Company, and two experts on matters of social responsibility and the issues addressed by Legislative Decree 231/01, also highlighting that at least one member must be external.

Subsequently, in its 8 November 2018 meeting, the Hera Board of Directors, in compliance with the provisions of Article 4 (Establishment and functioning of the internal committees of the Board of Directors) of the then-in force Self-Regulatory Code for listed companies of Borsa Italiana Spa, has deemed it appropriate to assign the Ethics Committee the functions of supervising the sustainability issues connected with exercising company activities and the dynamics of interaction with all stakeholders. It further decided to change the committee's name to the Ethics and Sustainability Committee and to expand its composition, raising the number of members from three to four, including two directors of Hera Spa.

The Committee, last renewed on 10 May 2023, is therefore composed of two directors of Hera Spa, respectively Alice Vatta, Chairman, and Francesco Perrini, as well as Nicoletta Tranquillo and an executive with expertise in social responsibility.

The Committee is governed by specific regulations approved by the Board of Directors and revised lastly in 2023.

The Board of Directors of Hera Spa, in its 8 February 2023 meeting, resolved to once again update the Code, adopting a sixth edition following a participatory process that involved the top management of Hera and Group employees involved through various corporate communication systems, including the Millenial, as well as the Group's social partners.

Specifically, the update process was based on:

- international guidelines in terms of human and workers' rights and in the area of sustainability, also based on the requests of Environmental, Social and Governance (ESG) questionnaires and for compliance with the European Union Taxonomy;

- Just Transition and Corporate digital responsibility with reference to the environmental transition and digital transformation;
- reports received in the last three years to identify possible areas to be addressed within the Code of Ethics.

The Code, in its sixth edition, can be defined as “purpose-driven” given that the purpose is referred to in all Chapters of the Code.

The Ethics and Sustainability Committee is responsible for monitoring the dissemination and implementation of the Code of Ethics, for supervising the sustainability aspects of the Company's operations and, in accordance with Recommendation 1 of the Code, for supporting the Board in analysing issues that are relevant to the generation of long-term value. Specifically, it receives reports of violations of the Code and assesses whether or not to initiate proceedings, monitors the implementation of sustainability policies, formulates, at the request of the Board of Directors, opinions about specific sustainability issues, examines corporate procedures on social and environmental issues and, on a preventive basis, reviews the sustainability report to be submitted to the Board of Directors.

Since 2008, when the Code of Ethics took effect, a special confidential, direct channel was initiated between the Committee and any stakeholders interested in reporting any conduct in violation of the Code and values promoted by the Group.:

The Ethics and Sustainability Committee met 8 times in 2023 and 7 meetings were attended by all members while one meeting was attended by almost all members. The average duration of the meetings of the Committee was approximately one hour and 50 minutes.

Below are the attendance records of managers invited to attend the Ethics and Sustainability Committee meetings:

- the Personnel and Organisation Central Director together with the Corporate Selection, Organisation and Training Manager took part in a session and the Internal Auditing Director attended another session together with the Internal Auditing Manager.

In the meetings held during the financial year, the Committee examined the reports it received and the subsequent preliminary investigations carried out, the drafting of the reports for the second half of 2022 and the first half of 2023 to the Hera Board of Directors, the preview of the 2022 Sustainability Report, the definition of the 2022 final balance and 2023 plan relating to the training activities on the Code of Ethics, the evaluation of the approach of the Hera Group regarding the creation of shared value and sustainability, the approval of the Regulation of the Ethics and Sustainability Committee, the proposed three-year work plan, a meeting with the Supervisory Body, the examination of the management letter of the auditing firm on the 2022 Consolidated Non-Financial Statement, information on CSRD and ESRS, the evaluation of topic-specific sustainability reports, the examination of the 2023 Sustainability Report Project, the planning of the Committee meetings for 2024, and an in-depth analysis of the role of the committees board members with delegation of powers on sustainability.

Regarding the current financial year, two meetings of the Ethics and Sustainability Committee were held on 26 March 2024, attended by all members. Another five committee meetings of were scheduled as of that date, and further meetings will be scheduled thereafter.

7.0 Directors' self-assessment and succession - Appointments Committee

7.1 Directors' self-assessment and succession

In application of the provisions of Principle XIV of the Code, the Board of Directors periodically assesses the effectiveness of its activities and the contribution made by its individual members through formalised procedures the implementation of which it supervises.

More specifically, in line with Recommendation 22 of the Code, the Board of Directors carries out an annual self-assessment of the size, composition and functioning of the Board itself and its committees, with the support of an independent external advisor who is an expert in governance issues and advising management bodies, also taking into account the role the Board has played in defining strategies and monitoring management performance and the effectiveness of the internal audit and risk management system, as set out in Recommendation 21 of the Code.

This assessment was carried out in 2024 with the support of Management Search Srl, a special-purpose consulting firm; lastly, the assessment was presented and discussed during the meeting of the Board of Directors on 26 March 2024.

The methodology used for the evaluation process was as follows:

1. compilation - by the Directors and the Chairman of the Board of Auditors - of an online interview questionnaire, with an individual interview subsequently carried out for in-depth analysis of the topics shown in the questionnaire;
2. The questionnaire examined the following topics: (i) structure and composition of the Board of Directors; (ii) functioning of the Council; (iii) adequacy of the time dedicated to discussing issues relevant to the Company; (iv) functioning of the Committees; (v) relations with top management and the Directors' knowledge of said relations; (vi) the assessment made by the Directors on the work they carried out within the Board of Directors and on their contribution to the board debate and the decision-making process; (vii) sensitivity to ESG and sustainability-related issues and principles, as well as dissemination/integration of these issues into the corporate organisation and business. Each question in the questionnaire could be answered through different levels of consensus;
3. sample examination of the Company's documentation (i.e. the minutes of the 2023 meetings of the Board of Directors and the Committees). The examination revealed the compliance of the overall functioning of the Board of Directors and the Committees with the guidelines and provisions contained: (i) in the legislative and regulatory provisions applicable to issuers; (ii) in the Corporate Governance Code; (iii) in the internal regulatory system adopted by the Company (Statute, Code of Ethics, internal regulations and procedures);
4. benchmarking, with a comparison of Hera Spa's results with those of ten listed Italian companies operating in the energy sector.

The findings that emerged highlighted a highly positive picture of the functioning and composition of the Board of Directors and the Company's Committees.

This was confirmed by the high level of consensus (mostly above 90%) expressed by the directors on various macro-areas of interest (composition and diversity of the administrative body, organisation and decision-making processes, flow of information and training, internal climate and team spirit, vision and strategic support to top management, functioning of the Committees) and by the absence of topics with low consensus levels.

Specifically, as part of the self-assessment activity:

- on the composition of the Board of Directors
 - the number of directors was considered appropriate overall and the ratio between executive/non-executive/independent directors was well balanced and adequate. The mix of professional skills present on the Board is believed to represent good heterogeneity and is adequate;
 - the division of delegations (between the Executive Chairman and the CEO) and the balance of powers (of supervision of the Board and management of the delegated subjects) were deemed adequate;
- on the functioning of the Board of Directors
 - attendance at Board meetings was very assiduous (97% average attendance);
 - the time dedicated by the Board to issues relevant to the Company and the participation of all Directors in the Board debate as well as the quality of the discussions were considered adequate;
 - the important support for the work (both in terms of specific skills and organizational aspects) from the Secretary of the Board of Directors and the Company Secretariat was recognised and highly appreciated;
 - the information and documentation provided by the Company Secretariat were considered exhaustive and of high quality; the minutes of the meetings represented the progress of the debate in a clear and timely manner while the pre-meeting documentation and minutes of the sessions were promptly received;
 - the in-depth business activities, carried out regularly, were well planned and effective; the Board of Directors received complete and timely information on the areas of greatest strategic importance for the Company and the pre-meeting documentation was extensive and clearly presented;
 - during the Board's work, a very favourable climate was found in terms of collaboration and interaction between the directors;

- the Executive Chairman, having a profound knowledge of the Company, plays a central role within the Board and exercises a decisive impetus on its functioning;
- the interaction between the Board of Statutory Auditors, the Board and the other bodies was considered constructive and well balanced;
- on the risks and relative controls
 - it was recognized that risk control and management are relevant and priority issues for the Group and the internal control and risk management system was considered efficient and effective;
- relations with management
 - it was recognized that risk control and management are relevant and priority issues for the Group and the internal control and risk management system is considered efficient and effective;
 - the relationship of the Executive Chairman and the CEO with the Board of Directors was considered very open and constructive;
 - the Directors interact with the management continuously and the presentations to the Board by the top management are clear and useful for increasing the level of knowledge of the most relevant issues for the Company and the Group;
- functioning of the Committees
 - the evaluation regarding the composition and functioning of the Committees was overall positive and the structure of the Committees was also adequate; furthermore, the mission and methods of appointment and functioning of each Committee have been clearly defined;
 - the members of each Committee believe that the respective meetings had adequate frequency and duration in relation to the tasks and topics covered;
- on ESG and sustainability issues
 - the Board of Directors was recognised as having particular sensitivity regarding the issues of sustainability and corporate social responsibility, while the issues that will represent a priority for the Group were highlighted (environmental protection through the contribution to decarbonisation, energy efficiency and the transition to renewables, the circular economy, the development of networks and the relationship with the regions, the sustainability of supplies and services offered and their social impact);
- on the Dialogue with Shareholders and Bondholders
 - overall, it is believed that the Dialogue with the pool of Shareholders and Bondholders is carried out adequately and that the Board of Directors is kept up to date on its progress and contents.

The following areas for improvement emerged from the directors' assessments:

- improve the level of participation and active contribution to the debate by all the Directors through the following suggested actions - in order to further increase the knowledge of the Group and the various businesses by the new Directors -: (i) continue the planning of in-depth activities on business topics of shared interest, calibrating them in relation to the professional characteristics present within the Board of Directors by providing meetings with top management (including off-site) on a regular basis; (ii) evaluate whether to carry out - for topics or operations of particular complexity and importance to be addressed by the Board of Directors - a preliminary investigation to allow the Directors to gain greater elements of knowledge; (iii) combine the documentation provided to the Directors, in preparation for the meetings, with effective fact sheets prepared for the most important topics to contextualise the content and to focus attention on the most relevant aspects; (iv) improve the use of the investigative activity of the Committees by providing them with more complete information to the Board of Directors on the topics examined to encourage more debate;
- consider the establishment of the Appointments Committee in order to carry out preliminary activities in relation to the appointment and replacement of top management.

7.2 Appointments Committee

It should be noted, as already mentioned in "Section 6," that it has been decided as early as 2020 to keep the functions of the Appointments Committee under the coordination of the Chairman, also in view of the fact that appointments of the members of the Board of Directors are carried out by shareholders through list voting at the Shareholders Meeting.

Adequate space shall be devoted in Board of Directors meetings to the performance of the functions typical of this Committee, subject to successful verification that at least half of the members of the Board of Directors can be considered independent directors.

