# REPORT ON THE REMUNERATION POLICY FOR 2024 AND COMPENSATION PAID IN 2023

GRUPPO HERA

# REPORT ON THE REMUNERATION POLICY FOR 2024 AND COMPENSATION PAID IN 2023

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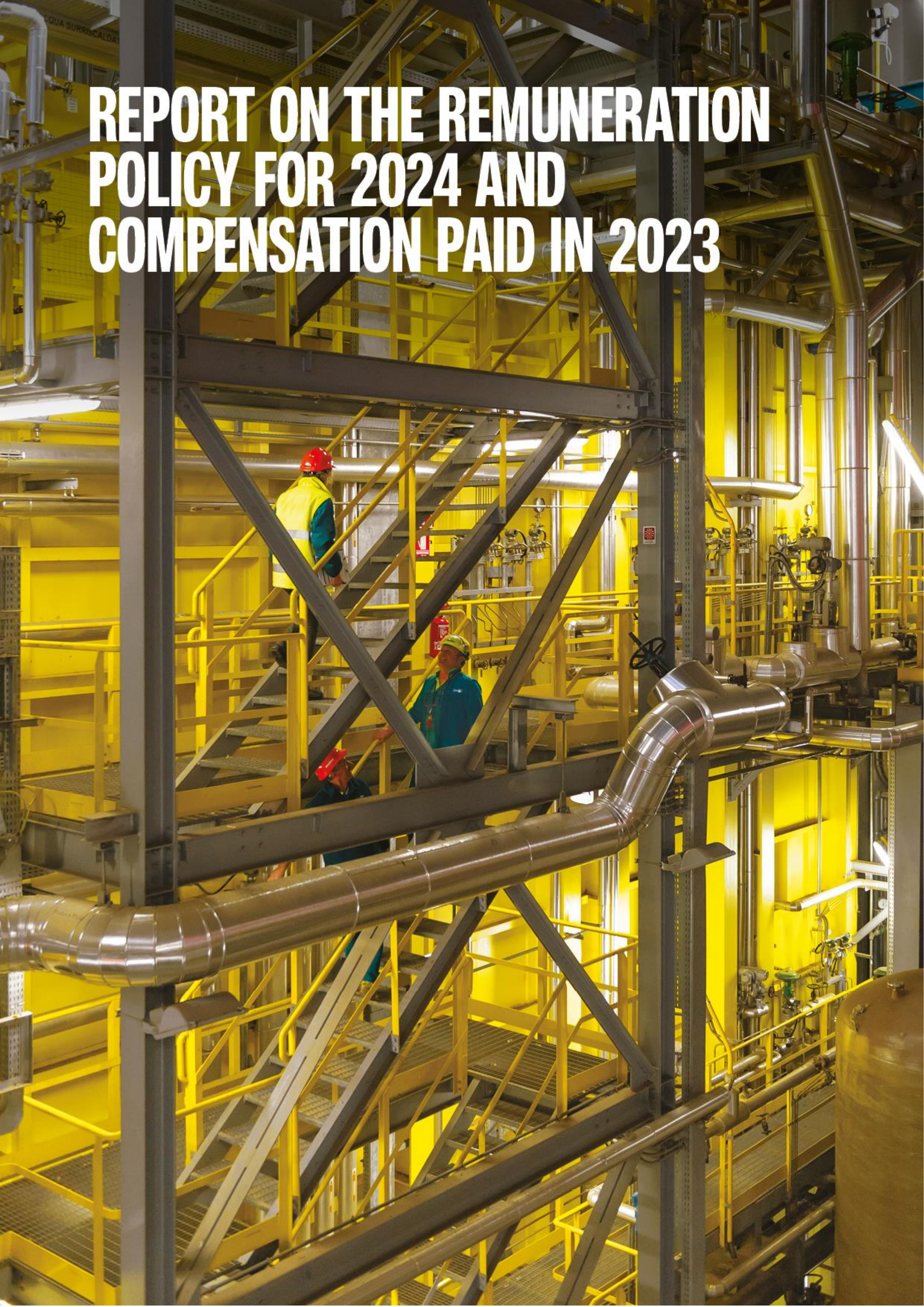
## SECTION II – COMPENSATION PAID IN 2023



## PROPOSED RESOLUTION

# REPORT ON THE REMUNERATION POLICY FOR 2024 AND COMPENSATION PAID IN 2023



# EXECUTIVE SUMMARY

## I. Aims, principles and governance of the Hera Group remuneration policy

**Aims and principles**

The remuneration policy adopted by Hera is an indispensable instrument supporting the Group's medium- and long-term strategies, conceived as a factor that contributes to improving corporate performance and the creation of sustainable stakeholder value over time. The incentive capacity of the remuneration systems is ensured in accordance with the Group's strategic objectives, devoting special attention to sustainable development criteria.

