



Repertory no. 64883

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MINUTES OF THE ORDINARY SHAREHOLDERS MEETING OF

"HERA S.P.A." HEADQUARTERED IN BOLOGNA (BO)

I T A L I A N R E P U B L I C

On the thirtieth of April two thousand nineteen, at 10:15 a.m.

In Bologna, Viale Carlo Berti Pichat n. 2/4.

Before me, Federico Tassinari, notary registered with the Notaries' Association of the District of Bologna, residing in Imola,

appeared

- TOMMASI DI VIGNANO Tomaso, born in Brescia on 14 July 1947, domiciled for the office in Bologna (BO), Viale Carlo Berti Pichat 2/4, who was proceeding herein as Chairman of the Board of Directors of **"HERA S.p.A."** with registered office in Bologna (BO), Viale Carlo Berti Pichat 2/4, with share capital amounting to € 1,489,538,745.00 (one billion four hundred eighty-nine million five hundred thirty-eight thousand seven hundred forty-five point zero zero), subscribed and paid-up, registered at the Bologna Companies' Register with tax code and VAT number 04245520376, R.E.A. number BO-363550 (hereinafter also **"Hera"** or the **"Company"**).

Said appearing party, an Italian citizen, of whose personal identity I, the Notary Public, am certain, declares that the Ordinary Shareholders' Meeting of the aforementioned Company was convened at a single call in this location, on this date and at this time, by way of a notice communicated to the market and made available on the Company's website, as well as on the daily newspapers "Il Sole 24 Ore" and "QN - Quotidiano Nazionale" on 28 March 2019, to discuss and resolve upon the following

AGENDA

1. Financial statements for the year ended 31 December 2018, Management Report, Profit allotment proposal and Board of Statutory Auditors and Independent Auditors' Report: related and consequent resolutions. Presentation of the consolidated financial statements at 31 December 2018.

Presentation of the Sustainability Report - Consolidated non-financial statement drafted pursuant to legislative decree no. 254/2016.

2. Presentation of the Corporate governance report and non-binding resolution pertaining to remuneration policies.

3. Renewal of authorisation to purchase treasury shares and procedures for arrangement of the same: related and consequent resolutions.

The chairmanship of the Meeting was assumed pursuant to article 13 of the Articles of Association and article 4 of the Shareholders' Meeting Regulations by said appearing party, who ascertained that:

- the meeting had been duly convened in accordance with articles 9 and 10 of the Articles of Association;

- in attendance for the Board of Directors were not only said

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Chairman, but also the following directors:

- Stefano Venier, Chief Executive Officer;
- Giorgia Gagliardi, Director;
- Massimo Giusti, Director;
- Stefano Manara, Director;
- Danilo Manfredi, Director;
- Alessandro Melcarne, Director;
- Erwin P.W. Rauhe, Director;
- Federica Seganti, Director;
- Giovanni Xilo, Director;

apologies for their absence were received from the remaining Directors;

from the Board of Statutory Auditors, the following were present:

- Myriam Amato, Chairman of the Board of Statutory Auditors;
 - Marianna Girolomini, Member of the Board of Statutory Auditors;
 - Antonio Gaiani, Member of the Board of Statutory Auditors;
- also present was the Secretary of the Board of Directors, Mila Fabbri, and, pursuant to Article 2 of the Shareholders' Meeting Regulations, the Meeting was attended by the General Manager of Operations, Roberto Barilli;
- authorised journalists attended at a location outside the meeting site, with a closed-circuit TV connection, as provided for by Article 2 of the Shareholders' Meeting Regulations;
- pursuant to Article 2 of the Shareholders' Meeting Regulations, attendance by support service personnel was allowed, identified by special "staff" badges: such staff were present to deal with the technical and organisational requirements of the proceedings;
- also present were experts to aid in carrying out the Meeting's proceedings;
- the Company had engaged Computershare S.p.A. as its Designated Representative, pursuant to Article 135-undecies of Legislative Decree 58/1998 (hereinafter also "**TUF**");
- as of today's date, the share capital totals € 1,489,538,745.00 (one billion four hundred eighty-nine million five hundred thirty-eight thousand seven hundred forty-five point zero zero), fully paid up, and divided into 1,489,538,745 (one billion four hundred eighty-nine million five hundred thirty-eight thousand seven hundred forty-five) ordinary shares with a nominal value of € 1 (one) each, of which 1,471,227,601 (one billion four hundred seventy-one million two hundred twenty-seven thousand six hundred and one) carry the right to intervene and vote at this Shareholders Meeting, with Hera S.p.A. currently holding 18.311.144 (eighteen million three hundred eleven thousand one hundred forty-four) treasury shares;
- verifications were made, by personnel engaged for this purpose, of the personal identity and legitimacy of the parties attending for the purposes of participating in the Shareholders Meeting, as well as of the validity of the proxies submitted, which documents were entered into the Company's records and a detailed list of which is attached hereto as **Appendix A**), in accordance

with Appendix 3E of the regulations implementing Legislative Decree 58/1998, adopted by Consob Resolution 11,971 of 14 May 1999 as amended, and Article 2375 of the Italian Civil Code.

Therefore:

- considering that, with reference to current legal provisions and the Articles of Association, the Ordinary Shareholders Meeting is duly convened and resolves regardless of the portion of the share capital represented by the shareholders in attendance;

- having ascertained the presence at the Meeting of those holding shares bearing the right to vote, a list of whose names is included in the above-mentioned Appendix A),

the Chairman declared, based on the powers conferred on him by Article 13 of the Articles of Association and by Articles 4 and 5 of the Shareholders' Meeting Regulations, that the Meeting was duly convened and able to resolve upon the items on the Agenda and engaged me, the Notary, to draft the respective minutes.

According to the provisions of Article 5 of the Shareholders Meeting Regulations, the items on the Agenda would be dealt with in the order indicated above.

Before proceeding to discuss the items on the Agenda, the Chairman also noted that:

a) based on the contents of the Shareholders Register, taking into account the updates pertaining to today's Meeting, all notifications received and any other available information, the shareholders directly or indirectly holding an interest in the share capital in excess of 3% (three per cent) were the following:

- Municipality of Bologna, n. 141,951,777 shares, equalling 9.530% of the share capital;

- Municipality of Imola:

- directly, n. 71,480 shares, equalling 0.005% of the share capital;

- through CON.AMI, n. 108,554,164 shares, equalling 7.288% of the share capital;

- Municipality of Modena, n. 97,107,948 shares, equalling 6.519% of the share capital;

- Municipality of Ravenna:

- directly, n. 1,000 shares, equalling 0.00007% of the share capital;

- through Ravenna Holding S.p.A., n. 76,724,227 shares, equalling 5.151% of the share capital;

- Municipality of Trieste, n. 55,569,983 shares, equalling 3.731% of the share capital;

- Municipality of Padua, n. 46,126,176 shares, equalling 3.097% of the share capital.

He furthermore noted that the following Agreements were in effect:

- a 1st Level Shareholders Agreement among 111 public shareholders, concerning procedures for the exercise of voting rights and the transfer of Hera shares held by the signatories, signed on 26 June 2018 and in force for three years, from 1 July 2018 to 30 June

2021;

- a 2nd Level Shareholders Agreement among 32 public Hera shareholders from the Bologna area, concerning the definition of the procedures for the exercise of voting rights, the transfer of Hera shares held by the signatories and appointment of the members of the Board of Directors, signed on 26 June 2018 and effective from 1 July 2018 until 30 June 2021.

- a 2nd Level Shareholders Agreement among 20 public Hera shareholders from the Modena area, concerning the definition of the procedures for the exercise of voting rights, the transfer of Hera shares held by the signatories and appointment of the members of the Board of Directors, signed on 26 June 2018 and effective from 1 July 2018 until 30 June 2021;

- a Sub-Agreement between the Municipalities of Padua and Trieste, concerning the establishment of a consultation and voting syndicate intended to implement a number of arrangements related to Hera's corporate governance, in implementation of the 1st Level Shareholders Agreement stipulated on 26 June 2018 and in force for three years as of the date on which it was signed.

The Chairman in any case formally requested participants in the Meeting to communicate the existence of relationships, agreements or pacts, above and beyond those declared, and in any case situations involving, individually or collectively and pursuant to art. 8 of the Articles of Association, limitations on the exercise of the right to vote within the maximum overall limit of 5%.