It should also be noted that, in case of early termination of the executive directors' mandate, the procedure will be carried out in compliance with the provisions of the Articles of Association and the Shareholders Agreement: the Chairman's functions, as legal representative, are immediately taken over

by the Vice Chairman; the Board of Directors will have the power to co-opt new directors to replace those who have ceased to hold office and will deliberate the allocation of proxies. The first Shareholders Meeting held shall carry out the subsequent integration of the Board of Directors. With regard to the management of Tier I senior management, the Chairman, in consultation with the Chief Executive Officer, shall submit to the Board of Directors a substantiated proposal for appointment/replacement.

8.0 Directors' remuneration – Remuneration Committee

8.1 Directors' remuneration

For all information concerning the remuneration policy, the remuneration of executive directors and top management, the remuneration of non-executive directors, the accrual and payment of remuneration and the indemnity of directors in the event of resignation, dismissal or termination following a takeover bid, please refer to the Report on the remuneration policy and compensation paid.

8.2 Remuneration Committee

Composition and functioning of the Remuneration Committee (pursuant to Article 123-bis, paragraph 2, letter d) of the TUF)

The Remuneration Committee was set up for the first time at the Board of Directors meeting held on 4 November 2002 and was last renewed on 10 May 2023.

Following the termination, on 3 March 2024, of Gabriele Giacobazzi from the position of Chairman of the Remuneration Committee, the latter is made up of 3 members, i.e. Monica Mondardini, Fabio Bacchilega and Alice Vatta.

The Remuneration Committee also informs the Board of Directors of the activities carried out and met five times in 2023: three meetings were attended by all members of the Committee, while almost all of the members took part in two meetings. The average duration of the meetings of the Executive Committee, duly recorded in the minutes, was approximately one hour and 10 minutes.

Below are the attendance records of managers invited to attend the Remuneration Committee meetings:

- the Executive Chairman attended two meetings;
- the Central Director of Personnel and Organisation attended five meetings;
- the Shared Value and Sustainability Director attended two meetings.

Regarding the current financial year, as of 26 March 2024, a total of one Remuneration Committee meeting had been held, attended by all members. As of that date, no additional meeting of the Remuneration Committee had been scheduled.

At the various meetings of the Committee held in 2023, the following topics were addressed: the 2023 Budget BSC system and social incentive plan, human capital development policies with a focus on professional and managerial growth, reporting of 2022 company results, the final 2022 short-term variable remuneration balance of the top management, the final balance for the three-year period 2020-2022 relating to the long-term incentive plan of the Executive Chairman, the 2023 remuneration guidelines and policies for directors and managers, the in-depth analysis of the procedures relating to the final balance of the three-year period 2020-2022 with reference to the long-term incentive plan of the Executive Chairman, the operating methods of the Remuneration Committee, the remuneration of top management, the employment contract of the CEO, the remuneration of the Vice Chairman and of Hera directors for positions in Group companies, the evaluation of severance clauses for top management. Finally, it should be noted that, upon proposal of the Committee, with the renewal of the Board of Directors that took place in 2017, a claw-back clause was introduced, which provides for ex post correction mechanisms in the remuneration system for executive directors, as well as the clause which, in the event of resignation, dismissal or termination of office of the latter, establishes an indemnity in the amount of 18 monthly salaries.

Moreover, in compliance with the provisions of Recommendation 26, the Remuneration Committee, entirely made up of non-executive directors, includes at least one member with adequate knowledge and experience in financial matters or remuneration policies, as determined by the Board of Directors upon appointment.

The Chairman of the Board of Directors, the Group CEO and representatives of company departments potentially involved may participate in the Committee's activities following an explicit invitation by the Chairman of the Committee.

For additional information, please refer to the Report on remuneration policies and compensation paid pursuant to Article 123-ter of the TUF.

Functions of the Remuneration Committee

In application of Recommendation 25 of the Code and also based on the provisions of the related Regulation, approved by the Board of Directors on 23 February 2022, the Remuneration Committee has the task of assisting the administrative body with investigative, advisory and propositional functions.

Specifically, the Committee is tasked with:

- supporting the Board of Directors in drawing up the remuneration policy, defined taking into account the remuneration practices widespread in these sectors and for companies of a similar size, as well as the pursuit of the Company's sustainable success;
- submitting proposals to the Board of Directors or expressing opinions regarding:
 - the remuneration of executive Directors and, having heard the opinion of the Board of Statutory Auditors pursuant to Article 2389 of the Italian Civil Code, that of other Directors who hold specific offices;
 - the setting of the performance targets associated with the variable component of the remuneration for Directors with executive powers;
- monitoring the concrete application of the remuneration policy and the decisions adopted by the Board of Directors regarding remuneration and verifying, in particular, the effective achievement of performance objectives;
- periodically assessing the adequacy and overall consistency of the policy for the remuneration of Directors and top management, in so doing making use of the information provided by the Chairman or the Director with executive powers, and reporting periodically to the Board of Directors.

In the performance of its functions, the Committee has access to the information and business functions necessary for carrying out its duties.

For additional information, please refer to the Report on the remuneration policy and compensation paid pursuant to Article 123-ter of the TUF.

9.0 Internal control and risk management system – Control and Risk Committee

The Internal Control and Risk Management System is integrated into the broader organisational and corporate governance structures adopted by Hera and duly considers the recommendations of the Corporate Governance Code, reference models and best practices at national and international levels.

Corporate risk management at Hera

In compliance with Principle XVIII of the Code, Hera has adopted an organisational structure designed for optimal management of any risk exposure arising from its business, taking an integrated approach aimed at maintaining management effectiveness and profitability across the entire value chain.

In application of Principle XIX and Recommendation 33, the corporate governance system for risk management (Enterprise Risk Management), defines the rules, structures and organisational procedures designed to effectively and efficiently identify, measure, manage and monitor the main risks, in order to contribute to Hera's sustainable success, in keeping with its corporate strategies.

For a more detailed description, please refer to the Management Report.

The Risk Committee

The Risk Committee, first established in 2011, is composed of the Executive Chairman, the Vice Chairman and the CEO of Hera Spa, the Administration, Finance and Control Central Director, the Market Central Director and the Enterprise risk manager. Furthermore, in relation to specific pertaining issues, the Central Director of Legal and Corporate Affairs, the Central Director of Corporate Services, the Central Director of Innovation and the CEO of Hera Trading Srl are also expected to attend.

The significant risks dealt with by the Risk Committee relate to the following areas: strategic, economic, financial, regulatory, competitive, technological, environmental and related to human capital. In 2023 the Risk Committee met four times and provided information on risk management to the Board of Directors in the meetings of 21 March and 26 July 2023.

The Group's risk management structure

In the overall design of the risk management process, Hera has adopted a structured approach that mirrors industry best practices, through the introduction of Enterprise Risk Management (ERM). This stance is aimed at formulating a systematic and coherent approach to the control and management of risks and creating an effective model of direction, monitoring and representation so as to ensure that management processes are appropriate and consistent with the objectives set by top management. For a more detailed description of the fundamental elements of the risk management framework, please refer to the Management Report.

On 20 January 2016, the first ERM report was submitted to the Board of Directors with a mapping of the Group's risks, accompanied by the appropriate assessment measures for each individual and consolidated risk (impact, probability, severity, control levels). At that time, the Board of Directors approved the Hera Group risk management policy Guidelines and risk limits for 2016.

On 15 February 2017, the second ERM report was submitted to the Board of Directors that extended the scope of reference and the set and types of risks subject to control. On the same occasion, the limits for 2017 and updating of the Hera Group risk management policy Guidelines were approved.

On 27 September 2017, information was submitted to the Board of Directors regarding risk management activities within the Group.

Specifically, the following pertinent issues were addressed:

- the lines of defence against risks and the governance structure;
- compliance with Law 262/2005 and compliance with Legislative Decree 231/2001, clarifying the role of the Financial Reporting Manager and the Supervisory Body in their respective reports to the Board of Directors;
- risk governance, clarifying the role of the Risk Committee, in particular in conveying information flows to the Board of Directors, the Board of Statutory Auditors, the Risk and Control Committee and Internal Auditing, and the governance system implemented through ERM adoption with its assignment of the role of strategic direction to the Board of Directors, which is responsible for deciding on the Group's risk profile and approving the Hera Group risk management policy Guidelines.

The ERM report has been submitted to the Board in subsequent years as well.

On 10 January 2020, the fifth ERM report was submitted to the Board of Directors with an expansion of the scope and the set of risks subject to control and backtesting of the risks relating to the previous ERM analysis. The risk limits for the year 2020 were also approved, as was the update of the Hera Group risk management policy guidelines. On 25 March 2020, the Group's crisis management model, the activities carried out and the planned development plan were submitted to the Board of Directors.

On 13 January 2021 the sixth ERM report was submitted to the Board of Directors; in addition to the previous edition, this report introduced a risk analysis of the Covid-19 pandemic and carried out a comparative analysis of the Group's risks with respect to the proposed reference model of the World Economic Forum's 2020 Global Risk Report, highlighting similarities and specific features.

On 26 January 2022 the seventh ERM report was submitted to the Board of Directors, which, in addition to the previous edition, introduced additional time-based parameters for representing risks and mapping them onto the strategic areas of the Business Plan.

On 8 February 2023, the eighth ERM report was submitted to the Board of Directors, which included an adaptation of the risk mapping to the changed formulation of the strategic dimensions of the Business Plan.

The risk management and internal control system in relation to the financial information process

Introduction

The internal control and risk management system specific to financial reporting is designed to ensure the reliability, accuracy and timeliness of company information on financial statements and the ability of the relevant business processes to produce such information in accordance with the Group's accounting principles.

The system's information consists of a set of data and information of a financial and non-financial nature contained in the periodic accounting documents required by law, as well as in any other act or external

communication having accounting content, which constitute the subject of the certifications required by Article 154-bis of the TUF.

The SCIIF model adopted by the Hera Group was defined consistently with the provisions of Article 154-bis of the TUF and is based, from the methodological standpoint, on the COSO Framework (Internal Control - Integrated Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission, an international reference model for the establishment, updating, analysis and evaluation of the internal control system.

Description of the primary features of the internal control and risk management system in relation to the financial information process

As part of the internal control and risk management system pertaining to the financial information process (SCIIF), the Appointed Manager set up an administrative and financial control Model - Regulation of the Appointed Manager for drafting corporate financial documents (hereafter also "The Model") approved by the Hera Spa Board of Directors, outlining the adopted method and associated roles and responsibilities in relation to defining, implementing, monitoring and updating the financial and administrative procedural system over time and in assessing its adequacy and effectiveness.

The planning, establishment and maintenance of the SCIIF are guaranteed through the following activities:

Step 1: Risk assessment

represents the process of identifying and/or updating the risks connected to the financial statement (risks of unintentional errors or fraud) that might have an effect on the financial statement, and is carried out under the supervision of the Appointed Manager, at least on an annual basis.