The Company adopts a total reward system for its resources, based on a development action focused on four areas: role (job rotation, job enlargement, job enrichment, etc.), soft actions (coaching, mentorship, counselling, etc.), advanced training (EMPBA, professional masters, managerial courses, etc.) and compensation.

The Group's Remuneration Policy also reflects the commitment to achieving gender equality: on the one hand, the Group constantly monitors any unjustified differences in treatment and remedies them promptly; on the other, it periodically reviews its bonus system to identify any improvements aimed at ensuring a true application of gender equality in its people development systems. In recognition of the effectiveness of its action, in 2023 Hera S.p.A. obtained Gender Equality certification pursuant to UNI/PDR 125:2022.

Furthermore, the Remuneration Policy adopted is strictly connected to the achievement of ESG objectives, as set out in the Group's sustainability report, with a special focus on shared value Ebitda, introduced as a parameter/objective in the Group's incentive plans: this indicator stems mainly from activities and projects that respond to the calls to action of the UN's 2030 Agenda divided into three drivers, in relation to the following specific purposes:

- Environment: activities aimed at "regenerating resources and closing the circle". Sustainable management of water resources, transition towards a circular economy, protection of air and soil are the main areas of impact of this driver.
- Energy: activities aimed at "pursuing carbon neutrality". Energy transition and use of renewable sources, as well as the promotion of energy efficiency are the areas of impact of this driver.
- Local areas: activities aimed at "enabling resilience and innovating". Innovation and digitalisation of processes, economic development and social inclusion are the two areas of impact of this driver.

Finally, the Policy has been defined in such a way as to align the interests of the Management (understood as the Executive Directors as well as other employees with managerial qualifications) - and, more generally, of the staff - with those of the shareholders, pursuing the priority objective of creating sustainable success for the Company in the medium-long term, through consolidation of the link between remuneration and performance, both on the individual and Group level.

The Group's Remuneration Policy has been defined in order to ensure the following objectives:

- increasing shareholder value;
- achieving sustainable and stable results in the short and medium-long term;
- attracting, retaining and motivating employees who hold positions that are strategic in terms of governance and business;
- promoting the corporate mission and values, also in terms of sustainability, devoting special attention to ESG issues, in line with the Hera Group's sustainability report.

## II. Remuneration components

The structure of the remuneration package envisaged for the various offices is defined with a view to balancing the fixed and variable components, taking the specific risk profile of the company into account, and the desire to maintain a close alignment between the level of company and individual performance and remuneration by effectively incentivising commitment, professional growth and the adoption of behaviours deemed functional for achieving corporate objectives. The total remuneration contains a balanced mix of fixed and variable components, with a focus on identifying the metrics deemed most effective to reflect the Group's medium- and long-term prospects.

The fundamental components of the Hera Group's remuneration, the related purposes and the scope of recipients to which they are applied, are summarised in the following table:

| Component | | Aims and characteristics | Administrative Executives | Directors and Managers | Executives | Employees and Workers |
|---|---|---|---|---|---|---|
| **Fixed remuneration** | (Gross annual salary) | Rewards technical, professional and managerial skills | ✓ | ✓ | ✓ | ✓ |
| **Short-term variable remuneration** | (Balanced scorecard) | Rewards annual performance based on objectives linked to the company's strategic priorities as well as the adoption of behaviours consistent with the leadership model | ✓ | ✓ | ✓ | |
| | (Incentive plan for commercial staff) | Applied to employees and managers holding commercial sales positions, rewards the achievement of commercial objectives | | | (✓) | (✓) |
| | (Performance bonus) | Applied to the pool of workers, employees and managers, collectively rewards annual performance, based on the achievement of pre-set and measurable KPIs | | | ✓ | ✓ |
| **Medium-long term variable remuneration** | (Deferred incentive plan for retaining managers) | Rewards medium and long-term performance with a view to retention | ✓ | (✓) | | |
| **Non-monetary and social incentive benefits** | (Social incentive plan welfare) | Integrates the remuneration package with a view to further strengthening manager retention | ✓ | ✓ | | |
| | (Other non-monetary benefits) | Integrates the remuneration package with a total reward perspective | ✓ | ✓ | | |
| **Other remuneration components** | (Non-competition agreement) | Applied to key figures such as commercial staff, those linked to waste treatment or in the energy trading and the services sector, represents a hedging instrument against the transfer of competitive advantages to competitors | | (✓) | (✓) | (✓) |

