



HERA S.P.A.

Registered Office in Bologna at V.le Carlo Berti Pichat 2/4

Share capital Euro 1,489,538,745.00

Registered with the Bologna Register of Companies

Registration number 04245520376

DIRECTORS' REPORT

ON MATTERS COVERED IN AGENDA ITEMS 6, 7, 8 AND 9

of the Ordinary Shareholders' Meeting of HERA S.P.A.

called in a single call on 27 April 2023 at 10 a.m.

Dear Shareholders,

The Board of Directors of HERA S.p.A., has asked you to attend the single call of this Ordinary Shareholders' Meeting at the Company's Head Office - *Viale Berti Pichat 2/4, Bologna* – at “*Spazio Hera*” - on 27 April 2023 at 10.00 to discuss and decide on the items on the following:

Agenda

1. Financial statements as at 31 December 2022 of Hera S.p.A.: related and consequent resolutions. Presentation of the consolidated financial statements as at 31 December 2022 Reports of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors.
Presentation of the Sustainability Report – the Non-Financial Consolidated Statement prepared pursuant to Legislative Decree no. 254/2016.
2. Proposed allocation of profit for the period: related and consequent resolutions.
3. Report on the remuneration policy and fees paid: resolutions relating to Section I – Remuneration policy.
4. Report on the remuneration policy and fees paid: resolutions relating to Section II – Fees paid.
5. Renewal of the authorisation to purchase treasury shares and disposal procedure thereof: related and consequent resolutions.
6. Appointment of the members of the Board of Directors: related and consequent resolutions.
7. Determination of the remuneration of the members of the Board of Directors: related and consequent resolutions.
8. Appointment of the members of the Board of Statutory Auditors and of the Chairman: related and consequent resolutions.
9. Determination of the remuneration of the members of the Board of Statutory Auditors: related and consequent resolutions.

According to article 125-*ter* of Legislative Decree no. 58 of 24 February 1998, if this is not already provided by other legal provisions, the administrative body shall, within the term for publication of the call notice of the meeting, make available to the public at the registered office, on the company's website, and in any other way provided for by Consob with regulations, a report on the items on the agenda.

Sixth item on the agenda.

Appointment of the members of the Board of Directors: related and consequent resolutions.

The Board of Directors of HERA S.p.A., consisting of 15 members, was appointed by the Shareholders' Meeting on 29 April 2020 and its term expires on the date of the Shareholders' Meeting convened for the approval of the 2022 Financial Statements.

* * *

Article 17 of the Articles of Association establishes that the members of the Board of Directors are elected on the basis of lists, which may be submitted by Shareholders that represent at least 1% of the share capital in the Ordinary Shareholders' Meeting who have the right to submit lists aimed at the appointment of fifteen members of the Board of Directors.

No list may contain more than the number of candidates to be elected, and candidates must be listed and marked with a progressive number. Each list must contain a number of candidates belonging to the least represented gender that ensures compliance with the gender balance at least to the minimum extent required by the applicable law.

The lists must be filed at the registered office, under penalty of forfeiture, at least twenty-five days before the meeting and will be made available to the public at the registered office and on the company's website at least twenty-one days before the meeting. Each submitted list must be accompanied by the identity of the Shareholders submitting it and the overall percentage shareholding held by them. The notice of the intermediary certifying the ownership of the shareholding held on the date of filing the list may also be provided at a later date, provided that it is within the deadline for publication of the list, i.e. at least twenty-one days before the meeting.

Along with the lists, the presenters must submit a description of the candidates' professional curriculum vitae and their irrevocable acceptance of the office (a condition for their appointment), the certificate of non-existence of causes of ineligibility and/or forfeiture, the certificate stating that they meet the requirements of integrity pursuant to Art. 147-*quinquies* of Legislative Decree no. 58/1998, as well as the declaration, if appropriate, that they meet the independence requirements established by Art. 147-*ter* paragraph 4 of Legislative Decree no. 58/1998 and those provided by the Corporate Governance Code drawn up by the Corporate Governance Committee.

Each list must include at least two candidates that meet the requirements of independence required for Auditors by Article 148, paragraph 3 of Italian Legislative Decree no. 58/1998, and at least half the candidates must meet the requirements of independence required by the Corporate Governance Code drawn up by the Corporate Governance Committee;

Any lists for which the above provisions are not complied with or which do not include candidates of

different genders in accordance with current legislation shall be considered as not submitted.