As part of this process, the aim is to identify the set of objectives that the system seeks to pursue in order to ensure a truthful and accurate representation. Risk Assessments, carried out according to a top-down approach, concentrate on those areas of the financial statement wherein potential effects on financial information have been located in relation to the failure to achieve these control objectives.

As part of the Risk Assessment process, with the aim of identifying the companies of the Hera Group, the accounts, the processes associated with them and any other financial statement information, the following tasks are carried out:

- identifying and/or updating the Group companies considered relevant in view of the proper functioning of the Group's control system for corporate reporting;
- verifying and/or updating the list of corporate processes that have been identified as relevant in view of the proper functioning of the Group's financial and administrative control system;
- reviewing the overall adequacy of the current financial and administrative control model.

Step 2: Identifying controls and updates for the financial and administrative procedures

An identification of the necessary checks for mitigating the risks that were identified in the previous step is carried out taking into consideration the control objectives associated with the financial statement.

Based on the above, Hera Spa has established an internal control system under which the directors of corporate departments verify the design and operating effectiveness of control activities periodically, each for the areas under his or her jurisdiction.

The results of periodical updates applied to procedures and associated controls are communicated to the Appointed Manager by the directors of corporate departments. The directors of corporate departments provide for updating/modifying the financial and administrative procedures in relation to the areas under their managerial responsibility on a regular basis.

Step 3: Periodic evaluation of financial and administrative procedures and the controls they contain

The identified controls are periodically assessed in terms of their adequacy and actual effectiveness through specific testing activities according to the best practices established for the area in question.

In the course of these activities, the Appointed Manager evaluates at each given time to what degree it is necessary to involve the directors of corporate departments and contact persons within the Subsidiary Companies.

On a bi-annual basis, the Hera Spa Appointed Manager receives specific internal statements from Hera Group subsidiary companies and relevant connected companies in reference to the completeness and reliability of information flows for the purposes of financial reporting.

On a bi-annual basis, the Appointed Manager defines a series of reports synthesising the results of the assessments of controls in relation to the risks previously identified on the basis of the outcomes of the monitoring activities performed.

After having been shared with the CEO, the prepared Executive Summary is communicated to Hera Spa's Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors

Roles and functions involved

The internal control and risk management system concerning financial reporting is governed by the Appointed Manager in charge of drafting corporate financial documents who, in agreement with the CEO, is responsible for planning, implementing, monitoring, and updating the financial and administrative control Model over time.

In performing his or her activities, the Appointed Manager:[

- is supported by a specific function called Compliance 262, part of the staff of the Administration, Finance and Control Central Director, established by SO No. 49 of 30 October 2013 and with effect from 1 November 2013;
- is supported by the directors of corporate departments who, within their areas of responsibility, ensure the completeness and reliability of information flows directed toward the Appointed Manager for the purposes of preparing the financial reporting documents;
- coordinates the activities of the Administrative Managers of the relevant subsidiaries who are tasked with implementing, within their companies, and together with the delegated bodies, an adequate financial control system to safeguard the administrative and financial processes;
- initiates a reciprocal information exchange with the Control and Risk Committee and the Board of Directors, reporting on the activities performed and the adequacy of the financial and administrative control system

Lastly, the Board of Statutory Auditors and Supervisory Board are informed about the adequacy and reliability of the financial-administrative system.

Tax Risk Internal Control and Management System

The "Hera Spa Tax Strategy" approved by Hera's Board of Directors on 27 July 2022 as part of the implementation of procedures and safeguards for the management and control of tax risk (referred to as the Tax Control Framework (TCF)), defines the lines of behaviour that Hera intends to pursue in order to achieve and maintain the following objectives:

- the lasting growth of corporate assets and protection of Hera Group's reputation and Shareholders interests;
- the accurate and timely determination and settlement of taxes due by law and the performance of related duties;
- the containment of tax risk, understood as the risk of engaging in Tax Code violations or abuse of the principles and purposes of the tax system.

The adoption of a clear and documented tax strategy is, among other things, one of the requirements for gaining admission to the cooperative tax compliance regime ("cooperative compliance") established by Legislative Decree No. 128 of 5 August 2015, which fosters forms of communication and cooperation between the tax authorities and taxpayers. This regime is dedicated to taxpayers who meet the eligibility requirements of the regulations and are equipped with a system for the detection, measurement, management and control of tax risk (TCF), understood as the risk of operating in violation of tax regulations or contrary to the principles or purposes of the tax system.

The main benefits guaranteed by the law, in return for the implementation of this system aimed at establishing a relationship of trust between administration and taxpayer in order to increase the level of certainty on relevant tax issues, are as follows:

- single point of contact and certainty about tax positions; an early and ongoing dialogue with Inland Revenue provides an opportunity to manage uncertain situations and lends itself to early resolution of tax disputes;
- reputational advantages in that admittance to the collaborative compliance regime results in inclusion in the list of "virtuous" companies, published on the website of the Inland Revenue Office;
- penalties reduced by 50% in case of any disputes.

The objective is pursued through constant and preventive dialogue between the taxpayer and the tax authorities on the most significant transactions, characterised by tax risks, by reaching an agreement on the positions to be taken.

Hera joined the cooperative compliance regime in December 2023 at the end of the application process initiated in 2022. This process is a key step in the accountability pathway, representing Hera and the Group as an entity that maintains a cooperative and transparent relationship with the Tax Authority, perfectly in line with the values expressed in the Group's Code of Ethics.

The Administration, Finance and Control Central Director is responsible for setting up the Tax Control Framework and evaluating it on an annual basis. The outcomes of this evaluation and the main issues surrounding the effective implementation of the Tax Strategy are reported in the annual report sent to the Control and Risk Committee, which reports its findings to the Board of Directors and the Board of Statutory Auditors. The Tax department works closely with the business lines to ensure that possible tax risks are identified and properly managed. Fiscal impacts of one-time transactions are analysed and approved by the appropriate organisational actors.

The implementation of the Tax Control Framework (integrated system for the detection, measurement, management and control of tax risk), the cornerstone of cooperative compliance, has also been extended to Hera Comm Spa, Hera Trading Srl, Inrete Distribuzione Energia Spa and Herambiente Spa for which, in December 2023, a request for admission was sent to the Inland Revenue Office and will also be progressively extended to other Group companies that meet the size requirements and are considered relevant from a risk-based perspective.

9.1 Director in charge of the internal control and risk management system

Most recently with the Resolution of 29 April 2020, the Hera Spa Board of Directors established that, within the scope and limits of the respective delegations and reporting lines of the various corporate structures, the Chairman and CEO are charged, insofar as their authority permits, with establishing and maintaining the Internal Control and Risk Management System.

Pursuant to Recommendation 34 of the Code, the Executive Chairman and Chief Executive Officer, in this case and insofar as their authority permits:

- ensure that the Risk Committee identifies the main business risks, taking account of the characteristics of the activities carried out by the Company and its subsidiaries, and periodically submit those risks for examination by the Board of Directors,
- implement the guidelines defined by the Board of Directors, ensuring that the responsible business structures design, create and manage the Internal Control and Risk Management System, constantly checking their appropriateness, effectiveness and efficiency,

The corporate heads may request that the Internal Auditing Manager carry out operations concerning risk assessment on specific operational areas and compliance with internal rules and procedures in carrying out corporate operations.

9.2 Control and Risk Committee

Composition and functioning of the Control and Risk Committee (pursuant to Article 123-bis, paragraph 2, letter d) of the TUF)

As established by the Code, the Board of Directors, at its meeting of 4 November 2002, passed a resolution to establish the Internal Control Committee. Subsequently, during the course of the Company's Board of Directors meeting that took place 17 December 2012, in application of updates to the Self-Regulatory Code, the Internal Control Committee took on the additional function of Risk Management Committee in order to manage the Company's risks and support the administrative body in associated assessments and decisions.

This Committee, whose composition was renewed on 10 May 2023, following the termination of the powers of Chairman Gabriele Giacobazzi on 3 March 2024, is currently made up of the directors Alessandro Melcarne, Paola Gina Maria Schwizer and Enrico Di Stasi, appointed on 27 September 2023 to replace Lorenzo Minganti, who resigned with effect from 19 June 2023.

It should be noted that on the occasion of the latest renewal of the Committee, the Board of Directors confirmed that the provisions of Article 6 Recommendation 35 of the Code were complied with, as this Committee is chaired by an independent director and composed mainly of independent non-executive directors, of whom at least one has adequate knowledge and experience in accounting and financial matters or risk management.

The Risk and Control Committee met six times in 2023 and all meetings were attended by all the members. The average length of the meetings of the Internal Control Committee, duly recorded in the minutes, was approximately one hour and 25 minutes

It should be noted that the Internal Auditing Manager attended five meetings of the Risk and Control Committee.

Regarding the current financial year, as of 26 March 2024, two Risk and Control Committee meetings have been held, with all of the members in attendance. As of that date, another six Committee meetings had been planned for the remainder of the year.

Functions assigned to the Control and Risk Committee

In compliance with Recommendations 33 and 35 of the Code, the Control and Risk Committee has the task of supporting, through adequate preliminary activities, the decisions and assessments made by the Board of Directors concerning the internal audit and risk management system.

In carrying out its supportive role in relation to the Board of Directors, the Committee therefore expresses its judgment concerning:

- a) the definition of the guidelines of the internal control and risk management system in such a way that the primary risks faced by Hera and its subsidiaries are identified correctly and properly measured, managed and monitored, determining moreover the compatibility criteria of such risks with healthy and proper corporate management;
- b) at least on a bi-annual basis, the adequacy and effectiveness of the internal control and risk management system in relation to the characteristics of the enterprise and the risk profile it has assumed;
- c) at least on an annual basis, the work plan drafted by the Supervisor of the Internal Auditing Structure in consultation with the Board of Statutory Auditors and the Directors in charge of the internal control and risk management system.

In addition, in order to aid the Board of Directors, the Committee specifically:

- d) after consulting the Manager in charge of drawing up the corporate accounting documents, the Independent Auditors and the Board of Statutory Auditors, assesses the correct use of the accounting standards and their uniformity for the purpose of preparing the consolidated financial statements;
- e) examines the content of periodical financial and non-financial information and assesses its effectiveness in providing a fair representation of Hera's business model, strategies, the impact of its activities and the performance it pursues;
- f) expresses opinions regarding specific aspects involved in identifying the main corporate risks and supports the Board's assessment and decision-making processes in relation to the management of risks deriving from prejudicial circumstances of which it has become aware;
- g) analyses periodic reports concerning the assessment of the internal control and risk management system as well as those drafted on at least a bi-annual basis by the Supervisor of the Internal Auditing Structure;
- h) communicates to the Board of Directors its preventive judgment regarding the proposals developed by the Directors in charge of the internal control and risk management system in relation to measures regarding the appointment and dismissal of the Supervisor of the Internal Auditing Structure, allotting this figure adequate resources for the completion of his or her responsibilities as well as establishing appropriate remuneration in keeping with corporate policies;
- i) monitors the autonomy, effectiveness and efficiency of the Internal Auditing Structure;
- j) evaluates the findings of the Internal Auditing Structure Supervisor's reports, of statements from the Board of Statutory Auditors and each of its individual members, of reports and any possible management letters from Independent Auditors, and of surveys and investigations carried out by other committees of the company and third parties;
- k) may ask the Internal Auditing Structure to perform checks on specific operational areas, while communicating the results to the president of the Board of Statutory Auditors;
- l) communicates to the Board of Directors about the activities performed by and the adequacy of the internal control and risk management system at least on the occasion of the annual and bi-annual approval of the financial statement.