✓ applies to the entire workforce belonging to this category

(✓) applies to a part of the workforce belonging to this category based on certain characteristics linked to the role and/or strategic nature of the position

The Hera Group's Remuneration Policy, in addition to providing specific rules and methodologies for the remuneration of Management, defines some compensation guidelines to be applied to the remaining part of the company workforce. More specifically, concerning all organisational positions, including with reference to resources other than Management, the market remuneration comparison is constantly updated both for the fixed remuneration components and for the variable components and benefits, and consequently the most suitable measures are adopted for internal process of a structured process aimed at rewarding individual contributions to the creation of added value, as well as ensuring fair and sustainable working conditions.

Therefore, the main remuneration components defined for the Management and the related purposes and characteristics are applied – *mutatis mutandis* and according to a proportionality criterion, the rationales of which are summarised in the graphic representation above – to the entire workforce, based on harmonisation and dissemination of the underlying principles indicated, also taking into consideration the working conditions of all employees and in full compliance with the principles of equality between individual demographic characteristics (gender, age, geographic origin, etc.).

## III. Pay for performance

The year 2023 closed with significant improvement in all operating and financial indicators, thanks to the progressive normalisation of the energy scenario and the managerial initiatives undertaken. The 26% drop in revenues was entirely attributable to the normalisation of energy commodity prices and had no significant impact on the Group's performance. In addition, internal trends led to an increase of 307,000 energy customers, 316,000 tonnes in the volumes of waste marketed and 144 million euro in the regulated value of assets.
These growth levers, combined with some acquisitions concluded to integrate the range of services offered to customers and strengthen the market positioning, allowed Ebitda to show the most pronounced rise in the Group's history (+€200 million), building on its 20-year track record of growth.
Net profit post minorities also showed an increase, up 16%. Positive cash generation was able to finance €843 million of investments and acquisitions, while dividend payouts and deleveraging stood at 422 million euro. Higher Ebitda and lower net financial debt thus led to a decline in the debt/Ebitda ratio to 2.55x, providing ample financial flexibility to pursue further growth opportunities.
These results exceeded the expectations of the financial analysts covering the Hera stock, outperforming estimates in all quarters, and bringing the average target price from 3.49 euro to 3.80 euro after the submission of the preliminary financial statements at the beginning of 2024, with 83% of analysts issuing a Buy recommendation.

| mn€ | 2021* | 2022* | 2023* | Change 2022/2023 | Change, % 2022/2023 |
|---|---|---|---|---|---|
| Revenues | 10,555 | 20,082 | 14,897 | (5.185) | (26)% |
| Ebitda | 1,219 | 1,295 | 1,495 | +200 | +15% |
| Operating profit | 607 | 628 | 741 | +113 | +18% |
| Net profit post minorities | 330 | 322 | 375 | +53 | +16% |
| | | | | | |
| Net financial debt | 3,261 | 4,250 | 3,828 | (422) | (10)% |
| Financial leverage (Net debt / Ebitda) | 2.7x | 3.3x | 2.6x | (0.7)x | (22)% |

* managerial values, including gas warehouse inventory valuation as shown in paragraph 1.04 of the consolidated and separate financial statements

In line with the corporate purpose of creating value for all stakeholders, in 2023 Hera also showed a 16% increase in shared value quantified as CSV Ebitda, expanding the sustainable approach to management aligned with 11 UN sustainable development goals (SDGs).
This approach, pivotal to the strategic plans and included as part of the Management's variable remuneration, allowed the Group to maintain the positive opinions of the main ESG rating agencies.
In 2023, Hera was confirmed in the Dow Jones Sustainability Indices World and Europe and, positioning itself in the top 1% of companies assessed in the reference industry. The Group's inclusion was also confirmed in the FTSE For Good, MIB ESG indices of Borsa Italiana, the Refinitiv Diversity & Inclusion Top 100 and Bloomberg Gender & Equality. In terms of ratings, Morningstar Sustainalytics has further