None of those present requesting the floor, the Chairman then went on to explain the operational procedures for carrying out the proceedings of today's Meeting, drawing the attendees' attention to the instructions included in the notice contained in the folder provided at reception, and specifically:

a) the operations for recording attendance and tallying voting results would be managed with the aid of technical devices and an IT procedure;

b) shareholders had been provided with a special electronic device known as a "radiovoter", in which an identification code for the Shareholder and the respective shares held was memorised;

c) this device was to be used to record attendance, including each entry into and exit from the meeting room so as to allow proper recording in the minutes, and to cast the vote, and had to be returned to the staff responsible at the end of the Meeting;

d) voting would therefore take place via the "radiovoter";

e) detailed instructions for using the "radiovoter" could be found in a specific document contained in the folder provided at reception;

f) votes against and abstentions thus cast, as well as non-voters, would be automatically recorded and included in a breakdown provided in an appendix to the minutes of the Meeting;

g) Shareholders holding proxies who intended to cast votes that varied among the overall amount of shares represented were to go

to the special voting station indicated above ("assisted voting");

h) shareholders were strongly encouraged not to enter and exit the room during voting operations, to facilitate a proper attendance count;

i) shareholders were invited to participate and take part in the discussion, pursuant to the provisions of Article 6 of the Shareholders' Meeting Regulations, which would be strictly applied during the current Meeting;

l) to ensure the broadest possible participation in the discussion, shareholders were asked to make statements that were relevant to the agenda items and to limit their duration. Each shareholder could make only one statement on each agenda item. At the conclusion of all statements on each agenda item discussed, responses would be provided to the shareholders' requests, with the possible suspension of the Meeting's proceedings for a limited amount of time, as allowed for by article 7 of the Shareholders Meeting Regulations.

Those who had requested the floor would have the option, after the responses, of making a brief reply upon request;

m) based on the provisions of Article 6 of the Shareholders Meeting Regulation - taking into account the subject and the relevance of the single agenda items put up for discussion - the Chairman proposed that the maximum duration for statements be set beforehand at ten minutes, and at five minutes for replies;

n) all those interested in requesting the floor were asked to proceed, with the appropriate form found in the folder provided to attendees at reception, and with their "radiovoters", to the "SPEAKERS" station in the middle of the room;

o) as provided for by current regulations, statements would be recorded in the minutes in an abbreviated form, stating the names of the parties taking the floor and the responses obtained;

p) pursuant to the laws and articles of Association in effect, the Ordinary Shareholders' Meeting would adopt resolutions by absolute majority of the capital represented by the shareholders present;

q) a voice amplification system would be installed in the room, and an audio-visual recording would be carried out for the sole purpose of facilitating the drawing up of the minutes, as allowed for by Article 3 of the Shareholders Meeting Regulations.

The Chairman declared that the requirements relating to the formulation of the Meeting had been fulfilled and, on behalf of the entire Board of Directors, thanked the shareholders for attending with the following welcoming speech, transcribed here in its entirety:

*"Dear Shareholders,
the activity carried out by your Company during 2018, which we hereby submit to your approval, allowed us to reach results that exceeded expectations, with a decidedly satisfactory trend seen overall and in its components.*

The results seen in these financial statements once again prolong the process of growth recorded over all previous years; this was accomplished by grasping opportunities for internal growth, matched by various initiatives aimed at enlarging our presence in free market sectors, in particular sales of energy and waste management services.

Taken as a whole, our activities allowed us to overcome the milestone of one billion euro in Ebitda, more precisely 1 billion 31 million, with a 4.7% increase over the previous year, and to reach net profits pertaining to Group shareholders amounting to 281.9 million, up 12.1%.

These figures were accompanied by high-quality results from financial operations, with a reduction in the net debt/Ebitda ratio, which came to 2.5, confirming the degree of financial solidity that had already been accumulated over the previous year. Profitability indicators also showed improvement, reaching a 9.4% ROI and a 10.4% ROE, both higher than in previous years.

A significant contribution to internal growth came from our commitment to continuing with efficiency-enhancing processes and levels of service quality higher than the standards required by the Authority. This translated into a growth in productivity per employee that reached 120.4 thousand euro (+6%).

The external expansion mentioned above saw significant growth in the energy customer portfolio, which reached over 2 million 500 thousand customers thanks to the acquisitions seen over the year. As regards operating investments, the increase witnessed over the year brought us to roughly 462 million, which thus contributed to additionally reinforcing the operating base of our plants. In the latter area, note in particular the launch of the Sant'Agata Bolognese biomethane production plant, which represented the most significant and innovative initiative, while in the water sector mention must go to the completion of the Trieste purifier and continued work on the Optimised Rimini Seawater Protection Plan, which is now reaching its conclusion.

Good results were also achieved at the national level, with participation in numerous tenders for safeguarded services and in new contracts in the public lighting sector.

This confirms that the Group's ability to compete with other operators having various sizes reached a higher degree of maturity, bearing out the adequacy of our structures and the Group's potential in the upcoming tenders for renewals of concessions for regulated services.

The CEO will shortly present the new Sustainability Report, which we have released for many years now. He will also provide details as to the significance of the socio-economic policies reinforced by the Group over time, bringing the Group to emerge as a leading figure in new trends in the area of sustainability.

I would furthermore like to disclose that the Board of Directors has approved, in line with the indications provided in the Business Plan and solidly based on the results achieved, a

dividend payment coming to 10 cents per share, which thus shows an increase over the amount paid one year ago.

The new Business Plan to 2022 was presented in early 2022, that laid the groundwork and identified the strategic levers to be activated in order to continue along the path of growth pursued hereto. Our new objectives were presented to a considerable number of investors during a road show that visited the main European and American financial hubs, confirming the commitment we put into maintaining an open line of communication with all our main stakeholders.

I would also like to remind those present that, just over one month ago, Borsa Italiana included Hera stock in its main stock exchange index, in recognition of the size we have reached in terms of capitalisation and the amount of trading seen by our shares. This is yet another important milestone that bears witness to the Group's long track record of growth, which has now brought it to rank 27th among the largest capitalisations on the Italian market. Speaking for the CEO as well, I would like to thank the Board of Directors and the Board of Auditors for their activity, along with all our personnel who contributed, confirming that, in spite of the difficulties seen in the current scenario, it will be possible to bring this year to a close with results that respect the content of the new Business Plan."

The Chairman then proceeded to discuss the first item on the agenda.

1. Financial statements for the year ended 31 December 2018, Management report, Profit allotment proposal and Board of Statutory Auditors and Independent Auditors' report: related and consequent resolutions. Presentation of the consolidated financial statements at 31 December 2018.

Presentation of the Sustainability Report - Consolidated non-financial statement drafted pursuant to legislative decree no. 254/2016.

The Chairman, with the approval of the attendees, refrained from reading the entire Directors Report drafted by the Board of Directors, as well as the reports prepared by the Statutory Auditors and the Independent Auditors concerning both the financial statements and the consolidated financial statements, for which reference is made to the files contained in the documentation concerning the statements, contained in the folder provided at reception.

This was intended to leave greater room for discussion, thus dedicating more time to dealing with those issues that most merited being treated in greater detail.

He then gave the floor to the CEO, who illustrated the Group's performance in 2018, furthermore presenting the content of the Group's Sustainability Report.

On this matter, and specifically referring to the latter document, he pointed out that legislative decree 254 of 30 December 2016 introduced new obligations concerning transparency, implementing

the EU regulations contained in Directive 2014/95/UE.

This Decree introduced in our organisation the obligation for listed companies who are parents of a large Group, to draft, at the same time as their financial statements, a consolidated statement concerning "non-financial" matters ("NFS") such as environmental and social issues, also regarding personnel, respect for human rights and the struggle against active and passive corruption, which also includes the data pertaining to controlled companies.

CEO Stefano Venier proceeded by providing an account of the Hera Group's performance, dwelling on the most relevant events that occurred in 2018 and commenting on the information contained in the diagrams that were simultaneously projected on the screens behind him, printouts of which are attached hereto as **Appendix B**.

The Chairman then took the floor once again.

Making reference to the 18 April 1996 CONSOB notice, he clarified that in conducting the audit and certification of the 2018 separate and consolidated financial statements, Deloitte & Touche S.p.A. spent 3,500 hours and was compensated with Euro 118,382 (one hundred and eighteen thousand one hundred fifty-five).

Submission of requests for the floor and opening of the discussion

The Chairman invited all those interested in submitting requests to take the floor to go, if they had not already done so, with the appropriate form and their "radiovoter", to the "SPEAKERS" station found in the middle of the room.