During the course of the meetings held during the 2022 financial year, duly recorded in the minutes, the following measures were carried out:

- updating on the activities of the Internal Auditing Department and presentation of the QAR results;

- examination of bi-annual reports on the activities of the Internal Auditing Department (second half of 2022 and first half of 2023) and subsequent approval of the related reports for the Board of Directors on the activities of the Committee;
- induction of new Committee members and illustration of preparatory material for its activities;
- approval of the 2024 audit plan.

The Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by the Chairman and, at the express invitation of the Chairman of the Committee, the Chairman of the Board of Directors and the Group CEO, attend the Committee's meetings.

In the performance of its functions, the Control and Risk Committee had access to the information and business functions necessary for carrying out its duties.

In relation to the 2023 financial year, and following the quarterly reports released by the Control and Risk Committee, the Board of Directors has approved the adequacy and efficacy of the internal control and risk management system, including in terms of pursuing sustainable success, in relation to the features of the company and the type of risk profile it has undertaken, also considering its subsidiaries with strategic importance.

9.3 Internal auditing department manager

In compliance with Recommendation 33, on 20 December 2017 the Board of Directors appointed the Internal Auditing Director, effective 1 January 2018.

In compliance with Recommendation 36 of the Code, the head of the Internal Auditing Department is hierarchically independent of the heads of operational divisions, may have direct access to all information necessary for the performance of his or her duties, and reports to the Vice Chairman.

The Internal Auditing Department reports on its activities, whenever it deems it necessary, to the Chief Executive Officer, the Chairman of the Board of Directors, the Control and Risk Committee and the Board of Statutory Auditors by preparing a suitable risk assessment and three-year audit plan:

- provides a concise and comparative assessment of the primary risk areas and associated control systems, performing updates through the meetings that take place with management;
- according to the varying level of risk of corporate processes, prioritises the duties of the Internal Auditing department

9.4 Internal auditing department manager Organisational model pursuant to Legislative Decree No. 231/2001

Legislative Decree 231/2001 introduced into Italian legislation the administrative liability of legal entities, companies and associations. Specifically, the law introduced the criminal liability of entities for certain offences committed in the interest or to the advantage of those entities by persons fulfilling roles of representation, administration or management of the entity or of one of its organisational units with financial and operational independence, or by persons who exercise management and control thereof, including on a de facto basis, and lastly, by persons subject to the direction or supervision of one of the above-mentioned parties. Significant offences are those committed against Public Administration and corporate offences committed in the interest of the companies.

However, Articles 6 and 7 of Legislative Decree No. 231/2001 provide for a form of exoneration from liability where (i) the entity proves that it adopted and efficiently implemented, prior to the commission of the act, appropriate organisational, management and control models for preventing the perpetration of the offences considered by the said decree; and (ii) the duty of supervising the functioning of and compliance with the models, as well as providing for their updating, is assigned to a body of the entity that is vested with autonomous powers of initiative and control.

To this end, on 16 February 2004, the Board of Directors of Hera Spa approved and subsequently updated the organisational model, also in the light of the provisions introduced by Legislative Decree No. 231/2001, with the aim of creating a structured and organic system of control procedures and activities to prevent commission of the offences referred to in the aforementioned decree, by identifying the activities exposed to a risk of offence and implementing suitable procedures for those activities.

The issues being updated, in line with developments in legislation and jurisprudence, concerned specifically:

- the list of 231 offences including the most recently introduced ones, brought into line with the list set out in Legislative Decree No. 231/2001;

- the enhancement of references to the Hera Group's Code of Ethics, now in its sixth edition, approved by the Board of Directors on 8 March 2023, which is a fundamental pillar of the Model for the purposes of preventing offences;
- The insertion of references to the Model for preventing corruption and regulating the procedures for reporting offences (whistleblowing), already covered by specific protocols.

The updating of the General Section of the Organisational, Management and Control Model, aimed at incorporating regulatory updates in a continuation of the previous revision of the document, is therefore designed to consolidate and further strengthen the Model's effectiveness in preventing offences and exempting the Company from liability.

The Group is sensitive to the need to ensure conditions of fairness and transparency in conducting business and corporate activities, to guarantee that the needs of the community are met and to protect the Group's position and image, the expectations of its shareholders and the work of its employees. Moreover, the Group is aware of the importance of an internal control system capable of preventing unlawful conduct by its Directors, employees, external collaborators and business partners in general.

The Model has been adopted in the conviction that - beyond the provisions of Decree 231, which identify it as an optional and not compulsory tool - it constitutes a valid instrument for raising the awareness of all those who work in the name of and on behalf of the Group companies, so that they behave in a correct and straightforward manner in performing their activities, thereby avoiding the risk of committing the crimes envisaged by the Decree.

At present, the organisational, management and control model pursuant to Legislative Decree No. 231/2001, available on the website www.gruppohera.it under the "Governance/Internal-Auditing section", includes 27 protocols, implemented over time and relating to individual sensitive areas, which aim to ensure transparency and a sense of responsibility in internal relations and with the outside world.

For each process at risk, the protocols identify principles, roles and responsibilities to be followed in managing the activities and define the periodic information flows used to control them.

Each protocol ensures that the Supervisory Body engages in constant monitoring of activities at risk.

The procedures adopted incorporate the principles of the Code of Ethics in order to guide Group management according to the values and operating principles defined in the Charter of Values.

Risk factors and critical issues were identified and weighed through risk assessments carried out on the Group's business areas and infrastructure processes. The specific risks inherent in these 231 areas are defined by the Supervisory Body in an annual auditing plan that takes into account risk assessments, the coverage of new processes, regulatory developments and the extension of the scope of activities of Group companies.

The model involves establishing an ongoing legal compliance check, drafting the Audit Report on the effective implementation of the protocols in Group companies falling within the 231 scope, providing assistance with drafting re-entry plans in adopting the recommendations outlined in the report, and carrying out specific follow-ups to verify that re-entry plans have been implemented and the critical points highlighted have actually been resolved.

The model entails an informative and training component that targets the persons involved in sensitive processes in order to raise awareness about prohibited and mandatory behaviours, create awareness of the related ethical behaviours and promote a Group culture for managing corporate risks.

An integral part of the Model is the Supervisory Body's bi-annual examination of the information flows concerning activities at risk.

The risk analysis document with its related audit plan is drawn up for the whole Group every three years, the last of which refers to the period 2022-2024.

The organisational, management and control model pursuant to Legislative Decree No. 231/2001 has also been adopted by subsidiaries with strategic importance.

The Board of Directors has also instituted the Supervisory Body, approving its regulations:

This body, renewed lastly on 10 May 2023 and currently, in line with the provisions of Recommendation 33 letter e), made up of an external member with the role of Chairman, the Legal and Corporate Central Director of Hera Spa, and the Internal Auditing Director of Hera Spa, has the specific task of periodically reporting to the corporate bodies of the Parent Company regarding implementation of the organisational model pursuant to Legislative Decree 231/2001 and will remain in office until the date of the Shareholders Meeting approving the financial statements as of 31 December 2022.

The Supervisory Body met on seven occasions in 2023 and all these meetings were attended by all the members. The average length of the meetings of the Supervisory Body was approximately one hour. The Supervisory Body approved and updated the 231 protocols that make up the organisational model, examined the system of information flows that allow it to supervise the functioning and observance of the models and examined reports made following audits, as well as consulting legislative developments pursuant to Legislative Decree 231/2001 and planning additional activities.

The Supervisory Body draws on the operational support of the Internal Auditing Department of Hera Spa. To carry out the verification and control activity, the Supervisory Body has prepared an action plan to verify compliance with the protocols adopted.

Regarding the current financial year, one meeting of the Supervisory Body was held as of 26 March 2024: all meetings were attended by all members. As of that date, an additional six meetings of the Committee had been planned for the remainder of the year.

Anti-bribery and corruption model

In the course of 2019, Hera Spa obtained ISO 37001 anti-bribery certification, the validity of which was confirmed by the Certifying Body following the maintenance audit carried out in July 2022. The Hera Group has consequently adopted an anti-bribery management system (ABMS) that is integrated into the organisation, management and control model pursuant to Legislative Decree 231/01, the foundations of which are rooted in the principles and values set forth in the Code of Ethics and in the quality and sustainability policy.

Along these lines, the Group has set up an anti-corruption model which involves establishing a Compliance Department for the reduction of bribery that coincides with the Supervisory Body, to oversee the anti-bribery management system.

The main responsibilities/functions of the Anti-Corruption Compliance Department are:

- a) overseeing the design and implementation of the Anti-Bribery Management System;
- b) providing advice and guidance to staff (defined as employees at all levels and persons assigned positions of collaboration, including internships and traineeships) about the Anti-Bribery Management System and corruption issues;
- c) ensuring that the Anti-Bribery Management System complies with the requirements of UNI ISO 37001;
- d) reporting on the functioning of the Anti-Bribery Management System to the Board of Directors and top management.

Hera Group top management and management staff are personally committed to respecting the anti-corruption model, including by carrying out awareness-raising and dissemination activities for the principles of the rules aimed at preventing instances of bribery in their own departments.

The anti-corruption model concerns everyone who works for the Hera Group. In 2023, the Model was also integrated with topics relating the prevention of corruption.

With the December 2021 approval of the revision of the Organisational, Management and Control Model in accordance with Legislative Decree 231/2001, the Hera Group renewed its commitment to combatting bribery, corruption and all offences relating to Model 231 and to preventing situations where there is a risk of such offences being committed.

A system is in operation for reporting crimes, misdemeanours, or alleged violations of Model 231 or the Anti-Corruption Model, known as whistleblowing, via a portal (reports.gruppohera.it) or a written report, which allows anonymous submissions, in compliance with privacy regulations and current legislation. Also during 2023, in compliance with Legislative Decree 24/2023, the whistleblowing protocol was updated, introducing all the adjustments required by the decree.

9.5 Independent auditors

Starting from financial year 2024 and until financial year 2032, the statutory audit assignment will be carried out by KPMG Spa, following the resolution of the Shareholders Meeting of 28 April 2022, which approved the related assignment in advance, in view of the expiration of the assignment of Deloitte & Touche Spa.