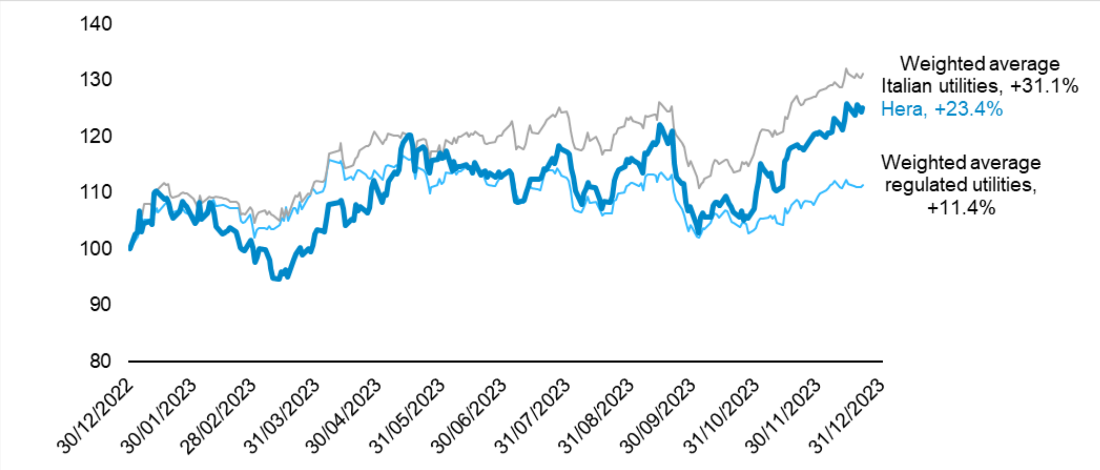
improved Hera's ESG risk assessment, considering it the lowest among all European multi-utilities. Hera then ranked second in Italy for sustainability governance, in the ranking of the Integrated Governance Ind compiled by Etica News. ISS ESG rated Hera at the top of the industry on environmental and social issues, while MSCI assigned the highest score (10/10) to the Group's carbon emissions management.

The following table illustrates the creation of shared value (CSV) Ebitda and investment data, certified by external auditors.

| mn€ | 2021 | 2022 | 2023 | Change 2022/2023 | Change, % 2022/2023 |
|---|---|---|---|---|---|
| CSV Ebitda | 571 | 670 | 776 | +106 | +16% |
| % CSV Ebitda | 46.6% | 51.8% | 51.9% | +0.1 p.p. | +0% |
| | | | | | |
| CS investments | 453 | 510 | 558 | +48 | +9% |

The positive results were also reflected in a total shareholder return of 23.4% in 2023, which includes an increase in share value and a 12.5 €cent dividend payout.
The following graph illustrates the trend of total shareholders' return over the year in comparison with the weighted average of regulated utilities and the weighted average of Italian utilities.

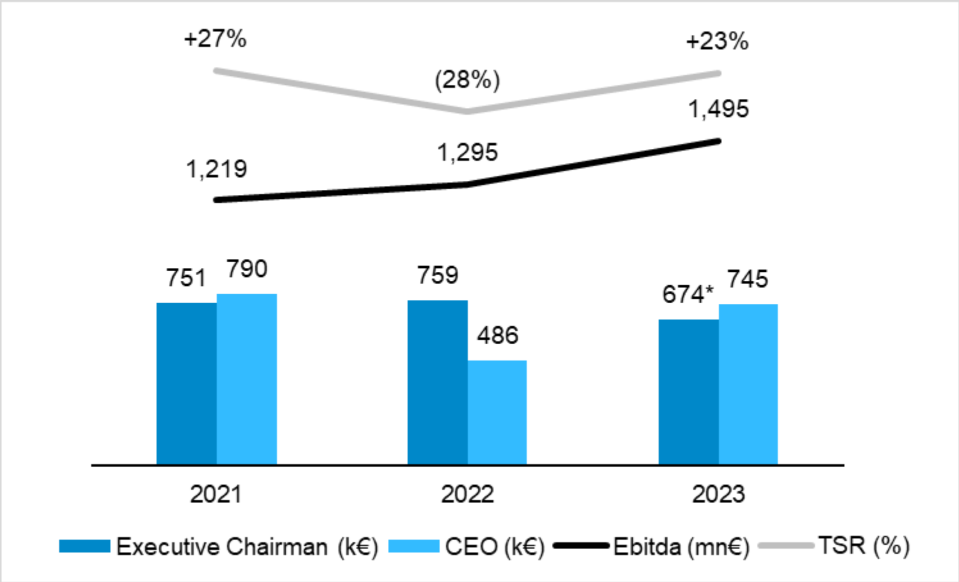
**SHAREHOLDERS' RETURN: HERA STOCK, COMPARED TO REGULATED UTILITIES AND LOCAL UTILITIES**




The Hera stock, which is heavily exposed to businesses regulated by the Authority, outperformed regulated utilities. The utility industry instead benefitted from the contingent energy scenario conducive to the cyclical electricity generation business, which, conversely, accounts for only a residual proportion of in Hera's business portfolio.