He then asked a "SPEAKERS" station staff member to provide the list of requests to take the floor and to update said list in the event of additional requests submitted during the statements.

Following the order in which the requests to take the floor were submitted, he invited the first person who had made such a request to come to the podium, reminding those concerned to keep their statements to 10 minutes.

The floor was taken by Mr. Aldo Bonati, representing shareholder Etica Sgr S.p.A. Fondo Etica Bilanciato ("**Etica Sgr**"), who first of all clarified that Etica Sgr is a company belonging to the Gruppo Banca Popolare Etica and participating for the first year in the Shareholders Meeting, acting as an investor concerned with operating-financial and social-environmental performance. He pointed out that Etica Sgr is among the founders of the network Shareholders for Change, a group of European investors actively engaged with businesses in promoting sustainable development as an essential part of their role as bondholders and shareholders. He specified that with his intervention he wished to bring a few aspects of corporate sustainability to the Company's attention, aiming at a constructive dialogue intended to take place over time.

He congratulated the Company's Board and its management for the results reached and for the recent inclusion of Hera stock in the FTSE MIB index, as mentioned above.

As regards sustainability, he furthermore congratulated the Company for obtaining important recognition, including: being awarded the 2018 Reporting Oscar with a special prize for innovating in reporting; being part of the Thomson Reuters Global Diversity and Inclusion Index, ranking 2nd among Italian companies and 22nd among the 100 companies included worldwide; participating in the Ellen MacArthur Foundation's circular economy CE100 program; and in particular adhering to the New Plastics Economy Global Commitment, of which Etica Sgr itself is among the signatories promoting the initiative since the outset.

He then submitted a few questions, asking the Company for an initial reaction and if it was willing to engage in a future discussion.

As regards climate change, he stated that he was aware of and appreciated Hera's commitment in this area, as is clear in the Sustainability Report, the responses provided in the questionnaire and the pledge to define a goal in reducing emissions according to the methodology of the Science Based Targets Initiative. He asked if the new target for reduction defined in the 2018 Sustainability Report, which calls for the carbon footprint from energy production to be reduced by 23% within 2022 compared to 2015, is based on a scenario of +2 degrees or +1.5 degrees. He repeated, on this matter, that he was aware of and appreciated Hera's engagement in issues such as "Working conditions" and "Welfare", which are frequently emphasised in the 2018 Sustainability Report. In light of this, and closely related to the issue of energy transition, he asked if the Company was aware of the document published by the LSE's Grantham Research Institute on climate change and environment and the Harvard Kennedy School's Hauser Institute for civil society, concerning a "just transition", i.e. with an eye to the social implications, first and foremost involving employees, of an economy with a lower environmental impact.

In this area, he asked whether the Company was willing to organise a workshop dedicated to the issue of a Just Transition, in which he would like to discuss two social fields related to climate change: the projects and investments involved in personnel retraining during the phase of corporate changes due to the new businesses related to climate change, and the projects and investments involved in managing any future lay-offs during the phase of corporate reorganisation required to come into line with the new businesses related to climate change.

As regards human rights, he congratulated the Group for adhering to the Global Compact since 2004, a sign of its commitment towards human rights and workers. He asked whether over the years any consideration had gone to the possibility of defining a formal policy for the protection of human rights in Hera's activities and in its supply chain, and which obstacles had been encountered. Lastly, as regards waste management, he stated that he was aware of some controversies involving the Company and therefore asked

whether, in the wake of these cases, the number of audits had increased and the overall area of activities subjected to monitoring had been revised.

As regards dividends, he noted that at the level of the Parent company the payout was above 70%, which is the limit set by Etica Sgr's engagement policy. Nonetheless, any fluctuations in debt appeared to be under control. He therefore stated that Etica Sgr intended to vote in favour of the current item on the agenda. On this matter, he asked the Company to comment on the dividend policy forecast for the upcoming years, in relation to the fluctuations foreseen in corporate debt.

To conclude, he asked for a separate vote to be held on dividends in the next Meeting, distinct from the vote on the approval of the Financial statements, to allow shareholders to express themselves separately on the two matters.

The floor was then taken by the Chairman, who, after expressing his appreciation for the evaluations made by the representative of Etica Sgr, also noted that the Company had already drafted a document that had been sent to the Shareholder upon its request and that responded to all of the questions that had been brought up here.

Regarding dividends, he noted that the Company acts with the utmost transparency, since the dividend policy had been announced in the Business Plan dating to the previous year, including a projection for the upcoming five years. He furthermore added that in defining the amount of each year's dividend policy, the Company refers to the consolidated Group statements, not only those pertaining to the parent company.

He lastly stated that the Company would take note of the request to include a specific vote for dividends, distinct from the one on the approval of the financial statements, and that the Board of Directors would then evaluate which policy to follow in the years to come.

The Chairman then gave the floor to CEO Stefano Venier, who would provide further responses to Shareholder Etica Sgr.

The CEO clarified that, concerning the issue of decarbonisation, the Company had been part of the CDP program for roughly ten years, and therefore responded to the CDP questionnaire that reports on and measures all performances and initiatives deployed to reduce CO2 emissions, which in recent years has been done according to the Science Based Targets methodology.

In any case, Hera will not settle for the positive results reached and will in any event try to improve.

As regards the issues involved in working conditions and welfare, he emphasised that, as regards retraining, Hera is among the country's leading companies in the area of training, with almost thirty hours per year, and this training includes all reskilling activities required to manage plants and technologies that rise to the issue of climate change. He specified that Hera is a service company, not a manufacturing company, and is thus exposed to

certain particular features. For example, while the issue of layoffs has never yet directly concerned the Company, it may arise in the future and, as of now, the Company is willing to hold meetings dedicated to the aforementioned publication.

As regards working conditions and workers rights, the Company had never held it necessary to adopt a specific formal policy, given that, on the one hand, it believes that this topic is amply regulated by current laws, and on the other because for some years Hera has adopted an ethical code within which policies concerning personnel and suppliers are much more stringent than the ones required by law. He furthermore mentioned that, as regards the supply chain, for some years the Company has adopted specific audits that refer to the principles expressed in the SA 8000, which is the reference certification for the issues in question.

The floor was then taken by Gian Carlo Muzzarelli, Mayor of the Municipality of Modena and Chairman of the Public Shareholders Agreement, who emphasised that the current Meeting had been called to evaluate and approve an "important" financial statement pertaining to a multi-utility operating across the areas represented, i.e. a company he considers to be strategic for the competitiveness of the local economic, productive and employment system, and fundamental in contributing to competitive growth in the area.

He thanked the Chairman and the CEO for the commitment shown this year as well.

He noted that last year marked the 15th year in the Hera Group's history, and this 16th year represented a further step forwards, first and foremost for the competitiveness of its local areas. The fundamental role played by the services offered to the community and the related ecosystems was confirmed, as regards the service's continuity and effectiveness, as well as avoiding emergencies that are typical of other situations and ensuring developments in the way of managing a business, trying to remain at the forefront and bring management rationales to evolve towards environmentally and socially sustainable models, including the fundamental dignity of employment for all categories involved. In his opinion, this element is essential.

He underlined that issues such as decarbonisation, circular economy, resilience in the water system and energy efficiency have now made their way into the Group's strategies and its choices of investments.

Basically, the steps taken in re-planning in recent years have been positive, with the "sense" of corporate organisation coupled with a highly innovative prospective, up to date with the requests for transformation expressed by communities and citizens, in transparently and competently managing their common goods.

He believes that the measurement of shared value bears this out. He stated that this was made possible by the will that, since its origins, has defined the Hera project, i.e. the will to create an industrial business with an adequate size but rooted in the

areas served, with a long-term vision to provide responses to the needs expressed by the local areas, and be able to represent an economic motor for the region: mention has gone to the 22 billion euro distributed over the years, which he believes is a significant initial confirmation.

This is the origin of the path that allowed a strategic part of Emilia-Romagna and the North East with infrastructures first for waste management and then for recycling, able to guarantee that the standards set by the European Union were reached up to 10/15 years in advance.

He believes it is necessary to continue being committed to keeping the Company one step ahead in the constant challenge of innovation and, as was mentioned by CEO Venier, it must not rest on its laurels.

Furthermore, it clearly emerges that in the first decade the priority of the water system was to bring continuity. He stated that the issue of water was fundamental, referring to the goals met in bringing water to every point of the areas served, overcoming the difficulty of the Apennines and guaranteeing a complete and efficient sewerage/purification system.

