

**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***

***ITEM 6 ON THE AGENDA***

***ORDINARY PART***

*of the Ordinary and Extraordinary Shareholders' Meeting of HERA S.P.A.*

*called in a single call on 28 April 2022 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 and Extraordinary Shareholders' Meeting at the Company's Head Office - *Viale Berti Pichat 2/4, Bologna* - on 28 April 2022 at 10.00am to discuss and decide on the items on the following:

agenda

### **Extraordinary Part of the Shareholders' Meeting**

1. Amendment of article 17 of the Articles of Association in compliance with the new provisions contained in the Corporate Governance Code: related and consequent resolutions.

### **Ordinary Part of the Shareholders' Meeting**

1. Financial statements as at 31 December 2021 of Hera S.p.A.: related and consequent resolutions. Presentation of the consolidated financial statements as at 31 December 2021 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. Conferral of the mandate for the legal audit of the accounts for the financial years 2024 – 2032: related and consequent resolutions.
6. Renewal of the authorisation to purchase treasury shares and disposal procedure thereof: related and consequent resolutions.

### Sixth item on the agenda of the Ordinary Part of the Shareholders' Meeting.

### **Renewal of the authorisation to purchase treasury shares and the disposal procedure thereof: related and consequent resolutions.**

This report, which is drawn up in accordance with article 73 of the Issuers' Regulation, describes the proposed renewal of the authorisation to purchase and dispose of Hera S.p.A.'s ordinary shares (hereinafter “**HERA**” or the “**Company**”) pursuant to section 2357-*ter* of the Italian Civil Code, in transactions carried out to increase shareholder value, not excluding the possibility of using the

treasury shares acquired in corporate transactions, carried out even by Group companies, with respect to which the investments held are consolidated and/or HERA enjoys an economic and/or financial advantage above all to improve the operational and competitive positioning of the HERA Group and investment opportunities are obtained through exchanges, share swaps, swap transactions, assignment, transfer or other transactions to dispose of treasury shares, and for the issue of financial instruments.

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**The reasons for the proposed renewal of the authorisation.**

The Board of Directors considers that the request for renewal of the authorisation to purchase and dispose of treasury shares – decided and approved at the meeting of 28 April 2021 – should be granted to attain the purposes permitted by the applicable law and accepted market practices, including that of: increasing the shareholder value, without excluding the possibility of using the treasury shares acquired in transactions, even carried out by Group companies, with respect to which the investments held are consolidated and/or there is an economic and/or financial advantage for HERA above all to improve the operational and competitive positioning of HERA Group and investment opportunities are obtained through exchanges, share swaps, swap transactions, assignment, transfer or other transactions to dispose of treasury shares for the acquisition of shareholdings or blocks of shares or other transactions that imply the assignment or disposal of treasury shares, even in transactions for the issue of financial instruments.

**The maximum number, category and nominal value of the shares to which the authorisation applies.**

The purchase of treasury shares is subject to the provisions of sections 2357 and 2357-ter of the Italian Civil Code, according to which the prior authorisation of the shareholders' meeting is required, which should also decide the procedure and the maximum number of shares to purchase, within the maximum number provided by law, and the minimum and maximum prices; the purchase authorisation may not be granted for a period exceeding 18 months from the date of the shareholders' meeting.

In accordance with the provisions of the applicable law, the Company may only purchase treasury shares within the limits of the distributable profits and available reserves stated by the last approved financial statements.

That said, it is considered to be appropriate to submit to the shareholders' meeting the proposed renewal of the purchase authorisation up to a rotating maximum limit of 60,000,000 HERA

ordinary shares having a nominal value of EUR one, equal to about 4.028% of the share capital, after revoking the previous authorisation resolution passed by the shareholders' meeting on 28 April 2021 for the part not executed.

The authorisation, therefore, includes the authorisation to dispose of the treasury shares acquired even before using up the maximum number of treasury shares that may be purchased and, if necessary, repurchasing a number of shares so that, in any case, the treasury shares held by the Company at any time do not exceed the maximum number established by the shareholders' meeting and the applicable law.

**Information pursuant to section 2357 subsection three of the Italian Civil Code.**

It should be noted that, pursuant to section 2357, subsection three of the Italian Civil Code, the nominal value of the shares held in the portfolio may not exceed one fifth of the share capital, also taking into account for this purpose the shares held by subsidiaries.

On the date of this report, HERA's share capital amounted to EUR 1,489,538,745 and is represented by 1,489,538,745 ordinary shares having a nominal value of EUR 1.00 each. On the date of this report, the Company holds 30,751,955 treasury shares, representing 2.06453% of the share capital and its subsidiaries do not hold Hera S.p.A. shares.