The following chart, which relates the performance of the Hera Group's results over a three-year period, the shareholders' return and the total remuneration of the executive members, confirms the effectiveness of the remuneration, aimed at pursuing the creation of value for all stakeholders. Indeed, having included performance indicators such as return on invested capital (ROI) in comparison with the cost of capital (WACC) within long-term variable remuneration made it possible to carefully track the long-term value creation levers (EVA) with efficient capital allocation. This approach was especially rewarding over the past year, as the interest rate hikes made by the European Central Bank raised the average cost of capital (WACC), making it necessary to boost returns in order to continue creating value. For this reason, to protect shareholder interests, Hera did not limit itself to including ROI in the metrics measured for the Management's variable remuneration, but also deemed it appropriate to factor in the ROI/WACC differential.

**HERA PERFORMANCE AND TOTAL REMUNERATION (FIXED AND VARIABLE) OF EXECUTIVE MEMBERS**




*Includes eight months of remuneration of the current Executive Chairman and four months of remuneration of the previous Executive Chairman.

The definition of coherent remuneration policies at Group level is also illustrated as a stable relationship between the remuneration of executive members and employees over time, confirming the creation of shared value with all stakeholders.

| Pay ratio (x) | 2021 | 2022 | 2023* |
|---|---|---|---|
| Executive Chairman fixed remuneration vs average remuneration of all employees | 9.4x | 9.3x | 9.3x |
| CEO fixed remuneration vs average remuneration of all employees | 9.5x | 8.9x | 9.3x |
| average remuneration of all employees (thousand euro) | 40.5 | 41.0 | 41.0 |

*Includes seven months of remuneration of the current Executive Chairman and five months of remuneration of the previous Executive Chairman.

## IV. Shareholder engagement activities

Hera is deeply committed to communicating with all investors, financial analysts and proxy advisors in order to reflect the value of the company's fundamentals and the creation of value from business management in the stock price.
The Group has a Policy for managing dialogue with all its shareholders and bondholders, approved by the Board of Directors, which outlines the ways and means whereby investors can get in touch with the company and the main topics discussed.

This policy aims to comply with the following principles:

- Transparency and correctness to allow an informed evaluation of the Hera Group
- Timeliness in making information available
- Equal treatment
- Promotion of the company's Mission and principles
- Compliance with legal and regulatory provisions

Amid this discussion and dialogue with investors, exhaustive information was provided regarding the following issues relevant to investors:

- Economic and financial performance relating to quarterly and year-end results
- Competitive and regulatory context
- Business plan and strategy
- Environmental, social and governance issues
- Hera stock performance, buyback programme, dividend policy, capital structure
- Risk management

- Significant events that may affect the Group’s performance
- Corporate governance system and remuneration policy

During 2023, the executive members of the Board of Directors and the Investor Relations Director participated in an institutional road show in the main European and US financial centres to showcase the strategy in the Business Plan to 2026. Subsequently, they also participated in conferences arranged by brokers as well as individual meetings requested by investors. Overall, contacts with financial market operator numbered 377 in 2023.

In 2023, in preparation for the Shareholders Meeting, Hera engaged with the proxy advisors and stewardship departments of the main institutional shareholders, in order to provide support in understanding the Group’s remuneration policy and the other topics subject to voting. The dialogue was also an opportunity to gain feedback for improvement, in relation to the updating of this Remuneration Report.

# PREFACE

This document was drafted in compliance with the regulations of Article 5 of the Corporate Governance Code which Hera Spa adhered to under Resolution of the Board of Directors of 11 November 2020, as well as Article 123-ter of Legislative Decree 58/1998 (Consolidated Finance Act), as amended by Legislative Decree 49/2019, implementing the Shareholder Rights Directive (EU) 2017/828 on Shareholder Rights Directive 2, abbreviated as SRD II), which requires listed companies to make available to the public a Report on the Remuneration Policy and Compensation Paid, prepared on the basis of the provisions of Article 84-quater and in annex 3A, scheme 7-bis, of the regulation implementing the TUF adopted by CONSOB through Resolution 11971 of 14 May 1999 (the Issuer's Regulation) and amended by CONSOB under Resolution 21623 of 10 December 2020.