He reminded those present that these actions have ensured that the area served by the Hera Group is one of the rare parts in Italy that does not pay penalties to the European Union, and it is correct for the Company to look towards new solutions to be introduced in order to meet the new challenges coming from climate change, regarding both the use of available water, which is an increasingly precious public resource and must remain so, and for managing the assets in terms of plants for the entire system of networks, which must be managed with suitable investments to guarantee the objective of water resource usage for all.

He maintains that it is furthermore necessary to look towards the issues involved in air quality - and extremely important and topical issue in the entire Po Valley - that have been given and must still be given the utmost attention both internally, with initiatives in energy savings, and as regards infrastructures, with regard to which he mentioned as an example the new Sant'Agata Bolognese biomethane plant inaugurated last October, as well as the plants built along the Romagna Riviera and in Trieste. Attention must be given to the strategic goal of producing and using energy from renewable resources, both for corporate consumption and for supplying customers, above and beyond their own requests, who are not always interested in asking for energy from renewable sources.

He brought up elements involving values such as the Company's "sense" while discussing the issue of environmental sustainability and the path to be followed in economic sustainability, which represent a guarantee for the shareholders in having and managing fundamental resources for the city and citizens, including a commitment towards the beauty of our cities, which must become increasingly clean. This year, these citizens

will benefit from another step along the path to growth thanks to the increased dividend, as had been priorly announced in the Business Plan.

He concluded by affirming that there were at least two elements, both mentioned in the Chairman's intervention, that underline a goal that represents a "historical" milestone: have surpassed one billion euro in Ebitda - which will guarantee further reinforcement in investments - and the entrance in the country's most important stock exchange index, certifying the fact that the Group is among Italy's top 30 companies.

He hoped that the company would continue reinforcing its competitive contribution to the qualitative growth of local areas and employment, guaranteeing the conditions required to respond to the requests coming from society.

Speaking as the Chairman of the Shareholders Agreement, and thus in name of all public shareholders adhering to the Agreement, he expressed his satisfaction and expressed in advance his vote in favour, thanking the management for their hard work.

The Chairman then once again took the floor, in turn thanking Mayor Muzzarelli for his words and noting that the Company still needs to closely collaborate with local institutions.

He reminded those present that Hera had grown over the years but needs to grow still more: this is not an optional aspect.

He underlined how a few of the things mentioned are issues with some amount of complexity, if not some cause for concern: in particular, he referred to the issue of water, on which the debate is not perhaps in line with the results reached not only by the Company but by the entire country, that has made considerable legislative and regulatory efforts in the area of water. On these issues, a conviction is felt that more effort is required in order to reach a certain continuity and not begin taking steps backwards. This would be a serious error not only for the Company but for the entire country.

He also agrees with the ideas expressed regarding size, which is an element that cannot be forsaken. He reminded those present that in-house companies with a smaller size find difficulty in nourishing their management and their model: as a consequence, he believes that there is a general consensus that this is not the path to be followed in a sector that needs significant investments and initiatives. This is what the Company believes and has repeated in all contexts, as it will continue to do.

The floor was then taken by shareholder Enrico Nannetti, who stated that he spoke as a minor shareholder, a saver and a user. He firstly proposed that the General Meeting be set out in more than one preparatory session during the year, with a final formally deliberative session event like today's.

As regards profits, he asked that more clarity be given in the financial statements to the items explaining the difference between revenues from bills and expenses for investments remunerated by tariffs: he reminded those present that

investments are remunerated at a rate of roughly 3-4%, and that roughly 50% of revenues were generated through regulated contracts, i.e. those involving public administrations and other bodies such as hospitals, armed forces and law enforcement bases, nursery schools, in what is equivalent to an oligopoly.

He therefore asked the Board of Directors to provide explicit data and percentages regarding profits coming from entrepreneurial activities in their future financial statements.

He asked for a clear distinction, without them winding up in a single "hodgepodge", between items abstractly generated with no element of risk and those that can be considered as part of a market context. As a consequence, he believes that with the "cards mixed up" it is not possible to resolve on the current item on the agenda, that he proposed to subdivide into two, one regarding the approval of the financial statements and a following one regarding the distribution of profits.

As regards the public shareholders, he asked if an authority exists along the lines of the GSE (Gestore Servizi Energetici) that would control that the dividends paid to Municipalities do not wind up in the entries of the financial statement concerning current expenditures, adding that this problem concerns the ownership more than the Company.

On sustainability, he wondered if today the company is proposing a development model that contains a need to grow in order to pay interest on debt. If it were true that each year the Company's scope of operations is enlarged by acquiring new assets, which are then taken to the bank as a guarantee, and with the resources received as debt dividends are then paid, he stated that we would be dealing with a "fairly well-known" financial organisation that he would not go as far as comparing to a "chain letter" but that remains a development model based on debt.

He affirmed that the financial statements are certainly sustainable for private shareholders and creditor banks, while as regards users as a whole he asked if the particular interest of shareholders had been mediated in an equitable way. He reminded those present that the Company's mission has *the aim, out of respect for the principles of affordability and profitability, and the reserved nature of company data, of promoting competition, efficiency and an appropriate level of quality in the services provided*. Mentioning, as regards the water cycle, the asbestos cement at the end of its life cycle, he believes that today, remaining within this development model based on debt-fuelled growth, there is no room for the financial statements to become truly sustainable for saver shareholders (not speculators) and users.

He specified that he was not referring to the management's capabilities in his criticism - recognising its excellent skills that have led the Company to hold a leading position, internationally as well, as well as good faith in answering the various questions - but the development model itself.

The floor was then taken by the Chairman who, as regards preparatory sessions for the Meeting, reminded those present that the Company was always available and willing to provide clarifications to Shareholders.

He then specified that in terms of multi-utilities Hera has become the country's leading company, underlining that this indicates a good state of health. As regards, lastly, a few terms used by Shareholder Nannetti, he stated that he has no knowledge of "hodgepodes" nor "chain letters" and he hopes that in the future this kind of expression will not be heard in a serious and properly documented Meeting such as this.

The Chairman then gave the floor to CEO Stefano Venier, who would provide further answers to shareholder Nannetti.

The CEO firstly clarified that it is quite simple to find out the amount of profits generated by free market activities: this information is provided not only in the financial statement attachments concerning each sector of activity, it is also sufficient to read Hera Comm's statements, for example, to find information on the figures involved in free market activities, down to net profits, or Herambiente's statements to find information on profits from waste management activities, or Hera Luce's statements to find information on profits from public lighting.

Furthermore, in order to guarantee the highest degree of transparency, he reminded those present that Hera is regulated by at least two authorities: the national authority called ARERA, which requires the Company to provide separate accounting information for each area of activity, and the regional authority ATERSIR, which requires similar documents to be provided as regards waste management services and water cycle management. He also stated that he does not agree with the idea that concessions produce activities that are free from risk. Firstly, because in regulated services one entry, among all, concerns the management of arrears and credits that cannot be recovered, that is to be entirely classified among activities involving risk. There are, therefore, activities with market risk and activities with technical risk (such as, for example, a conduit exploding, a situation of drought or problems concerning plant management). Therefore, these activities are not without risk. This is not a market risk, but decidedly is an industrial risk that obviously involves a series of factors with respect to which the Company implements a risk management policy intended to minimise them, but this does not mean that they do not exist.

Furthermore, he stated that establishing a relation between revenues and investments is equivalent to drawing a link between items that appear in the income statement and in the balance sheets: these two kinds of entries certainly cannot be confused. As regards the question about sustainability, he mentioned that the Company tries to optimise financial operations for each single activity. It would make no sense for each single area to finance

itself on the market; it makes much more sense for the Group, as such, to finance itself on the market and then transfer the necessary resources to each single business.

He then stated that the Company's development has not come about thanks to an increase in debt, given that for five years the amount of debt has remained essentially stable. It is not by chance that the ratio between industrial earnings and debt has fallen, and therefore all activity over the last five years has not been financed with debt, but mainly through self-financing. If this were not the case, according to the scenario put forward by shareholder Nannetti, profits would not have increased because higher financial charges would have had to be paid, which would have cut into profits.

On the issue of sustainable businesses, that dedicates resources to investments in infrastructures, he emphasised that this was already the case. Over 70% of the roughly 400 million euro invested by the Company go towards infrastructures, and of this 70% - which amounts to roughly 300 million - 50% goes to the water cycle. He stated, on this point, how difficult it would be to find someone else who invested a greater proportion.