9.6 Appointed Manager in charge of drafting corporate financial reports and other corporate roles and functions

In accordance with the provisions of the TUF and the Company's Articles of Association, the Board of Directors, after obtaining the opinion of the Board of Statutory Auditors, under a resolution dated 27 July 2022 and effective as of 1 September 2022, appointed Massimo Vai as the Executive in charge of preparing the company's accounting documents.

The Appointed Manager is tasked with establishing adequate financial and administrative procedures for the creation of the financial statement and consolidated financial statement as well as any other financial communication. To this end, the Appointed Manager will have access to a dedicated budget approved by the Board of Directors and an adequate organisational structure (in terms of quantity and quality of resources) dedicated to the preparation/updating of financial-administrative procedures and periodical assessment activities concerning the suitability and actual application of financial and administrative rules and procedures. If the internal resources prove to be insufficient for the suitable management of these activities, the Appointed Manager is permitted to exercise the power of expenditure granted to him or her.

The Board of Directors verify that the Appointed Manager has access to adequate powers and means to carry out the tasks assigned to him or her by Article 154-bis of the TUF, and also to monitor that financial and administrative procedures are being followed.

The Appointed Manager communicates and exchanges information with all the administrative and control bodies of the Company and of the Group's subsidiaries, including but not limited to:

- the Board of Directors;
- the Control and Risk Committee;
- the Directors in charge of the internal control and risk management system;
- the Board of Statutory Auditors;
- the Independent Auditor;
- the Supervisory Body pursuant to Legislative Decree No. 231/01;
- the internal Auditing Director;
- the Investor Relations Director.

9.7 Coordination among the parties involved in the internal control and risk management system

The Issuer has established the following systematic coordination modes for the various subjects involved in the internal control and risk management system:

- periodic coordination meetings focused in particular on the process of drafting financial information and the activities of assessing, monitoring and containing (economic-financial, operational and compliance) risks;
- information flows among the people involved in the internal control and risk management system;
- establishment of a Risk Committee with the aim of outlining guidelines for monitoring and informing about risk management strategies;

In particular, the following types of coordination meeting are specified:

- the Board of Statutory Auditors with the Control and Risk Committee, the Independent Auditor, the Appointed Manager in charge of drafting corporate financial reports, and the Internal Auditing Manager;
- the Board of Statutory Auditors with the Supervisory Board pursuant to Legislative Decree 231;
- the Directors in charge of the internal control and risk management system with the Chairman of the Control and Risk Committee.

10.0 The interests of Directors and Related-Party Transactions

At its meeting of 10 October 2006, the Board of Directors of Hera Spa approved, in compliance with the then-in force Self-Regulatory Code, guidelines for significant transactions, related-party transactions and transactions in which a director has an interest (Guidelines), in order to ensure that these transactions are conducted transparently and in compliance with the criteria of substantive and procedural correctness.

Subsequently, the Board of Directors of Hera Spa approved the new Related-Party Transaction Procedure in compliance with the provisions of the CONSOB Regulation adopted by virtue of Resolution No. 17221 of 12 March 2010 and subsequent amendments and integrations thereto ("CONSOB Regulation"), later updated on 21 December 2015.

This new Procedure cancelled and completely replaced the rules on related-party transactions contained in the Guidelines, but there is no change to the existing rules set out in the Guidelines concerning significant transactions and transactions in which a director has an interest.

In the Procedure, the Board of Directors fully adopted the definitions of Related Parties and Related-Party Transactions, as well as all the directly associated definitions, contained in the CONSOB Regulation and its annexes.

The Procedure was last updated on 30 June 2021, in order to adapt it to the amendments - introduced by CONSOB Resolution 21624 of 10 December 2020 - to the CONSOB Regulation on Related-Party Transactions adopted by Resolution 17221 of 12 March 2010 and effective beginning 1 July 2021.

Specifically, the Procedure identifies:

- 1) the types of related-party transactions outlined in the Procedure:
 - transactions of Major Importance, that is, transactions in which at least one of the indices of importance determined by the CONSOB Regulation exceeds the 5% threshold;
 - Transactions of Minor Importance, that is related-party transactions that are neither of Major Importance nor of Negligible Amount;
 - framework resolutions, that is, a series of related-party transactions;
 - Ordinary Transactions, that is, transactions which (a) fall within the ordinary conduct of the Company's operating activities or associated financial activities; and (b) are carried out under conditions: (i) similar to those normally applied to unrelated parties for transactions of a comparable nature, scale and risk, (ii) based on regularly applied tariffs or established prices, or (iii) comparable with those applied to parties with whom the Company is legally obliged to deal for a specific consideration;
 - transactions of negligible amount, that is, transactions for which the maximum foreseeable amount of the consideration or of the value of the service does not exceed, for each transaction:
 - the sum of 1 million euro in the event of transactions whose related party is a legal entity;
 - the sum of 300 million euro in the event of transactions whose related party is a natural person;
 - related-party transactions carried out by subsidiaries;
- 2) the approval process for transactions of major and minor importance, depending on whether they involve:
 - transactions of minor importance falling within the competence of the Board of Directors, which are approved by the Board of Directors after hearing the substantiated but non-binding opinion of the Committee on related-party transactions (hereinafter referred to as the Committee) regarding the interest, appropriateness and substantive correctness of the transaction;
 - transactions of major importance falling with the competence of the Board of Directors, in which the Committee must be involved in the negotiation and investigation phases and in which the transaction may be approved following the receipt of a substantiated favourable opinion from the Committee regarding the interest, appropriateness and substantive correctness of the transaction, that is following a vote in favour by a majority of the independent directors;
 - transactions of minor and major importance falling with the competence of the Shareholders Meeting, for which the proposals must follow the same procedure as that for transactions falling with the competence of the Board of Directors, as outlined in the previous two points, and which must in any event receive a favourable opinion from the Committee.

The Procedure provides that the Committee charged with guaranteeing, by issuing specific opinions, the substantive correctness of dealings with related parties, must be in agreement with the Control and Risk Committee.

The Procedure also identifies the cases to which the Procedure does not apply, as well as governing the procedures for communication with the public on the transactions performed.

Effective from May 2014, a specific Operational Guideline was applied by Hera and its subsidiaries and subsequently updated on 31 March 2016 and most recently on 6 May 2022, in order to detail the information reported in the Procedure and outline the rules, roles and responsibilities, as well as operational activities, implemented by the Company.

11.0 Board of Statutory Auditors

11.1 Appointment and Substitution

List voting

The auditors are appointed by the Shareholders Meeting on the basis of the voting list system set forth in Article 26 of the Articles of Association, as amended by the Extraordinary Shareholders Meeting of 29 April 2020, in implementation of Law 160 of 27 December 2019 and the subsequent CONSOB Communication 1 of 30 January 2020, in order to ensure that the minority is able to appoint a standing

auditor with the function of Chairman as well as an alternate auditor, in compliance with current legislation on gender balance. In accordance with Article 25 of the Articles of Association, the office of Statutory Auditor is incompatible with the offices of councillor or city council member in regional public authorities, as well as with that of Statutory Auditor in more than three listed companies other than subsidiaries of the Company pursuant to Article 2359 of the Italian Civil Code and Article 93 of Legislative Decree No. 58/98. In the latter case, a Statutory Auditor who subsequently exceeds this limit will automatically forfeit the office of Statutory Auditor of the Company.

Article 26 of the Articles of Association governs the terms and conditions for filing and publishing lists, as well as the related documentation, in compliance with current regulations.

The lists must be delivered to the registered office at least 25 days before the date set for the meeting, together with the curriculum vitae of the candidates and a declaration from each individual candidates stating that he or she accepts the office and certifying that there are no reasons for ineligibility, incompatibility or revocation as established by law, as well as compliance with the requirements of integrity and professionalism as mandated by law for members of the Board of Statutory Auditors.

Article 25 of the Articles of Association establishes that, for the purposes of the provisions of legislation in force concerning the requirements of professionalism for members of the Board of Statutory Auditors of listed companies, business matters and sectors strictly pertaining to the activities performed by the Company means the business matters and sectors associated with or pertaining to the activity performed by the Company and cited in Article 4 of the Articles of Association.

The lists must also be accompanied by a statement certifying that there are no agreements or connections of any kind with other shareholders who have presented other lists, and a list of the administrative and control positions held by the candidates in other companies. These lists must be made available to the public at the registered offices and on the website www.gruppohera.it, no less than 21 days prior to the date of the Shareholders Meeting.

The terms and conditions for the filing of lists are indicated by the Company in the Shareholders Meeting notice of call. Each shareholder may submit or participate in the submission of only one list. In the event this rule is breached, the shareholder's vote shall not be taken into account with respect to any of the lists presented. Each person entitled to vote may vote for only one list.

Eligibility to submit lists and their composition

Shareholders who alone or together with other shareholders represent at least 1% of the share capital with voting rights in the ordinary Shareholders Meeting, or the alternative percentage required by current legislation and indicated in the notice of call, may submit lists.

In this regard, it should be noted that, on the occasion of the last renewal of the Board of Statutory Auditors which took place at the Shareholders Meeting of 27 April 2023, the shareholding required for submitting lists of candidates for the election of the sitting control body was set by CONSOB (through Resolution 28 of 30 January 2020) at 1%, equal to the percentage provided for in Article 26.2 of the current Articles of Association.

Specifically, (i) Municipalities, Provinces and Consortia established pursuant to Article 31 of Legislative Decree No. 267/2000 or other entities or public authorities, as well as consortia or joint-stock companies controlled, directly or indirectly, by said entities or authorities may submit a single list and (ii) the shareholders not indicated in (i) may submit lists provided that they represent at least 1% of the shares with voting rights or the percentage established by current regulation and indicated in the notice of call. In order to demonstrate ownership of the number of shares necessary for submitting lists, shareholders must file the appropriate certification proving ownership of the number of shares represented at the registered office within the deadline set by the Company for posting the lists.

The lists contain a number of candidates not exceeding the number of members to be elected, listed by means of progressive numbering. Each candidate may appear on only one list under penalty of ineligibility. Each list must contain a number of candidates belonging to the less-represented gender that ensures compliance with the gender balance, at least to the minimum extent required by current legislation, including regulations.

Appointment mechanism

The members of the Supervisory Body are appointed in accordance with the provisions of Article 26 of the Articles of Association:

- the Board of Statutory Auditors comprises three standing members and two alternate members.