The members of the Board of Directors will be appointed in accordance with the following provisions: eleven members of the Board of Directors shall be taken from the list that has obtained the highest number of votes, according to the progressive order in which they are listed, at least four of which from the least represented gender. For the appointment of the remaining four members, the votes obtained by each of the lists other than the list that received the largest number of votes, and who were not submitted or voted by shareholders associated with, in accordance with the law in force, the shareholders who submitted or voted for the same list, are then divided by one, two, three and four. The quotients thus obtained are progressively awarded to the candidates of each list, in the order indicated by the list. The candidates are then placed in a single decreasing ranking, according to the quotients awarded to each candidate. The candidates elected are those who have obtained the highest quotients up to the remaining members to elect, at least two of which should be of the least represented gender. If there is a draw of quotients of candidates on different lists, for the last member to be elected preference will go to the member on the list that has obtained the highest number of votes or, in the case of further parity, the most senior candidate, in compliance with the gender balance provided by the applicable law.

If the minimum number of directors belonging to the least represented gender is not elected, the candidate of the most represented gender who ranks last in the ranking of candidates elected from the most voted list will be replaced by the candidate of the least represented gender who was ranked first of the candidates not elected of the same list and so on up to the minimum number of directors of the least represented gender. If, even after applying this criterion, the minimum number of directors belonging to the least represented gender is still not attained, the replacement criterion indicated will be applied to the minority lists, starting from the most voted list.

If the candidate elected is unable or unwilling to accept the position, he/she will be replaced by the first non-elected candidate on the list to which said candidate belonged, in compliance with the gender balance provided by applicable laws. If a single list of candidates is submitted, the members of the Board of Directors are elected from this list, in compliance with the principles of gender balance provided by applicable laws.

The Shareholders of HERA S.p.A. are therefore invited to vote for only one of the lists submitted and made public in accordance with the indicated legal provisions and those in the Articles of Association. The Directors hold office for 3 years and their term expires on the date of the meeting convened for the approval of the financial statements relating to the last year of their office.

Directors currently in office are eligible for re-election.

In compliance with the recommendations of the Corporate Governance Code:

- the Board of Directors has decided to express to the Shareholders its guidelines regarding the managerial and professional figures whose presence in the new administrative body is deemed appropriate. These guidelines have been made available well in advance on the company's website (www.gruppohera.it) and on the authorised storage mechanism IInfo (www.IInfo.it);
- the Shareholders submitting the List containing more than half of the candidates to be elected are required to provide adequate information, in the documentation submitted for filing the list, about the compliance of the list with the guidelines expressed by the Board of Directors.

Seventh item on the agenda.

Determination of the remuneration of the members of the Board of Directors: related and consequent resolutions.

The Shareholders' Meeting is convened to discuss and resolve on determining the remuneration of the members of the Board of Directors, whose appointment this Shareholders' Meeting is called upon to make in a separate and previous item on the agenda.

It should be noted that the remuneration of the members of the expiring Board of Directors was set by the Ordinary Shareholders' Meeting of 29 April 2020 at €40,000 gross per year each in addition to the reimbursement of expenses incurred in the exercise of their functions according to the criteria that refer to the ACI tables for the reimbursement of car expenses and official documents (train tickets, invoices, etc.) for other expenses that may be incurred.

The Board of Directors refrains from formulating specific proposals on this item on the agenda and therefore invites the Shareholders' Meeting to decide on this matter on the basis of the proposals that may be formulated by Shareholders during the course of the Shareholders' Meeting.

Eighth item on the agenda.

Appointment of the members of the Board of Statutory Auditors and of the Chairman: related and consequent resolutions.

The Board of Statutory Auditors of HERA S.p.A. was appointed by the Shareholders' Meeting on 29 April 2020 and its term expires on the date of the Shareholders' Meeting convened for the approval of the 2022 Financial Statements.

In light of the provisions of Art. 26 of the Articles of Association of HERA S.p.A., also in order to

allow the presence of statutory auditors designated from minority lists, the appointment of the Statutory Auditors is made on the basis of lists submitted by Shareholders with the procedure described below in order to ensure that the minority appoints one standing Statutory Auditor and one alternate Auditor. In particular, the Municipalities, Provinces or Consortia established pursuant to Article 31 of Legislative Decree no. 267/2000, or other Public Bodies or Authorities, as well as the consortia or joint-stock companies directly or indirectly controlled by them, will jointly submit a single list until the status of company with predominant public capital referred to in Article 7 of the Articles of Association no longer exists.

The composition of the Board of Statutory Auditors must ensure compliance with the applicable legislation and regulations on gender balance.

For the appointment of the Board of Statutory Auditors, the procedure, therefore, shall be in accordance with current legislation and pursuant to Article 26 of the Articles of Association, as follows.

The lists shall contain a number of candidates not exceeding the number of members to be elected, listed in progressive order. Each candidate may appear in only one list on pain of ineligibility. Each list must contain a number of candidates belonging to the least represented gender that ensures compliance with the gender balance at least to the minimum extent required by the applicable law.