The floor was then taken by Carlo Battistini, Vice Mayor of the Municipality of Cesena, who joined Mayor Muzzarelli in expressing a positive evaluation of both the financial statements and the Sustainability Report. These year-end statements show turnover, Ebitda, net profit and net financial position all presenting growth. This is the essential data, with respect to which one must add the data contained in the Sustainability Report concerning the del gas, water cycle, waste management and energy sectors. As regards the Business Plan, it confirms that the company will maintain these characteristics and management principles in the future as well, including the Company's strategy, which expects investments to reach 2.4 billion by 2022, among which mention must go to networks of innovative smart city plants, with a high degree of integration in the areas served by the Company.

He also mentioned the Business Plan, which confirms stability in the Group's objectives, as results from factors including its efficient management and the stability of its nucleus of shareholders, who over these 17 years have been able to guarantee solidity and create the core that has permitted a difficult period of our history to be overcome with stability, considering the 2018 industrial crisis and the 2011-2012 sovereign debt crisis.

He emphasised that the Company, operating in both the free market and in regulated sectors, in which tariffs are established by the authority, has proved able to demonstrate that, in spite of these difficulties, numerous concessions were given in 2018 following the criterion of the most economically advantageous offer, underlining that, even in the difficult period the country is undergoing, if these concessions could become more rapid and efficient, the areas served could be further improved.

He underlined that the purpose was to provide services to

citizens, families and businesses, who recognise the efficiency of the water service. The Company is capable of dealing with crises involving drought, and its waste management services make our cities more beautiful. He believes that citizens, families and businesses have reason to be satisfied with this. He sees a link with local areas that must be maintained, implemented and incentivised, prolonging this path of stability that from the past, through the present, looks towards the future.

He hopes that in the future as well this line of continuity will continue to remain present, intended to guarantee the satisfaction of citizens and local businesses as regards these services that, as Mayor Muzzarelli had mentioned, make the area served by the Company and area with a higher quality of life and a higher quality of doing business. He expressed his satisfaction with the last slide shown for the Sustainability Report, which provided information as to the 22 billion distributed to local areas, but which is not exhaustive, given that local investments also exist with top quality in networks, plants and services, meaning that the bar has already been set very high.

He thus expressed his satisfaction and stated that he would vote in favour.

He concluded with a reference to the Sustainability Report, that transparently showcases its goals, in a country where any debate is immediately turned into a derby between those in favour and those against. This report, instead, provides precise information and thus allows for informed and specific evaluations of the situation, making room for a real debate and not a false debate on which no one agrees as a matter of principle, providing the chance to go further in-depth and make evaluations and choices in the most prudent way possible. He once again expressed a very positive opinion.

The floor was taken once again by the Chairman, who thanked Vice Mayor Battistini for his words, showing his appreciation for the considerations he had made on various issues. He stated that the Company can only guarantee, as confirmed by the latest Business Plan, that its plans for the future are perfectly in line with its desire to continue along this path of growth, towards which it has unanimously worked over the years.

The floor was then taken by Andrea Micalizzi, town councillor of the Municipality of Padua, who expressed his own approval of the financial statement along with that of the municipality he represented, fully agreeing with what had been stated by Mayor Muzzarelli.

He stressed his appreciation of the Sustainability Report, which he considers to be a highly effective tool with which the Company conveys its attention towards local areas. The value brought by the Company to citizens and users can be clearly read, and the nature of the concrete actions taken in the interests of local areas and users is well illustrated. These actions are important, from the point of developing local activities as well.

He saw North-Eastern Italy as a region where the services offered by the Company could find room for expansion.

He stated that the attention shown by citizens towards environmental issues was constantly growing, as were requests to all subjects governing the area for intervention. He believes that a company such as Hera - which is engaged in the quality of life for citizens and local areas, and has an important relation with these localities, their administrations and users - must be at the forefront on these issues and must be among the parties acting as drivers for new, different and effective actions on environmental issues, and must not be left to carry out a limited number of improvised initiatives.

He proposed enhanced promotion of the activities carried out in a sustainable way, explaining to users how they are developed and how to obtain the best results possible from them, as well as promoting virtuous behaviour making the most of its relations with users and administrations, sustaining, stimulating and influencing effective actions. He therefore proposed upgrading awareness raising and communications projects, through more effective campaigns. He believes that a subject such as Hera must be one step ahead of the others in this sense as well.

The floor was taken once again by the Chairman, who thanked town councillor Micalizzi and stated that the Company has been very active in environmental issues for some time now, and will continue its efforts, avoiding as always any kind of shortcut. He was glad that the Municipality of Padua had maintained its positive evaluation of what the Company offered and what it does, reminding those present that when Hera began giving attention to areas that were not traditionally associated with the Group it found itself facing a few difficulties. Nevertheless, having energetically continued its action in this direction, its choices have now been confirmed to be correct, a general satisfaction has been seen and the Company has grown.

The Chairman then gave the floor to CEO Stefano Venier, who, answering town councillor Micalizzi, stated that Hera tries to involve all of the most important stakeholders - not least, young people - in playing a leading role. The Company is doing this in two ways: firstly, by participating in institutional round tables where discussions are held on the projects to be promoted. He referred not only to the Ellen MacArthur Foundation, but also the discussions of the principles of a circular economy promoted by former minister Edo Ronchi, which are one of the most active forums for non-governmental associations, non-profit organisations and citizens. He noted that this was only one further example, and he could cite many other instances.

The issue of citizen involvement is certainly one on which Hera has focused and, not by chance, it has been included as goal no. 17, concerning partnerships between businesses and citizens. This year, for the first time, a fifth report was published that provides information on all initiatives undertaken with citizens

and administrations. The report is called "Building the future together" and it brings together all initiatives to which Hera contributes in education, or facilitates initiatives featuring citizens or local non-profit organisations.

He stated that the Company does not intend to stop at this, but asks itself each year what more can be done. The waste management area is no doubt the one which can be most easily approached in terms of identifying specific initiatives, but the Company is also dedicating specific attention to the area of energy and water, the latter involving a series of issues of which people are not currently fully aware. On this matter, he underlined that the average daily consumption per inhabitant is 120 litres, while by now all European countries are attempting to set a daily limit of 80 litres per inhabitant. People must be made more aware of what a responsible use of this resource amounts to, and reduce their daily consumption by 30%. This is another issues in which Hera is engaged.

The floor was then taken by the Chairman, who, to conclude, and remaining on the topic of sustainability, informed those present that on 6 June 2019 the annual convention on this issue will be held.

Since there were no further statements, the Chairman declared the discussion closed and then moved on to the vote.

Submission of the proposed resolution

As provided for by Article 5 of the Shareholders' Meeting Regulations, the Chairman therefore submitted for approval the following proposal relating to the first item on the agenda:

"The Shareholders Meeting of HERA S.p.A.:

- having acknowledged the report prepared by the Board of Directors regarding management;*
- having acknowledged the report prepared by the Board of Statutory Auditors;*
- having acknowledged the report prepared by the Independent Auditors;*
- having examined the financial statement as at 31 December 2018, that ends with a profit of Euro 195,139,030.44;*

resolves

a) *to approve the financial statement of Hera S.p.A. as at 31 December 2018 and the Report on management drafted by the Board of Directors;*

b) *to allocate the profit from 1 January 2018 - 31 December 2018, which is equal to Euro 195,139,030.44 as follows:*

- * Euro 9,756,951.52 to the legal reserve; and*
- * to distribute an overall dividend of Euro 0.10 gross for each ordinary share outstanding (thus excluding the treasury shares in the Company's portfolio) at the date of payment for said dividend;*
- * Euro 36,428,204.42 to the extraordinary reserve.*

The overall distributable dividend thus amounts to Euro 148,953,874.50 corresponding to 0.10 euro for each ordinary share

outstanding (thus excluding the treasury shares in the Company's portfolio);

c) to pay out the dividend beginning 26 June 2019, with the detachment of the coupon n. 17 on 24 June 2019, said dividend being paid to shares registered on 25 June 2019;

d) to confer a mandate upon the Board of Directors and on their behalf to the Chairman to ascertain in due time, according to the definitive number of shares outstanding, the exact amount of profits distributed and, therefore, the exact amount of the extraordinary reserve."

Vote on the proposed resolution

The Chairman asked the attendees not to leave the room throughout the entire duration of the voting operations.