- two standing auditors and one alternate auditor will be taken from the list that obtains the highest number of votes cast by the shareholders, in the progressive order in which they are listed, of which at least one standing auditor of the less-represented gender;
- the third standing auditor and the other alternate auditor will be taken from the other lists, electing respectively the first and second candidates on the list that receive the second highest number of votes, of which at least one alternate auditor shall be of the less-represented gender. In the event of a tie between two or more lists, the oldest candidate will be elected as statutory auditor, in compliance with the gender balance required by applicable legislation, including regulations;
- If the list voting system does not ensure the minimum number of standing and alternate auditors of the less-represented gender required by law, the candidate of the most represented gender positioned last on the list of candidates elected from the list with the highest number of votes shall be replaced by the candidate of the less-represented gender who was positioned first among the non-elected candidates on the same list and so on, up to the minimum number of directors belonging to the less-represented gender. If the minimum number of directors belonging to the less-represented gender still has not been reached even after applying this criterion, the replacement criterion indicated will be applied to the minority lists, starting from the list that received the highest number of votes.
- the Board of Statutory Auditors is chaired by the first candidate on the list obtaining the second highest percentage of votes. In the event of a tie between two or more lists, the oldest candidate will be elected as statutory auditor, in compliance with the gender balance required by current legislation, including regulations;
- for the appointment of statutory auditors who for whatever reason are not appointed by the list voting procedure, the Shareholders Meeting shall pass resolutions with the majorities provided by law, in compliance with the gender balance required by applicable legislation, including regulations.

Replacing members of the Board of Statutory Auditors

In the event of the replacement of a sitting Statutory Auditor, he or she will be succeeded by the alternate Auditor belonging to the same list as the Auditor to be replaced, complying with the principles of minority representation and gender balance.

The appointment of auditors to round out the Board of Statutory Auditors, pursuant to Article 2401 of the Italian Civil Code, shall be carried out by the Shareholders Meeting with the majorities provided by law, from among the names submitted by the same shareholders presenting the list to which the auditor who left the office belonged, in compliance with the principle of necessary representation of minorities and gender balance. Where this is not possible, the Shareholders Meeting shall proceed with the replacement with the majorities required by law, in compliance with the gender balance rules set forth by current applicable legislation, including regulations.

11.2 Composition and functioning (pursuant to Article 123-bis, paragraph 2, letter d) and d-bis, of the TUF)

The Shareholders Meeting of 27 April 2023 appointed a Board of Statutory Auditors made up of three standing members and two alternates, currently in office until the approval of the financial statements for the 2025 financial year, the composition of which complies with applicable gender balance regulations.

This appointment was made through the list voting mechanism, in order to guarantee the minority lists the right to appoint a standing auditor, with the function of Chairman, and an alternate auditor.

At the Shareholders Meeting of 27 April 2023 mentioned above, three lists of candidates were presented, listed below along with an indication of their proposing Shareholders:

List No. 1, submitted on 6 March 2023 by the shareholders Municipality of Bologna, Municipality of Casalecchio di Reno, Municipality of Cesena, Municipality of Modena, Municipality of Padova, Municipality of Trieste, Municipality of Udine, CONAMI, Holding Ferrara Servizi Srl, Ravenna Holding Spa and Rimini Holding Spa, who, together with 100 other public shareholders, were at the time parties to the "Shareholders Agreement on Voting and Share Transfer Rules" of 28 June 2021, and who together hold 610,623,147 Hera shares, corresponding to 40.99% of the voting shares of Hera Spa, a list that obtained 1,131,425,720 voting rights, equal to 66.836958% of the total voting shares present, containing the names, in ranked order, of the following candidates:

Standing Auditors

1. Marianna Girolomini
2. Antonio Gaiani

Alternate Auditors

3. Susanna Giuriatti

List No. 2, submitted on 31 March 2023 by the shareholder Gruppo Società Gas Rimini Spa, holder of 30,771,269 Hera shares, corresponding to 2.065825% of the shares with voting rights of Hera Spa, a list that obtained 139,557,833 voting rights, corresponding to 8.244130% of the total voting shares present, containing the names, in ranked order, of the following candidates:

Standing Auditors

1. Alberto Spada

Alternate Auditors

2. Elisa Agostini

List No. 3, submitted on 31 March 2023 by Studio Trevisan & Associati on behalf of the shareholders Amundi Luxembourg SA - Amundi European Equity Small Cap; Amundi Asset Management SGR Spa manager of the funds: Amundi Dividendo Italia, Amundi Risparmio Italia, Amundi Sviluppo Italia; APG Asset Management N.V, manager of the funds: Stichting Depositary APG Developed Markets Equity Pool, Stichting Depositary APG Developed Markets Equity Minimum Volatility Pool; ARCA Fondi SGR Spa manager of the fund: Arca Azioni Italia; Etica SGR Spa manager of the funds: Etica Rendita Bilanciato, Etica Obbligazionario Misto, Etica Bilanciato, Etica Azionario; Eurizon Capital SGR Spa manager of the funds: Eurizon Progetto Italia 70, Eurizon Azioni Italia, Eurizon PIR Italia Azioni, Eurizon Progetto Italia 40; Eurizon Capital S. A. manager of the fund Eurizon Fund, section Italian Equity Opportunities; Fideuram Asset Management Ireland manager of the fund Fonditalia Equity Italy; Fideuram Investimenti SGR Spa manager of the funds: Fideuram Italia, Piano Azioni Italia, Piano Bilanciato Italia 50; Interfund Sicav - Interfund Equity Italy; Kairos Partners SGR Spa management company of Kairos International Sicav comparti: Italy, Target Italy Alpha; Legal & General Assurance (Pensions Management) Limited; Mediolanum Gestione Fondi SGR Spa manager of the funds: Mediolanum Flessibile Futuro Italia, together the holders of 17,714,416 Hera shares, corresponding to 1.18926% of the Hera Spa shares with voting rights, a list that obtained 419,647,955 voting rights, corresponding to 24.789955% of the total number of voting rights present, containing the names, in ranked order, of the following candidates:

Standing Auditors

1. Myriam Amato

Alternate Auditors

2. Stefano Gnocchi

Following the Shareholders Meeting vote, the Supervisory Body was made up as follows:

1. Myriam Amato	– Chairman
2. Marianna Girolomini	– standing auditor
3. Antonio Gaiani	– standing auditor
4. Susanna Giuriatti	– standing auditor
5. Stefano Gnocchi	– standing auditor

From the date of appointment to that of this report, there have been no changes in the composition of the body.

For the composition of the Board of Statutory Auditors at the end of the 2023 financial year, please see the following Table 4, noting that the personal and professional details of each member are available on the website www.gruppohera.it.

The Board of Statutory Auditors met 16 times in 2023; 14 of these meetings were attended by all statutory auditors, while two were attended by almost all of them. The average duration of the meetings of the Board of Statutory Auditors was approximately one hour and 50 minutes.

With regard to the current financial year, five meetings of the Board of Statutory Auditors have been held as of March 26, 2024, while a further 11 meetings have already been scheduled for the remainder of the year.

Diversity Criteria and Policies

The appointment of the Board of Statutory Auditors took place during the Shareholders Meeting of 27 April 2023, following the presentation of three lists, one majority and two minority, which also guaranteed the composition of the board meet regulatory provisions regarding gender balance (three members of the less-represented gender out of a total of five members).

The members of the Board of Statutory Auditors have an average age of about 53 years: one member is between 40 and 50 years old and two members are between 50 and 60 years old.

As part of its self-assessment activities, the Board of Statutory Auditors expressed its favourable opinion with regard to the functioning, composition and characteristics of its members in terms of their meeting the requirements of eligibility, independence, integrity and professionalism set out by current legislation, also considering the issues and business sectors related to or inherent in the Companies' activities, thus ensuring the independence and professionalism of the Board's functioning in compliance with Principle VIII of the Code.

Independence

In compliance with Recommendations 9 and 10 of the Code, following the renewal of the Supervisory Body, the market was informed about the independence of its members on 10 May 2023 by means of a specific press release and, finally, on 6 March 2024, the Board of Statutory Auditors carried out its self-assessment based on analysing the subjective suitability of each of the members, with reference to the requirements of professionalism, competence, integrity and gender, required by current legislation, as well as the adequate functioning of the body.

For the purposes of the aforementioned self-assessment, the Board carried out information gathering and evaluations by requesting its members to provide information and data relating to their qualitative, quantitative and operational profiles.

Specifically, it:

- verified that its members meet the requirements of independence, integrity, professionalism, competence and experience;
- assessed the adequate availability of time and resources to carry out the assignment, compliance with the limit on the number of offices held, as well as the adequacy of its composition with reference to the gender balance and age of its members.

With regard to overall operations, the Board of Statutory Auditors assessed the following as satisfactory:

- the running of meetings;
- the activities carried out by the Chairman;
- the exchange of relevant corporate information (with auditing firms, the Supervisory Board, the Internal Auditing function, internal committees and company management);
- participation in the meetings of the Board of Directors and the Board's Committees;
- participation in the Shareholders Meeting.

The Board of Statutory Auditors checked the correct application of the criteria and assessment procedures adopted for ascertaining the independence of its members, including for the purposes of Article 144-novies of the Issuers' Regulation, and went on to communicate this finding to the Board of Directors

Remuneration

The remuneration paid to the members of the Board of Statutory Auditors is consistent with the skills, professionalism and commitment required by the importance of their role and the size and sector characteristics of Hera.

12.0 Relations with shareholders

Access to information

To enable shareholders to understand the Company more fully, the Company has established a suitable department dedicated to relations with investors, headed by and assigned to Jens Klint Hansen.

The investor relator can be contacted by telephone on 051 287737 or at the email address ir@gruppohera.it, and the "Investor Section" on the website www.gruppohera.it is dedicated to the activities of the investor relator along with the information provided to shareholders.

Dialogue with shareholders

On 1 December 2021, the Board of Directors resolved to adopt, following a proposal by the Executive Chairman in agreement with the Chief Executive Officer, a "Policy for Managing Dialogue with General Shareholders and Bondholders" ("Policy"), which is available on the website www.gruppohera.it under the "Governance/Governance System Section".

The aforementioned Policy is aimed at ensuring that the dialogue the Company and Hera Group maintain with Shareholders and Bondholders ("Dialogue") seeks guidance from the principles detailed in the Policy itself and takes place in compliance with EU and national regulations on market abuse, as well as in line with international best practices.

The Policy sets out the purposes, scope of application, general principles to be complied with, topics covered by the Dialogue and the means used to facilitate the Dialogue itself. Specifically, it identifies the Investor Relations Department and Central Legal and Corporate Affairs Department as the Contact Points for Shareholders and Bondholders and the Chairman as the Administrator in Charge of managing the Dialogue, it being understood that the Board of Directors has the role of directing, supervising and monitoring the application of said Policy.

Notably, the Policy enters into the specifics of (i) the topics of the Dialogue, (ii) the tools used to facilitate the Dialogue, and (iii) the manner in which the Dialogue is conducted (evaluation criteria for accepting/rejecting a Dialogue request, timing, confidentiality guarantees), ensuring that the Dialogue can also be initiated by a Shareholder's or Bondholder's written request made to the Contact Points.

The Company also promotes active and constructive communication with other stakeholders, including but not limited to: local communities, the public administration, customers, suppliers and employees.