Shareholders, who alone or together with other Shareholders represent at least 1% of the share capital in the Ordinary Shareholders' Meeting, have the right to submit lists.

Each shareholder may submit or participate in submitting one list only. In the event of a breach of this rule, the vote of the Shareholder with respect to any of the lists submitted shall not be taken into account.

Lists signed by the Board of Directors and the Shareholders who submitted them, under pain of forfeiture, must be filed, together with a statement certifying the absence of agreements or connections of any kind with other Shareholders who have submitted other lists, at the company's registered office at least twenty-five days before the date set for the shareholders' meeting; the lists will be made available to the public at the Company's registered office and on the Company's website at least twenty-one days before the meeting.

The lists filed must be accompanied by exhaustive information on the personal and professional characteristics of the candidates, by the declarations with which the individual candidates accept their candidacy and declare, under their own responsibility, the non-existence of causes of ineligibility, forfeiture and incompatibility provided for by law as well as the existence of the requirements of

integrity and professionalism prescribed by law for members of the Board of Statutory Auditors, and also the list of administrative and control positions held by them in other companies.

Each submitted list must also be accompanied by the identity of the Shareholders submitting it and the overall percentage shareholding held by them. The notice of the intermediary certifying the ownership of the shareholding held on the date of filing the list may also be provided at a later date, provided that it is within the deadline for publication of the list, i.e. at least twenty-one days before the meeting.

Any lists for which the above provisions are not complied with or which do not include candidates of different genders in accordance with current legislation shall be considered as not submitted.

Pursuant to Art. 144-*sexies* paragraph 5 of the Regulations adopted by Consob resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented, in the event that when the deadline for submitting the lists expires, only one list has been filed for the appointment of the Board of Statutory Auditors, or only lists that are linked to each other have been filed, lists may be filed until the third day following that deadline and the shareholding necessary for making submissions is reduced to 0.5% of the share capital.

Each person entitled to vote may vote for only one list.

Two standing statutory auditors and one alternate auditor shall be taken from the list that has obtained the highest number of votes, according to the progressive order in which they are listed, at least one (1) standing auditor of which from the least represented gender.

The third standing Auditor and the other alternate auditor will be drawn from the other lists, electing respectively the first and second candidate in the list which gained the second highest quotient, of which at least one alternate auditor of the least represented gender. If there is a draw in votes between two or more lists, the most senior candidate will be elected Statutory Auditor, in compliance with the gender balance provided for by current legislation.

If the minimum number of standing and alternate auditors belonging to the least represented gender is not elected, the candidate of the most represented gender who ranks last in the ranking of candidates elected from the most voted list will be replaced by the candidate of the least represented gender who was ranked first of the candidates not elected of the same list and so on up to the minimum number of auditors of the least represented gender. If, even after applying this criterion, the minimum number of auditors belonging to the least represented gender is still not attained, the replacement criterion indicated will be applied to the minority lists, starting from the most voted list.

The chairmanship of the Board of Statutory Auditors goes to the first candidate on the list which has

gained the second highest quotient. If there is a draw in votes between two or more lists, the most senior candidate will be elected Chairman, in compliance with the gender balance provided for by current legislation.

The Shareholders of HERA S.p.A. are therefore invited to vote for only one of the lists that will be submitted and made public in accordance with the indicated legal provisions and those in the Articles of Association.

The Statutory Auditors hold office for 3 years and their term expires on the date of the meeting convened for the approval of the financial statements relating to the last year of their office.

Ninth item on the agenda.

Determination of the remuneration of the members of the Board of Statutory Auditors: related and consequent resolutions.

The Shareholders' Meeting is convened to discuss and resolve on determining the remuneration due, pursuant to Article 26 of the current Articles of Association, to the standing members of the Board of Statutory Auditors to whose appointment this Shareholders' Meeting is called upon to make in a separate and previous item on the agenda.

It should be noted that the remuneration of the expiring Board of Statutory Auditors was set by the Ordinary Shareholders' Meeting of 29 April 2020, for each year on a flat-rate basis, at Euro 280,000, of which Euro 120,000 for the Chairman and Euro 80,000 for each standing member, in addition to the reimbursement of documented expenses and charges under the law.

The Board of Directors refrains from formulating specific proposals on this item on the agenda and therefore invites the Shareholders' Meeting to decide on this matter on the basis of the proposals that may be formulated by Shareholders during the course of the Shareholders' Meeting.

Bologna, 8 February 2023

The Chairman of the Board of Directors
(Mr. Tomaso Tommasi di Vignano)