He then declared the voting procedure open on the proposed resolution concerning the first item on the agenda.

Holder of proxies, intending to cast differing votes on the proposal, were asked to go to the "assisted voting" station.

The other Shareholders were asked to remain seated and cast their votes using the "radiovoters", according to the instructions given in the document included in the folder provided at reception.

The Chairman then asked voters to:

- press the button corresponding to the vote they wished to cast (green key for a vote in FAVOUR or yellow to ABSTAIN or red for a vote AGAINST);
- check on the screen that this choice was correct;
- press the "OK" button;
- check on the screen that the vote had been sent correctly.

Announcement of the results of the vote

The Chairman asked the "assisted voting" station staff if there were any reports from Shareholders intending to correct the vote cast using the "radiovoters".

He then declared the voting on the proposal indicated in the first item of the agenda for the Ordinary Part closed and asked a staff member to provide the results of the vote.

He then announced the outcome of the vote, the results of which are reproduced, in accordance with the above-mentioned Appendix 3E to Regulation 11,971 of 14 May 1999, in the document attached hereto as **Appendix C**):

having obtained the approval of shareholders representing an absolute majority of the share capital represented at the Meeting, as shown in the breakdown in the hereto attached document, and with

- 1,072,058,688 votes in favour, equalling 99.340876% of the ordinary shares represented;
- 6,261,957 votes against, equalling 0.580256% of the ordinary shares represented;
- 851,123 abstentions, equalling 0.078868% of the ordinary shares represented;
- 0 non-voters;

the proposal was declared approved.

The approved financial statements have been attached to these minutes as **Appendix D)**.

2. Presentation of the corporate governance report and non-binding resolution concerning remuneration policies.

The Chairman reminded attendees that the Corporate governance report prepared by the Board of Administration is a specific section of the Management report, pursuant to article 123-bis of the TUF, and was contained in the folder provided at reception. Therefore, with the consent of the attendees, he refrained from reading it in its entirety and referred directly to the text contained in the folder.

He noted that the remuneration policy adopted by Hera is an indispensable tool sustaining the Group's medium- and long-term strategies and is conceived as a factor contributing to the improvement of the Company's performance and the creation of value over the medium-long term.

The company defines and applies a general policy on remuneration aimed at attracting, motivating and retaining human resources possessing the professional skills required to profitably pursue the Group's objectives.

The policy is defined in such a way as to align the interests of management with those of the shareholders, pursuing the primary objective of creating sustainable value over the medium-long term by consolidating the correlation between compensation and performance, both individual and of the Group as a whole.

The Board of Directors, supported by the Remuneration Committee, developed the Remuneration Policy adopted by the Hera Group for 2018 in keeping with the recommendations outlined in Article 6 of the Borsa Italiana S.p.A.'s Code of Conduct.

The Report on Remuneration, prepared according to the requirements of Article 123-ter of Legislative Decree 58/1998 (TUF), therefore illustrates the principles and essential characteristics of the above-mentioned policies regarding the compensation offered to the Group's senior figures, in particular the members of the administrative and management bodies holding strategic responsibility within the Group.

The Chairman reminded attendees that, in accordance with the aforementioned Article 123-ter of Legislative Decree 58/1998, the resolution that would be reached in the current meeting regarding the first Section of the Report was not binding.

The Report, approved by the Board of Directors upon the proposal of the Remuneration Committee on 27 March 2019, defines and illustrates:

- in Section I, the Policy adopted by Hera for remuneration of Top management, Executives and the General Manager of Operations, specifying the general aims pursued, the organs involved and the procedures adopted in defining and implementing the Policy;
- in Section II, the compensation nominally paid during 2018 to the members of the Administrative and Control Bodies and the

General Manager of Operations.

In particular, he noted that the Shareholders' Meeting defines the amount of compensation for the Board of Directors.

The Remuneration Committee has the task of formulating proposals for the Board of Directors regarding remuneration for the Chairman, the Vice Chairman, the CEO and the General Manager of Operations as well as, based on indications provided by the Executive Chairman, the adoption of general criteria for remuneration of managers.

The Board of Directors in turn determines, in accordance with Article 2389 of the Italian Civil Code, the remuneration to which administrators holding particular positions are entitled.

The Remuneration Committee periodically evaluates the adequacy, overall consistency and concrete implementation of the general policies governing the remuneration of executive administrators and the General Manager for Operations.

The guidelines adopted in defining remuneration policies for top management are as follows:

- ensuring an internal consistency between the level of the wages offered and the complexity of the position held;
- using and constantly updating a methodology designed to assess positions and their weight, with the aim of ensuring that remunerative comparisons and analyses are homogeneous and consistent with the evolution of the Group's organizational structure over time.
- ongoing monitoring of external markets, including the core sector as a benchmark, in order to verify the coherence of the company's wage scale, in view of its ability to attract talent and manager retention.

Currently, the main components of remuneration at Hera are:

1. Fixed remuneration, usually defined by the professional specialization and organizational role held and the responsibilities involved. It therefore reflects technical, professional and managerial competencies.

The amount of fixed retribution is established according to the company's specific features and its risk profile, to guarantee its ability to attract and maintain talented figures having the professional abilities required by the Group.

For each manager, the amount of remuneration in question is determined according to the weight of the organisational position, based on which a benchmark with priorly chosen external markets is established. The benchmark, determined by an external company, considers a total of 232 companies, of which 35% are Italian and 65% foreign. 14.6% of these companies have more than 5,000 employees.

These benchmarks are obtained from specialised sector companies that carry out remuneration surveys in which the Group participates. Generally speaking, the wage scale is located in the middle bracket of the market (first quartile/median). These market references, coupled with an assessment of the individual's

performance and managerial skills, are at the basis of individual revisions of remuneration.

2. Short-term variable remuneration. The area covered by the Balanced Scorecard system applies to top corporate positions as well as all the Directors and Managers of Hera S.p.A. and the Group's subsidiary companies. This area includes 46 top corporate positions and 106 managers. A similarly designed evaluation form is also provided for the Executive Chairman and the Chief Executive Officer.

The system of short-term incentivization involves assigning an individual Balanced Scorecard (BSC) score to each of the recipients, including a series of pre-set objectives which are tied to specific performance indicators.

For each objective, an expected result (target) is defined and the amount of the bonus to be paid is determined on the basis of the attainment of the objectives actually reached, and the specific weight of each individual objective.

The outcome of the assessment carried out using the above-mentioned individual Balanced Scorecard system is weighted in relation to corporate achievements, taking into account the Group's performance in relation to four specific parameters: Ebitda, Net result, Net financial position (NFP) and Customer Satisfaction Index (CSI).

Hera has chosen not to proceed with assigning highly volatile financial tools such as, for example, subscription privileges or other similar methods.

3. Deferred variable retribution for management retention.

The Board of Directors approved at its meeting held on 22 March 2016 the application of a retention plan to a small number of executives, taking into account the weight of the organizational position, an assessment of the performance achieved during the process of development and market risk.

As regards bringing remuneration into line with performance, the retention plan incentivises commitment towards "developing individual managerial skills" and reaching "the Group's strategic goals" over a three-year period.

For the period covering 2019-2021, the retention plan is expected to evolve in the part concerning "the Group's strategic goals"; three-year KPIs have been introduced, differentiated from those contained in the short-term incentive plan (Bsc), that give greater weight to the ability to create and share value, in addition to further consolidating the attention towards the Group's long-term financial solidity.

It must be noted, in line with a benchmark policy which is constantly prudent with respect to market developments, that trends in remuneration for Hera S.p.A.'s directors and management fall below both the level of remuneration in other similar companies and the average of the first hundred listed companies in Italy in order of capitalization.

The results achieved by the Group in over fifteen years since its

establishment (2002) have constantly shown growth, with Ebitda more than quintupling over the years (from 192 million euro in 2002 to over 1,031 million euro in 2018).

This growth has been accompanied by a constant increase in efficiency; Ebitda per employee has indeed almost tripled since 2002 (2.9 times higher than the original figure, going from 41,000 euro to over 117,000 euro).