In particular, the contact channels for this communication include:

- HeraLABs: these are local, multi-stakeholder councils (involving local communities, public administration, environmental groups and future generations, customers, suppliers and shareholders) that Hera organises in the areas in which it provides its services in order to establish a structured channel for listening to and dialoguing with local communities;
- the annual residential customer satisfaction survey and biannual survey on the Company's internal climate, involving employees;
- the annual meeting with employees;
- the website in general and specifically the "Sustainability Section" that presents all the reports of interest to the various stakeholders;
- a specific part of the company website reserved for consumer associations, where they can receive information and updates about Hera's services and communicate their comments or concerns;
- conferences, events and initiatives organised or supported by Hera.

The Director in charge shall report to the Board of Directors on a bi-annual basis, or by the first available meeting in case of significant events:

- (i) regarding the development and relevant aspects of the dialogue with shareholders and bondholders;
- (ii) regarding the most significant requests received from other stakeholders.

Specifically, as reflected in the semi-annual reports submitted by the Administrator-in-Charge to the Board of Directors during the 2023 fiscal year, dialogue took the form of the following activities:

Shareholders

Hera's Public Shareholders specifically requested and obtained information or clarification regarding the semi-annual financial statements as of 30 June 2022, the data on corporate bodies and related compensation, the number of shares held, the financial statements as of 31 December 2022, Hera's shareholder base and participation in the Hera Shareholders Meeting of 27 April 2023.

Furthermore, requests were made regarding:

- inclusion in the Increased Voting List;
- identifying the escrow account for the Hera shares held for the purposes of subsequent transfer

All requests were duly addressed.

Financial Investors and Analysts

Financial Investors and Analysts participated in a number of conference calls, meetings and company visits.

For example, the requested insights concerned: the Company's economic and financial performance, sustainable strategy and the targets on emissions reduction, energy market volatility and the possible effects of inflation on activities, Hera Group's business portfolio, the investments and targets envisaged in the Business Plan, the Company's competitive positioning and growth prospects, as well as the performance of its stock.

Other stakeholders

HeraLABs were held in the areas of Imola, Modena, Forlì-Cesena and Rimini for projects concerning the reference areas.

The annual satisfaction survey of residential customers for the services provided by the Hera Group was carried out.

Starting from the survey on the corporate climate with employees, carried out during 2022/2023, improvement actions were carried out.

Finally, among the events held, the following were organised: an exhibition on topics related to environmental sustainability, reuse and recycling; meetings with trade associations and suppliers; the inauguration of new Hera spaces in Modena and Pescara, as well as two events in Padua and Bologna on inclusion policies in the city.

13.0 Shareholders meetings

Ordinary and extraordinary Shareholders meetings are convened in the circumstances and manner provided for by law; they are held at the registered office or even outside the registered office, as long as the location is in Italy.

The full text of the proposed resolutions, together with the illustrative reports and documents submitted to the Shareholders Meeting, are made available to the public at the company's registered offices and on the Company's website www.gruppohera.it, as well as on the authorised storage site 1Info www.1Info.it within the legal deadline for each of the matters under discussion.

The shareholders entitled to participate in the Shareholders Meeting are those entitled to vote, pursuant to the law, at the end of the accounting day coinciding with the record date and for which the Company has received the relative communication made by the authorised intermediary by the end of the third trading day preceding the date set for the Shareholders Meeting. However, the legitimate right to participate and vote remains if these communications are received after this deadline, provided that they are received by the beginning of the meeting. Those who become owners of shares only subsequent to this deadline will not have the right to participate in and vote at the Shareholders Meeting.

Any person entitled to attend may be represented at the Shareholders Meeting in accordance with the law, exercising the right to use the proxy form available on the Company's website for this purpose, and the methods that interested parties can use to notify the Company of proxies are also available electronically on this site.

At each Shareholders Meeting, the Company identifies a person to whom the holders of voting rights will be able to confer a proxy with voting instructions covering all or some of the agenda items. The proxy to the aforementioned representative must be conferred by the end of the second open market day prior to the date of the Shareholders Meeting, in the manner specified on the Company's website and using the specific proxy form provided there.

The proxy to the designated representative has no effect with regard to proposals for which voting instructions have not been given.

Shareholders can ask questions about the items on the agenda even before the Shareholders Meeting, in the manner indicated on the Company's website.

Shareholders who, even jointly, represent one fortieth of the share capital, can submit a request within ten days of the publication of the notice of call asking that items be added to the matters to be discussed, indicating in the request the additional topics proposed, or presenting proposed resolutions on the items already on the agenda. Requests must be submitted in writing in the manner indicated on the Company website.

In accordance with Article 13 of the Articles of Association, the Shareholders Meeting is chaired by the Chairman of the Board of Directors or, in his/her absence, by a person elected by the Shareholders Meeting itself through a majority vote by those present. The Chairman of the Shareholders Meeting appoints a secretary, verifies that it has been constituted properly, ascertains the identity and legitimacy of those present and regulates the Shareholders Meeting, in compliance with the meeting regulations, ascertaining the results of voting.

In accordance with Article 14 of the Articles of Association, both ordinary and extraordinary Shareholders meetings and their related resolutions are valid if made with the attendance requirements and majorities established by law.

Resolutions by the Extraordinary Shareholders Meeting concerning amendments to Articles 6.4 (shares and increased voting rights), 7 (public majority shareholding), 8 (limits on share ownership), 14 (validity of Shareholders Meetings and right of veto) and 17 (appointment of the Board of Directors) of the Articles of Association shall be valid if made with a yes-vote by at least 3/4 of shareholders with voting rights participating in the Shareholders Meeting, rounded down if necessary.

The Shareholders Meeting of 29 April 2003 approved the text of the meeting regulations, the updated version of which is published under the "Section Governance/Shareholders Meeting" on the Company website at www.gruppohera.it, which indicate the procedures to be followed in order to permit the orderly and proper functioning of meetings, without prejudice to the right of each shareholder to express his or her opinion on the matters under discussion.

During 2023 only one Ordinary Shareholders Meeting was held on 27 April, which was attended by 11 members of the Board of Directors and all the members of the Board of Statutory Auditors.

14.0 Considerations regarding the letter from the Chairman of the Corporate Governance Committee

At its meeting of 21 February 2024, the Board of Directors considered the recommendations made in the letter sent on 14 December 2023 to the chairmen of the governing bodies of Italian listed companies by the Chairman of the Corporate Governance Committee. Specifically, the main issues involved in these recommendations for 2024 include:

- adherence to the best practices recommended by the Italian Corporate Governance Code;
- adequate disclosure on the involvement of the administrative body in the examination and approval of the Business Plan and in the analysis of the topics relevant to long-term value generation;
- adequate reasons, to be included in the Corporate Governance Report, in case of an exception to the deadline for pre-meeting information for confidentiality reasons, possibly provided for in the Board regulations and/or adopted in practice;
- adequate reasons, to be included in the Corporate Governance Report, for the failure to express, on the occasion of the renewal of the administrative body, the orientation of its quantitative or qualitative composition and/or the failure to request, to those who present a "long" list, to provide adequate information regarding the compliance of the list with the stated orientation. It is also requested to justify the extent to which the publication times were deemed adequate to allow proper consideration by those who submitted the candidate lists;
- adequate disclosure in the proposals of the administrative body to the meeting on the introduction of increased voting rights, the purposes of the choice and the expected effects on the ownership and control structures and on future strategies. There is also a requirement to provide adequate reasons for any failure to disclose these elements.

At the aforementioned meeting, the Board of Directors noted these recommendations and reported on the status of their implementation/reception by the Company.

In particular, the Company confirms its alignment with the recommendations on adequate disclosure on the involvement of the administrative body in the examination and approval of the Business Plan and in the analysis of the issues relevant to long-term value generation. In this regard, it was noted that the examination and approval of the Business Plan of Hera and the Group it heads is reserved for the Board of Directors, also based on the analysis of the topics relevant to the deadline for long-term value generation, as required by Recommendation 1, letter a) of the Corporate Governance Code.

Specifically, Strategy Day was held on 29 November 2023, i.e. the Board of Directors meeting in which the guidelines of the 2023-2027 Business Plan were illustrated and approved, postponing the approval of the same, in its economic and financial profiles, until the next meeting on 24 January 2024.

The Plan envisages, among other things, (i) generation of Shareholders value, through the strategic references of profitability and financial sustainability and risk management, as well as (ii) creation of shared value with its stakeholders, through carbon neutrality, resource regeneration, social equity and prosperity.

With regard to the pre-meeting information, the Company believes it is in line with the Recommendation.

The Company complies with the Regulations on the Functioning of the Board of Directors of Hera Spa adopted - as reported in section 4.4 of this report - by the Resolution of the Board of Directors of 11 November 2020, aimed at defining the rules of operation of the administrative body and its committees, making explicit, specifically, Article 7, the rules for pre-meeting information.

Also with regard to the guidelines on optimal composition, the Company is in line with the relevant Recommendation, taking into account that the Board of Directors on 8 February 2023, in view of its renewal, which took place during the Shareholders Meeting of 27 April 2023, expressed its views so that the Shareholders submitting the lists of candidates could take them into account in the composition of the said lists.

The relevant document was made available to the market through publication on the Company's website, as well as on the authorised storage mechanism 1Info.

Furthermore, the published indications expressly required Shareholders submitting lists containing a number of candidates greater than half of the members to be elected, to provide adequate information, in the documentation presented for filing the list, regarding its compliance with the guidelines set out in the aforementioned document.

It should be noted that the Shareholders presenting the majority list have provided adequate information, in the documentation presented for filing the said list, about its compliance with the guidelines issued by the Board of Directors.

Finally, with regard to the increased vote, the Company is in line with the relevant Recommendation.

The Board of Directors on 24 March 2015, in formulating its proposal for the Shareholders Meeting of 28 April 2015, argued in detail about the purposes of the choice and the expected effects.

Specifically, as envisaged by the legislator, the introduction of the regulation relating to the increased vote was intended to promote medium-long term investment and, consequently, stability of the shareholding structure, assigning an increased vote to "stable" shareholders i.e. those who have demonstrated loyalty to the Company by maintaining share ownership for an adequate period of time.

Furthermore, as detailed in Section 2.0 of this report, the Shareholders Meeting of 28 April 2015 approved the introduction of Article 6 of the Articles of Association, providing for increased voting rights, by virtue of which parties who are registered for a continuous period of at least 24 months in the special list established from 1 June 2015, shall be entitled to two votes for each share held at Shareholders Meetings in case of resolutions concerning: i) the amendment of Articles. 6.4 and/or 8 of the Articles of Association, ii) the appointment and/or revocation of the Board of Directors or its members, iii) the appointment and/or revocation of the Board of Statutory Auditors or its members.

Furthermore, on 13 May 2015, Hera's Board of Directors, in order to regulate the criteria and methods of keeping the special list, also approved the regulation of the special list for legitimation of the benefit of the increased vote, in implementation of the provisions of the applicable legislation and Hera's Articles of Association.