This report also provides evidence of the investments held by the members of the Board of Directors, the members of the Board of Statutory Auditors, the General Managers or spouses not legally separated and the minor children of such persons.

This report, approved by the Board of Directors, defines and illustrates:

- in Section I, the policy Hera has adopted for the remuneration of the Board of Directors, including Executive Directors, the Board of Statutory Auditors, other managers, and, more generally, of the personnel, specifying how it contributes to the strategy and sustainable success of the Company, as well as identifying the bodies involved and the procedures adopted for defining and implementing the said policy;
- In section II, the compensation nominally paid in the 2023 financial year to the members of Board of Directors, including the Executive Directors and Board of Statutory Auditors.

To make this report easier to understand and facilitate the process of reading it, a brief glossary is provided below with some of the most frequently-used terms:

| | |
|---|---|
| **BSC (balanced scorecard)** | indicates the incentive system adopted by the Group to which the short-term variable remuneration component is linked, on the basis of achieving pre-set individual and corporate objectives |
| **Group** | indicates all the companies included in the scope of consolidation of Hera Spa. |
| **Management** | Executive Directors_as well as other employees with managerial qualifications |
| **Deferred monetary incentive plan for retaining managers** | indicates the incentive system adopted by the Group to which a variable deferred remuneration component is linked, on the basis of achieving pre-set objectives for a selected number of managers. |
| **RAL (gross annual salary)** | total annual gross fixed remuneration, including any gross fixed remuneration for the positions held |
| **Shared value** | operational policies and practices that improve the competitiveness of a company and simultaneously advance the economic and social conditions of the communities in which it operates |
| **Executive Directors** | indicates the Executive Chairman and the Chief Executive Officer. |

# SECTION I – REMUNERATION POLICY

## 1 Introduction

Section I of this report outlines the principles and basic characteristics of the Remuneration Policy as applied to the top management of the Hera Group, as well as the remuneration guidelines to be applied to the remainder of the company workforce.

The main principle which underpins the Group's culture and guides its choices is the commitment to combining economic and social value with the ultimate goal of achieving the sustainable success of the Company in the medium-long term, pursuing the interests of all stakeholders. Therefore, Hera, strives to be a company built to last over time and to improve the society and environment of future generations.

In this regard, it should be noted that the Shareholders Meeting of 28 April 2021 amended Hera's Articles of Association by introducing the following purpose: "The Company implements a business model with the aim of creating long-term value for its shareholders through the creation of shared value with its stakeholders. To this end, the Company organises and carries out business activities also with the aim of promoting social equity and contributing to the achievement of carbon neutrality, the regeneration of resources and the resilience of the system of managed services, for the benefit of customers, the regional benchmark ecosystem and that of future generations (Hera for the Planet, for People and for Prosperity)".

The sense of responsibility that is the hallmark of its corporate culture and mission translates into an approach to remuneration that is similarly responsible. The Remuneration Policy was conceived as a factor that contributes to improving corporate performance and the creation of value in the medium- to long-term.

With a view to responsible reward and in light of the recommendations contained in the art. 5 of the Corporate Governance Code, the Board of Directors has therefore defined this Remuneration Policy.

**1.01 Innovations introduced in the 2024 Remuneration Policy**

This Remuneration Policy contains a simplification in the presentation of the content, also through graphics, and a greater enhancement of Hera's commitment to the issues of sustainability and gender equality: this is most clearly illustrated in the sustainability report and in the connection of the objectives of the latter with the KPIs of the short and medium-long term incentive systems, as well as in obtaining in 2023 gender equality certification for the application of UNI/PDR 125:2022.
One new element of this Policy clearly lies in the regulation, to better safeguard the regulatory needs and values of Hera, of agreements, in view of or on the occasion of the termination of employment and/or of the office, which provide for payments to be awarded to the Executive Directors, whose purpose is always to mitigate the risks associated with the termination of all relationships with the Executive Directors, by flat-rating all the costs and risks associated with them (severance pay). This guideline was aligned with statutory regulations and best marketing practices, specifying – among other things – the basis of calculation, gate, cap, deferral and ex post adjustment mechanisms (malus and clawback) as well as mandatory application hypotheses. In this context, the use of variable remuneration plans in the event of termination of the employment relationship and/or office was also expressly regulated.
Lastly, also note the innovative leadership model introduced by Hera in 2024: it is aimed at defining the excellent behaviour expected from employees to achieve the Group's strategic and operational objectives on a daily basis. Furthermore, it provides a reference within the scope of this Remuneration Policy, further strengthening the link between remuneration, performance and behaviour of Management, since it has an impact on updating fixed remuneration, is part of the individual objectives linked to the short-term variable remuneration and is also one of the parameters that determine the amount of bonuses foreseen in the three-year plan for retaining managers.