Given the particular sensitivity of the issue of remuneration policies at the current historical moment, the organs in charge have made choices aimed at combining the objective of sobriety with the requirements arising from the need to ensure that the company continued to operate effectively with respect its existing contracts. To mention only a few of the measures taken in this sense, he noted:

- the significant reduction made over the years in the number of Boards of Directors in subsidiary companies (more than 200 units) and the subsequent fact that the role of director in subsidiary companies has been covered solely by Hera S.p.A. directors or managers, reminding attendees that the latter provided such services free of charge;
- the reduction in compensation, as of 2011, for the Holding directors and the Vice Chairman;

The cost of Hera S.p.A.'s Board of Directors for 2018 amounted to approximately Euro 764,000 net of the compensation totalling approximately Euro 800,000 collected by Hera for the participation of directors/managers in the corporate bodies of subsidiary companies.

The Chairman furthermore called the attendees' attention to the maintenance of executive managers, following the renewal of the administrative body, with:

- a clause stating that, in the event of an administrator's dismissal (subject to the hypothesis of just cause), an amount of indemnity is to be paid to said administrator, covering any other claim, equal to that which the individual concerned would have perceived as remuneration, ex art. 2389 c.c., amounting to 18 months; noting that, in the past, this indemnity would at most have reached a sum commensurate with what the person concerned would have received as remuneration until the expiry of the mandate;
- of a claw-back clause that will introduce the obligation to return variable components of remuneration paid (or to hold deferred sums) determined on the basis of incorrectly disclosed data, and will be effective from the date of appointment for the entire term of office; the request for restitution may be activated, once the investigations in question have been closed, within three years of payment, making reference to the year in which the case occurred.

Considering the delicate nature of the issue, especially during the current historical moment, the Chairman sought to reassure shareholders that attention would remain high, in an effort to

unite the objective of sobriety with the need to ensure the Company's effective operation.

In relation to the numerical data, the Chairman invited the attendees to refer to the second section of the Report, which details the compensation received by the Board of Directors, top managers and the Chief Operating Officer.

As noted above, he emphasized that, in compliance with the Issuers' Regulation, the resolution to be reached in the current Shareholders' Meeting regarding the first Section of the Report was not binding.

Submission of requests for the floor and opening of the discussion

The Chairman invited all those interested in submitting requests to take the floor to go, if they had not already done so, with the appropriate form and their "radiovoter", to the "SPEAKERS" station found in the middle of the room.

He then asked a "SPEAKERS" station staff member to provide the list of requests to take the floor and to update said list in the event of additional requests submitted during the statements.

Following the order in which the requests to take the floor were submitted, he invited the first person who had made such a request come to the podium, reminding those concerned to keep their statements to 10 minutes.

The floor was taken by Mr. Aldo Bonati, representing shareholder Etica Sgr, who stated that he would vote in favour of the present item on the agenda, positively evaluating the clarity of this policy and the presence of ESG factors, concerning the size of the company and its corporate governance environment, among the remuneration targets for both the short and the long term.

Nevertheless, he noted that not all the requisites found in Etica Sgr's Engagement Policy were included. In particular, he noted an discretionary element was found in the possibility, part of the remuneration policy, of granting one-time bonuses for strategically relevant and exceptional operations having significant effects on the Company's results. On this matter, he asked if the Company was willing to organise a meeting to discuss the issue.

He hoped that his considerations would be interpreted as a stimulus and a chance for a reciprocally enriching dialogue. He concluded by thanking those present for their willingness to listen and for the attention shown towards his requests.

The floor was taken by the Chairman, who thanked Mr. Bonati and replied that, as regards the issue of discretionary and one-time elements, the Company was willing to organise a meeting. In any case, he noted that there is no risk for this form of annual intervention to occur on top of others, since it is simply a different type of bonus. It is, more precisely, a mix of measures, common in many companies, that best reflects the overall remuneration policy and the specific elements in each case. For example, if from the point of view of fixed remuneration a situation were to arise in which the evaluated party had already

reached the target, but at the same time during the same year he or she had reached particularly satisfactory results, the fact of providing no further bonuses could be counterproductive. Therefore, in such cases it is possible to award a surplus that has no effect on the following years, given that it is a specific response to specific events.

In other words, instead of raising the basic salary, this is a solution that makes room for a range of alternatives.

That being said, he confirmed that the Company was willing to organise a meeting on the topic, whenever the Shareholder was so inclined.

The floor was taken by shareholder Enrico Nannetti who, responding to the previous answer given by the CEO, stated that, actually, when a network is broken the costs wind up in the income statement, so it seems to him that the two entries are similar.

He regretted the tone used by the Chairman in responding to his observations, referring in advance to a proposal from which, in his opinion, it may emerge that his statements were not referred to the management but the model for growth founded on a debt-based bank system.

He mentioned, as an example, the Municipality of Bologna, that has a turnover of one billion euro and has a very slight amount of debt. He believes that the Company could take an additional step forwards in its governance by establishing a set of "National Interest Banks", i.e. banks with a widespread shareholder base and a public relative majority, along the lines of the German Landesbanken. The Hera Group, as could be done according to its articles of association, should become part of the capital of a mixed public-private bank, perhaps cooperating with instead of competing with other multi-utilities in bordering regions.

This is because - he stated - according to article 123 of the Regulations for the Functioning of EU Treaties, within current bank legislation, the ECB can make loans to the bank system (but not to States or public corporations such as Hera) with negative interest rates, while banks lend money at a rate of 3-4%. Therefore, becoming part of the capital of a bank modelled on the Landesbanken, he affirmed that it would be possible for the bank to receive financing at negative rates from the ECB, as is currently the case, and transfer it to Hera Group companies at rates that are much lower than those currently offered by the private bank system.

Furthermore - he continued - by bringing the Company's assets under a guarantee, it could receive all financing required to upgrade the networks.

He stated that these ideas were the fruit of work carried out by himself and the association Moneta Positiva.

He believes that if sustainability is created by an interaction between the Environment, Society and the Economy (understood as a development model that defines its rules of operation), it might be advantageous to switch from a "market" rationale, where one

speaks of customers and tariffs, to a "Society" rationale, where one once again speaks of users.

The floor was taken by the Chairman, who, referring to his own prior intervention, specified that he was not referring to the content but criticising a few terms that he deemed inappropriate. He concluded by saying that the Company's outlook does not involve moving towards a bank system proposed by shareholder Nannetti, neither in terms of feasibility nor in terms of rationale. Given that there were no further statements, he declared the discussion closed and proceeded with the voting.

Submission of the proposed resolution

As provided for by Article 5 of the Shareholders Meeting Regulations, the Chairman therefore submitted for approval the following proposal relating to the second item on the agenda:

"The Ordinary Shareholders Meeting of HERA S.p.A., in keeping with the requirements of Article 123-ter of the TUF, and furthermore in implementation of the provisions of Art. 84-quater of the Consob Issuers' Regulation:

- *recognizing the policies adopted by the Group concerning remuneration;*
- *acknowledging the first section of the Remuneration Report;*

resolves

to approve the first section of the Hera Group's "Remuneration Report"."

Vote on the proposed resolution

The Chairman asked attendees not to leave the room throughout the duration of the voting operations.

He then declared the voting procedure open on the proposed resolution concerning the second item on the agenda.

Holders of proxies, intending to cast differing votes on the proposal, were asked to go to the "assisted voting" station.

The other Shareholders were asked to remain seated and cast their votes using the "radiovoters", according to the instructions given in the document included in the folder provided at reception.

The Chairman then asked voters to:

- press the button corresponding to the vote they wished to cast (green key for a vote in FAVOUR or yellow to ABSTAIN or red for a vote AGAINST);
- check on the screen that this choice was correct;
- press the "OK" button;
- check on the screen that the vote had been sent correctly.

Announcement of the results of the vote

The Chairman asked the "assisted voting" station if there were any reports from Shareholders intending to correct the vote cast using the "radiovoters".

He then declared the voting on the proposal indicated in the second item of the agenda for the Ordinary Part closed and asked a staff member to provide the results of the vote.

He then announced the outcome of the vote, the results of which

are reproduced, in accordance with the above-mentioned Appendix 3E to Regulation 11,971 of 14 May 1999, in the document attached hereto as **Appendix E**):

having obtained the approval of shareholders representing an absolute majority of the share capital represented at the Meeting, as shown in the breakdown in the hereto attached document, and with

- 746,667,601 votes in favour, equalling 69.296908% of the ordinary shares represented;
- 329,571,992, votes against, equalling 30.586998% of the ordinary shares represented;
- 1,250,900 abstentions, equalling 0.116094% of the ordinary shares represented;
- 0 non-voters;

the proposal was declared approved.

The Chairman noted that the discussion of the second item on the agenda was closed, and moved on to discuss the third item.

3. Renewal of authorisation to purchase treasury shares and procedures for arrangement of the same: related and consequent resolutions.