Table 1: structure of the Board of Directors at year end

Board of Directors													
Position	Member	Birth year	Date first appointment (*)	In office since	In office until	List (presenters) (**)	List (M/m) (***)	Exec.	Non exec.	Code Indep.	TUF Indep.	No. other positions (****)	Participation (****)
Chairman*	Cristian Fabbri	1970	27-apr-23	27-apr-23	Appr. FS 2025	Shareholders	M	X				-	11/11
CEO*	Orazio Iacono	1967	11-may-22	27-apr-23	Appr. FS 2025	Shareholders	M	X				-	13/13
Vice Chair.	Gabriele Giacobazzi (#)	1949	29-apr-20	27-apr-23	03-mar-24	Shareholders i	M		X	X	X	-	12/13
Director	Fabio Bacchilega	1963	29-apr-20	27-apr-23	Appr. FS 2025	Shareholders	M		X	X	X	-	12/13
Director	Gianni Bessi	1967	27-apr-23	27-apr-23	Appr. FS 2025	Shareholders	M		X			-	11/11
Director	Enrico Di Stasi	1978	27-set-23	27-set-23	Next meeting	Shareholders	M		X			-	6/6
Director	Grazia Ghermandi	1954	27-apr-23	27-apr-23	Appr. FS 2025	Shareholders	M		X	X	X	-	11/11
Director	Alessandro Melcarne	1984	08-nov-17	27-apr-23	Appr. FS 2025	Shareholders	M		X	X	X	-	12/13
Director	Milvia Mingozi	1955	27-apr-23	27-apr-23	Appr. FS 2025	Shareholders	M		X	X	X	1	10/11
Director	Marina Monassi	1954	27-apr-23	27-apr-23	Appr. FS 2025	Shareholders	M		X	X	X	-	11/11
Director	Monica Mondardini	1960	29-apr-20	27-apr-23	Appr. FS 2025	Shareholders	M		X	X	X	4	13/13
Director	Francesco Perrini	1965	27-apr-23	27-apr-23	Appr. FS 2025	Shareholders	m		X	X	X	-	10/11
Director o	Paola Gina Maria Schwizer	1965	29-apr-20	27-apr-23	Appr. FS 2025	Shareholders	m		X	X	X	2	13/13
Director	Bruno Tani	1949	27-apr-06	27-apr-23	Appr. FS 2025	Shareholders	m		X	X	X	5	13/13
Director	Alice Vatta	1975	29-apr-20	27-apr-23	Appr. FS 2025	Shareholders	m		X	X	X	1	12/13
-----DIRECTORS WHOSE POWERS WERE TERMINATED DURING 2023-----													
Chairman	Tomaso Tommasi di Vignano	1947	04-nov-02	29-apr-20	27-apr-23	Shareholders	M	X				-	2/2
Director	Danilo Manfredi	1969	23-apr-14	29-apr-20	27-apr-23	Shareholders	M		X	X	X	-	2/2
Director	Lorenzo Minganti	1973	29-apr-20	27-apr-23	19-giu-23	Shareholders	M		X	X	X	-	5/5
Director o	Erwin P.W. Rauhe	1955	27-apr-17	29-apr-20	27-apr-23	Shareholders	m		X	X	X	1	2/2
Director	Manuela Cecilia Rescazzi	1958	29-apr-20	29-apr-20	27-apr-23	Shareholders	M		X	X	X	-	2/2
Director	Federica Seganti	1966	27-apr-17	29-apr-20	27-apr-23	Shareholders	M		X	X	X	3	1/2
Director	Marina Vignola	1970	27-apr-17	29-apr-20	27-apr-23	Shareholders	M		X	X	X	-	2/2

Number of meetings held during the year: 13

Quorum required for minority lists to be submitted for the election of one or more members (pursuant to Article 147-ter of the TUF: at least 1% of the shares with voting rights at the ordinary Shareholders meeting (Art. 17.5 Articles of Association) . At least 1% of the shares with voting rights at the Ordinary Shareholders Meeting (Article 17.5 Article of Association

* This symbol indicates the director in charge of the internal control and risk management system.

o This symbol indicates the Lead independent director (LID).

(*) The date of first appointment of each director refers to the date on which the director was appointed for the first time (ever) to the issuer's BoD.

(**) This column shows the list from which each director was taken, preented by the shareholders (indicating "Shareholders") or the BoD (indicating "BoD").

(***) This column n indicates whether the list from which each director was drawn is "majority" (indicating "M"), or "minority" (indicating "m")

(****) This column indicates the number of offices as director or statutory auditor held by the person concerned in other companies listed on regulated markets or large enterprises. The positions are described in full in the report on corporate governance.

(*****) This column indicates the participation of the directors in the meetings of the Board of Directors (indicate the number of meetings attended compared to the total number of meetings they could have attended; e.g. 6/8; 8/8 etc.). (#) terminated on 3 March 2024

Table 2: structure of the Board Committees at year end

Board of Directors		Executive Committee	Control and Risk Committee / OPC		Remuneration Committee		Appointments Committee	Ethics and Sustainability Committee	
Position	Member	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
BoD Chairman executive - non-independent	Cristian Fabbri (since 27-apr-23)	5/5	P						
CEO executive - non-independent	Orazio Iacono	7/7	M						
Vice Chairman non-executive – Code and TUF independent	Gabriele Giacobazzi (***)	7/7	M	6/6	P	5/5	P		
Director non-executive – Code and TUF independent	Fabio Bacchilega					4/5	M		
Director non-executive – Code and TUF independent (^)	Enrico Di Stasi (since 27-sept-23)			1/1	M				
Director non-executive – Code and TUF independent	Alessandro Melcarne	2/2	M	4/4	M			Not present	
Director non-executive – Code and TUF independent	Monica Mondardini					4/5	M		
Director non-executive – Code and TUF independent	Marina Monassi (since 27-apr-23)	5/5	M						
Director non-executive – Code and TUF independent	Paola Gina Maria Schwizer			6/6	M				
Director non-executive – Code and TUF independent	Francesco Perrini (since 27-apr-23)							4/5	M
Director non-executive – Code and TUF independent	Alice Vatta					5/5	M		5/5 - 3/3 P - M
----- DIRECTORS WHOSE TERM OF OFFICE CONCLUDED DURING 2023 -----									
BoD Chairman executive - non-independent	Tomaso Tommasi di Vignano (until 27-apr-23)	1/2	P						
Director non-executive – Code and TUF independent	Lorenzo Minganti (until 19-jun-23)			3/3	M			Not present	
Director non-executive – Code and TUF independent	Erwin P.W Rauhe (until 27-apr-23)			2/2	M				
Director non-executive – Code and TUF independent	Federica Seganti (until 27-apr-23)							3/3	P
----- ANY MEMBERS WHO ARE NOT DIRECTORS -----									
External professional	Nicoletta Tranquillo (since 10-may-23)							5/5	M
External professional	Cristiana Rogate (until 27-apr-23)						Not present	3/3	M
Hera Spa Shared Value and Sustainability Director	Filippo Maria Bocchi							8/8	M
Number of meetings held during the year		7 meetings		6 meetings		5 meetings		8 meetings	

NOTE:

(*) This column indicates the degree of participation of the director in meetings of the committee

(**) This column indicates the position held by the director on the Board: Chairman (P); Member (M)

(***) Powers were terminated on 3 March 2024

(^) Director deemed non-independent by the Board of Directors on 26 March 2024.

Table 3: Structure of the Board of Statutory Auditors at year end**Board of Statutory Auditors**

Position	Member	Birth year	Date of first appointment (*)	In office since	In office until	List (m/M) (**)	Code of Indep.	Participation in Board meetings (***)	No. other positions(****)
Chairman	Myriam Amato	1974	27-apr-17	27-apr-23	Appr. FS 2025	m	X	15/16	2
Standing auditor	Girolomini Marianna	1970	23-apr-14	27-apr-23	Appr. FS 2025	M	X	15/16	-
Standing auditor	Gaiani Antonio	1965	23-apr-14	27-apr-23	Appr. FS 2025	M	X	16/16	-
Alternate auditor	Gnocchi Stefano	1974	27-apr-17	27-apr-23	Appr. FS 2025	m	X	-	1
Alternate auditor	Susanna Giuriatti	1956	27-apr-23	27-apr-23	Appr. FS 2025	M	X	-	-

Number of meetings held during the year: 16

Quorum required for lists to be submitted for the election of one or more members (pursuant to Article 148 of the TUF):
at least 1% of the shares with voting rights at the Ordinary General Meeting (Article 26.2 of the Articles of Association).

NOTE:

(*) First appointment date of each auditor means the date on which the auditor was appointed for the first time (ever) in the Issuer's board of auditors.

(**) This column indicates whether the list from which each auditor was drawn is "majority" (indicating "M"), or "minority" (indicating "m").

(***) This column indicates the participation of the auditors in the meetings of the board of auditors (indicate the number of meetings attended compared to the total number of meetings they could have attended; e.g. 6/8; 8/8 etc.).

(****) This column indicates the number of director or auditor positions held by the interested party pursuant to the art. 148-bis TUF and the related implementation provisions contained in the Consob Issuers' Regulation. The complete list of positions is published by Consob on its website pursuant to art. 144-quinquagesdecies of the Consob Issuers' Regulation.

Table 4: Positions the directors hold in other companies

Name, surname	Position	Other positions (*)
Cristian Fabbri (since 27-apr-23)	Executive Chairman	
Orazio Iacono	Chief Executive Officer	
Gabriele Giacobazzi **	Vice Executive	
Fabio Bacchilega	Director	
Gianni Bessi (since 27-apr-23)	Director	
Enrico Di Stasi (since 27-sept-23)	Director	
Grazia Ghermandi (since 27-apr-23)	Director	
Alessandro Melcarne	Director	
Milvia Mingozzi (since 27-apr-23)	Director	Member of Board of Statutory Auditors from Ferrara TUA Spa
Marina Monassi (since 27-apr-23)	Director	
Monica Mondardini	Director	Chief Executive Officer of CIR Spa Chairman of SOGEFI Spa (Gruppo CIR) Director of Edenred SA Director of KOS Spa (Gruppo CIR)
Francesco Perrini (since 27-apr-23)	Director	
Paola Gina Maria Schwizer	Director	Independent director from the Supervisory Board of Deutsche Bank Spa Independent director of Ferrovie dello Stato Spa
Bruno Tani	Director	Vice Chairman and CEO of Societa' Gas Rimini Spa CEO of City Gas Bulgaria Ead CEO of Technoterm Ead Bulgaria (Sofia) Chairman of Board of Statutory Auditors D.G. Holding Spa
Alice Vatta	Director	Independent director of Fincantieri Spa

(*) List of positions as Director or Statutory Auditor held by each Director in other companies listed on regulated markets, including foreign markets or large enterprises

(**) Powers terminated on 3 March 2024

Document approved by Hera Spa's Board of Directors on 26 March 2024.

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