# 2 Scope of application

In compliance with the provisions of Annex 3A of the TUK adopted by CONSOB through Resolution 11971 of 14 May 1999 (Issuer's Regulation) and amended by CONSOB through Resolution 21623 of 10 December 2020, the Remuneration Policy outlined in this document applies, primarily, to the members of the Board of Directors and the Board of Statutory Auditors, illustrates the specific rules and methodologies for the remuneration of Management, also setting out guidelines for the regulation of the remuneration package to be applied to the remainder of the company workforce.

The table below lists the members, currently in office, of the Board of Directors and the Board of Statutory Auditors of Hera Spa, appointed at the Shareholders Meeting of 27 April 2023.
Note that the Hera Board of Directors, on 27 September 2023, following the resignation of the Lorenzo Minganti from the position of non-executive and independent Director, decided to appoint as his replacement Enrico Di Stasi, who will remain in office until the approval of the financial statements as of 31 December 2023.

**Board of Directors**

| Name, surname | Position held |
|---|---|
| Cristian Fabbri | Executive Chairman |
| Orazio Iacono | Chief Executive Officer |
| Gabriele Giacobazzi* | Vice Chairman (independent) |
| Fabio Bacchilega | Director (independent) |
| Gianni Bessi | Director (non-independent) |
| Enrico Di Stasi** | Director (non-independent) |
| Grazia Ghermandi | Director (independent)) |
| Alessandro Melcarne | Director (independent) |
| Milvia Mingozzi | Director (independent) |
| Marina Monassi | Director (independent) |
| Monica Mondardini | Director (independent) |
| Francesco Perrini | Director (independent) |
| Paola Gina Maria Schwizer | Director e (independent) |
| Bruno Tani | Director (independent) |
| Alice Vatta | Director (independent) |

**Board of Statutory Auditors**

| Name, surname | Position held |
|---|---|
| Myriam Amato | Chairperson |
| Antonio Gaiani | Standing auditor |
| Marianna Girolomini | Standing auditor |
| Stefano Gnocchi | Alternate audtor |
| Susanna Giuriatti | Alternate audtor |

*: Ceased on 3 march 2024
**: The director Enrico di Stasi was assessed as non-independent at the meeting of the Board of Directors on 26 March 2024

# 3 Governance model

### 3.01 Remuneration policy: process for definition, approval and potential revision

The bodies and persons involved in the preparation and approval of the Hera Spa report on the Remuneration Policy, as well as the bodies or individuals responsible for the correct implementation of this policy, are summarised below:

| Entity in charge | Responsibilities / Activities |
|---|---|
| Shareholders Meeting | Binding resolution on Section I of the Report on the Remuneration Policy and Compensation Paid<br>Binding resolution on Section II of the Report on the Remuneration Policy and Compensation Paid. |
| Board of Directors | Defines, examines and approves the Remuneration Policy for the directors, including the Executive Directors. |
| Remuneration Committee | Formulates proposals to the Board of Directors for the remuneration of the Chairman, Vice Chairman, CEO and and periodically evaluates the overall adequacy and consistency of the policy for the remuneration of directors and Management. |
| Executive Chairman | Proposes the policies for Group executives to the Remuneration Committee, with the exception of executive directors. |
| Personnel and Organisation Central Director | Supports the Remuneration Committee, in particular regarding technical issues. Ensures correct implementation of the Remuneration Policy. |

### 3.02 Role, composition and responsibilities of the Remuneration Committee

The Remuneration Committee has the task of formulating proposals to the Board of Directors for the remuneration of the Chairman, Vice Chairman, and the CEO, as well as based on the suggestions put forward by the Executive Chairman, for the adoption of general remuneration criteria for managers.

The Executive Directors do not take part in the decisions of the Remuneration Committee which concern the remuneration allocated to them.

The Committee also regularly evaluates the adequateness, overall consistency and concrete application of the general policy adopted for the remuneration of Executive Directors.

In the performance of its functions, the Remuneration Committee has access to the information and business functions required to carry out its duties, making use of an independent consultant if necessary.

This Committee, established for the first time in the meeting of the Board of Directors on 4 November 2002 and lastly renewed in its composition on 10 May 2023, is composed, in compliance with the provisions of the Corporate Governance Code, exclusively of independent directors who are not executives (Monica Mondardini, Fabio Bacchilega and Alice Vatta), and chaired by an independent director (Gabriele Giacobazzi), who left office on 3 March 2024.