**The required duration of the authorisation.**

The authorisation to purchase treasury shares is required for a period of 18 months from the date of the shareholders' resolution, and purchases may be made in one or more transactions.

The authorisation for disposal does not however require the shareholders' meeting to establish the specific time limits.

**The minimum and maximum fee.**

We propose that the purchase of treasury shares be authorised at a minimum unit price no lower than their nominal value and a maximum unit price no higher than 10% of the reference price quoted on the Screen-Based Stock Exchange organised and managed by Borsa Italiana S.p.A. (“**M.T.A.**”) in the stock exchange session preceding that of each single purchase.

Purchases and all disposals of treasury shares may take place at a price that does not have a negative economic impact on the Company, and should be made in compliance with the laws, regulations and requirements of the Supervisory Bodies and/or Borsa Italiana S.p.A.

The maximum amount of the investment is indicated as EUR 240,000,000.

### **Method of Purchase/Sale**

Purchase transactions will be completed in accordance with the provisions of article 132 of Legislative Decree no. 58/1998, article *144-bis* of the Issuers' Regulation and any other applicable law.

In particular, purchases of treasury shares should be completed preferentially on the Screen-Based Stock Exchange in compliance with the laws, regulations and requirements of the Supervisory Bodies and/or Borsa Italiana S.p.A.

As regards the methods of disposal of the treasury shares purchased, we propose that, pursuant to section *2357-ter* of the Italian Civil Code, the Board of Directors should be authorised to use the treasury shares in transactions, even carried out by Group companies, with respect to which the shareholdings held are consolidated and/or there is an economic and/or financial advantage for HERA above all in order to improve the operational and competitive positioning of the HERA Group and investment opportunities also obtained through exchanges, share swaps, swap transactions, assignment, transfer or other transactions to dispose of treasury shares for the acquisition of shareholdings or blocks of shares or other transactions that imply the assignment or disposal of treasury shares, even in transactions for the issue of financial instruments, including the disposal thereof, provided the disposal transactions do not imply any negative economic impact on the Company.

### **Information on the instrumental nature of the purchase to reduce the share capital.**

It should be noted that the purchase of treasury shares made subject of this authorisation request is not used to reduce the share capital.

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### **Resolution proposal**

Given the above, the Board of Directors invites you to pass the following resolutions:

*“The Ordinary Shareholders’ Meeting of HERA S.p.A.:*

- having heard the Chairman’s presentation;*
- having acknowledged the report of the Board of Directors and the proposals made therein;*

*hereby resolves*

- 1) *to approve the purchase which should be completed within no more than 18 months from the date of this shareholders' meeting resolution, in one or more transactions, up to a maximum rotating limit of 60,000,000 HERA ordinary shares having a nominal value of one Euro per share, in compliance in any case with the limits set out in article 2357 of the Italian Civil Code, after revoking the previous authorisation resolution passed by the shareholders' meeting on 28 April 2021 for the part not executed. The purchase of treasury shares shall be made at a price no lower than their nominal value and no higher than 10% of the reference price quoted on the day of trading of the Stock Exchange prior to each single purchase, allocating an amount of no more than EUR 240,000,000 to purchases. In any case, purchases should be completed preferentially on the Screen-Based Stock Exchange in compliance with the laws, regulations and requirements of the Supervisory Bodies and/or Borsa Italiana S.p.A.;*
- 2) *to authorise pursuant to section 2357 ter of the Italian Civil Code:*
  - (a) *the use of the treasury shares purchased in transactions, carried out even by Group companies, with respect to which the shareholdings held are consolidated and/or there is an economic and/or financial advantage for HERA above all in order to improve the operational and competitive positioning of the HERA Group and investment opportunities are obtained through exchanges, share swaps, swap transactions, assignment, transfer or other transactions to dispose of treasury shares for the acquisition of shareholdings or blocks of shares or other transactions that imply the assignment or disposal of treasury shares, even in transactions for the issue of financial instruments.*
  - (b) *the sale, that may be made even in several transactions, at a price that does not imply any negative economic impact on the company and, in any case, in compliance with the regulatory provisions and recommendations of the Supervisory Bodies and Borsa Italiana S.p.A.;*
- 3) *to provide, pursuant to section 2357 ter of the Italian Civil Code, that the treasury shares be recognised in the financial statements in order to reduce the shareholders' equity, by posting a specific negative item;*
- 4) *to authorise the Board of Directors and, on its behalf, the Executive Chairman and the Chief Executive Officer, separately, to proceed in the manner and within the terms set out in law and*

*in compliance with this authorisation resolution, with the purchase and/or use/sale of HERA shares at the conditions specified above and with the timescale considered to be appropriate.*

Bologna, 23 March 2022

***The Executive Chairman of the Board of Directors***

(Mr. Tomaso Tommasi di Vignano)