The Chairman, with the consent of the attendees, refrained from reading the Explanatory Report prepared by the Board of Directors on this agenda item in its entirety, the text of which was contained in the folder provided at reception.

He reminded those present that since 2006 the Shareholders had authorized the purchase and/or use/sales of Hera S.p.A shares, most recently in 2018 when the maximum turnover threshold was set at 60,000,000 shares.

In relation to this, he clarified that the company's capital to date amounted to Euro 1,489,538,745 and that the company held 18,311,144 treasury shares and that its subsidiaries did not hold any Hera S.p.A shares.

He therefore proposed that, in order to increase the creation of value for shareholders, without excluding the possibility of using the treasury shares purchased as part of corporate operations that could generate investment opportunities, the Company Shareholders Meeting, within the limits of and pursuant to Article 2357 of the Italian Civil Code, subject to the nullification of the previous authorization resolved by the Shareholders Meeting attendees on 26 April 2018 for the non-completed part, renew its authorization to purchase ordinary Hera shares with a par value of Euro 1 up to a maximum turnover threshold of 60,000,000 (sixty million), representing approximately 4.0281% (four point zero two eight one percent) of HERA S.p.A.'s share capital, acknowledging that the above-named number of shares was in compliance with Art. 2357 of the Italian Civil Code.

He therefore asked that the present Meeting authorize the purchase of treasury shares to be carried out within 18 (eighteen) months from the date of the Meeting, in one or more operations for an

overall total not exceeding Euro 200,000,000 (one hundred eighty million) and for a minimum price per unit not inferior to their nominal value and a maximum price per unit not superior to 10% (ten percent) of the effective sale price listed on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. ("M.T.A.") in the trading session preceding each individual purchase.

Moreover, regarding the modality in which the purchased shares were to be used, he requested that, in compliance with Art. 2357 ter of the Italian Civil Code, the following be authorized:

(a) the use of treasury shares purchased as part of operations allowing for investment opportunities through exchange, share swap, conferment, divestiture or other operations involving treasury shares for the purchase of shareholdings or blocks of shares or other operations involving the allotment or distribution of treasury shares, as well as operations aimed at issuing financial instruments;

(b) the sale, to be carried out through one or more operations, at a price that does not involve adverse economic effects for the company and is at any rate in compliance with the legislative and regulatory provisions and limitations established by the Supervisory Authorities and Borsa Italiana S.p.A..

Submission of requests for the floor and opening of the discussion

The Chairman invited all those interested in submitting requests to take the floor to go, if they had not already done so, with the appropriate form and their "radiovoter", to the "SPEAKERS" station found in the middle of the room.

He then asked a "SPEAKERS" station staff member to provide the list of requests to take the floor and to update said list in the event of additional requests submitted during the statements. Following the order in which the requests to take the floor were submitted, he invited the first person who had made such a request come to the podium, reminding those concerned to keep their statements to 10 minutes.

Given that there were no statements, he declared the discussion closed and proceeded with the voting.

Submission of the proposed resolution

As provided for by Article 5 of the Shareholders' Meeting Regulations, the Chairman therefore submitted for approval the following proposal relating to the third item on the agenda:

"The Ordinary Shareholders' Meeting of HERA S.p.A.:

- having heard the Chairman's report;*
- having examined the explanatory report of the Board of Directors and the proposals made therein*

resolves

1. *to approve the purchase, to be enacted within 18 months of the date of this meeting's resolution, in full or multiple payment, up to a maximum turnover threshold equalling nr. 60,000,000 HERA ordinary shares, each having a nominal value of one Euro; this shall always take place as per the thresholds under art. 2357 of*

the Italian Civil Code, after the previous authorisation resolution passed in the 26 April 2018 meeting has been repealed for the non-enacted part. The treasury share purchase price shall be no lower than their nominal value, not exceeding a 10% threshold with respect to the reference price recorded on the Stock Exchange day prior to every single purchase; it is understood that purchases cannot exceed a maximum amount equalling € 200,000,000. Moreover, purchases shall preferably take place on the M.T.A. and shall abide by all of the law provisions, regulations and prescriptions set out by the Supervising Authorities and/or by Borsa Italiana S.p.A.;

2) to authorize, pursuant to Art. 2357-ter of the Italian Civil Code:

(a) the use of treasury shares acquired within transactions allowing for investment opportunities including such means as exchange, share swap, trading-in, allocation, handover or any other treasury share assignment act aimed at acquiring shareholding or blocks of shares or any other transactions entailing treasury share allotment or disposal, as well as operations aimed at issuing financial instruments;

(b) the sale may take place through multiple payment, at a price that does not entail any negative financial outcome for the company, and shall always abide by all legislation and regulations and by the Supervising Bodies' and Borsa Italiana S.p.A.'s guidelines;

3) to authorise, under art. 2357-ter of the Italian Civil Code, that treasury shares be recorded in the balance sheets as a reduction of equity, through the creation of a specific entry with a minus sign;

4) to confer a mandate upon the Board of Directors and on their behalf to the Chairman and the CEO, in a separate manner, so that they carry out the purchase and/or the utilisation/sales of HERA shares under all relevant legislation, under this authorisation as well as under the above-listed conditions, within the most appropriate time frame."

Vote on the proposed resolution

The Chairman asked the attendees not to leave the room throughout the duration of the voting operations.

He then declared the voting procedure open on the proposed resolution concerning the third item on the agenda for the Ordinary Part.

Holders of proxies, intending to cast differing votes on the proposal, were asked to go to the "assisted voting" station. The other Shareholders were asked to remain seated and cast their votes using the "radiovoters", according to the instructions given in the document included in the folder provided at reception.

The Chairman then asked voters to:

- press the button corresponding to the vote they wished to cast (green key for a vote in FAVOUR or yellow to ABSTAIN or red for

a vote AGAINST);

- check on the screen that this choice was correct;
- press the "OK" button;
- check on the screen that the vote had been sent correctly.

Announcement of the results of the vote

The Chairman asked the "assisted voting" station if there were any reports from Shareholders intending to correct the vote cast using the "radiovoters".

He then declared the voting on the proposal indicated in the second item of the agenda for the Ordinary Part closed and asked a staff member to provide the results of the vote.

He then announced the outcome of the vote, the results of which are reproduced, in accordance with the above-mentioned Appendix 3E to Regulation 11,971 of 14 May 1999, in the document attached hereto as **Appendix F**):

having obtained the approval of shareholders representing an absolute majority of the share capital represented at the Meeting, as shown in the breakdown in the hereto attached document, and with

- 1,070,639,519 votes in favour, equalling 99.364173% of the ordinary shares represented;
- 5,756,426 votes against, equalling 0.534244% of the ordinary shares represented;
- 1,094,548, abstentions, equalling 0.101583% of the ordinary shares represented;
- 0 non-voters;

the proposal was declared approved.

The Chairman noted that the discussion of the third item on the agenda was closed.

Lastly, the President informed those present that the Company had received from shareholder Marco Bava, holder of no. 5 (five) ordinary shares, questions pursuant to art. 127-ter of the TUF, to which the Company had given a response prior to the beginning of today's meeting, and also specified that the answers to questions nos. 46 and 48 are contained in the document attached hereto as **Appendix G**).

Since there were no interested parties, and none of the individuals so entitled objected, he declared the discussion on the agenda items closed.

Before concluding, he warmly thanked the notary, the staff of the "SPEAKERS" and "ASSISTED VOTING" stations and all those who had taken part in organizing and carrying out this Meeting.

Lastly, he expressed his heartfelt thanks to all those present for participating in the Meeting.

The proceedings of the Shareholders' Meeting were then closed at 13:00 p.m.

The appearing party, under his own responsibility, aware of the significance of his actions under criminal law pursuant to Article 55 of Legislative Decree 231/2007, declared:

- that he was aware that the information and other data supplied

during the preliminary investigation and execution of this instrument would be used by the executing notary for the purposes of meeting the requirements laid down by the aforementioned Legislative Decree;

- that said information and data were up to date.

The costs of this deed and those related and consequent hereto were defrayed by the Company.

The appearing party exempted me from the obligation to read the attached documentation.

I, the notary

read the deed to the appearing party, who approved and confirmed it.

Written by a person trusted by myself and completed by myself, the notary, on eleven sheets over forty-four pages.

Signed at 13:00 p.m.

Signed Tomaso TOMMASI DI VIGNANO - FEDERICO TASSINARI