The Remuneration Committee met five times in 2023: three meetings were attended by all members of the Committee, while almost all of the members attended two meetings.

**Composition of the Remuneration Committee**

| | | | |
|---|---|---|---|
| Gabriele Giacobazzi (Chairman) | Majority list | 5/5 meetings | 5 meetings in 2023 |
| Monica Mondardini | Majority list | 4/5 meetings | |
| Fabio Bacchilega | Majority list | 4/5 meetings | |
| Alice Vatta | Minority list | 5/5 meetings | |

It should also be noted that the Board of Directors, at the time of the last renewal of the Committee, acknowledged that Article 5, Recommendation No. 26 of the Corporate Governance Code was followed, as the Remuneration Committee is made up of only non-executive, independent directors and at least one member has adequate knowledge and experience in financial matters or remuneration policies.

At the express invitation of the Chairman of the Remuneration Committee, the Executive Chairman, the CEO, the Personnel and Organisation Central Director of Hera Spa and the Director of Shared Value and Sustainability participated in the Committee's work.

The meetings of the Remuneration Committee, duly recorded in the minutes, were approximately one hour and 10 minutes long.

### 3.02.01 Remuneration Committee cycle of activities

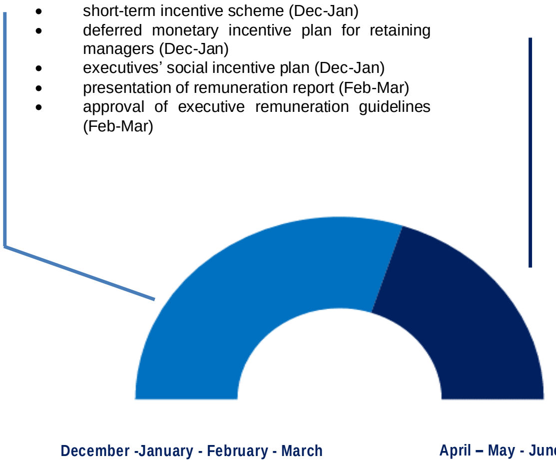
The activities of the Committee are carried out according to an annual schedule that includes the following phases:

**DEFINITION OF INCENTIVE SYSTEMS, GUIDELINES AND EXECUTIVE REMUNERTION**

- short-term incentive scheme (Dec-Jan)
- deferred monetary incentive plan for retaining managers (Dec-Jan)
- executives' social incentive plan (Dec-Jan)
- presentation of remuneration report (Feb-Mar)
- approval of executive remuneration guidelines (Feb-Mar)

**FINANCIAL STATEMENTS OF INCENTIVE SYSTEMS AND UPDATE OF EXECUTIVE DIRECTORS' REMUNERATION**

- final accounting of the short-term incentive system
- final accounting of the deferred monetary incentive system for retaining managers (annual share accrued)
- final accounting of the social incentive plan for executives
- Final accounting of variable remuneration for top management
- updating the remuneration of top management
- updating trends in remuneration policies, incentive systems and job evaluation methods




### 3.02.02 Activities carried out and planned

During the meetings held during 2023, regularly recorded in the minutes, the following subjects were discussed:

- Year-end 2023 financial statements, BSC system – social incentive plan;
- Human capital development policies – focus on genders and generations;
- reporting of 2022 company results:
  - objectives relating to short-term variable remuneration
  - objectives relating to the social incentive plan.
- 2022 year-end balance sheet relating to the short-term variable remuneration scoresheets of Executive Directors;
- final balance for the three-year period 2020-2022 relating to the long-term incentive plan of the Executive Chairman;
- 2023 remuneration guidelines and policies for directors and managers:
  - 2023 remuneration positioning;
  - 2023 remuneration policy guidelines;
  - application of the Remuneration Policy to the Director of the Internal Auditing Department and to the Manager responsible for preparing the company's accounting documents.
- in-depth analysis of the procedures relating to the final balance of the three-year period 2020-2022 relating to the long-term incentive plan of the Executive Chairman;
- operating methods of the Remuneration Committee;
- remuneration of Executive Directors;
- employment contract of the Hera CEO;
- compensation of the Vice Chairman and Hera directors for roles in Group companies.

In addition, the Committee reported to the Board of Directors on the work carried out.

# 4 Hera Group Remuneration Policy

**4.01 Aims and fundamental principles**

The Company defines and applies a Remuneration Policy, with annual validity, in order to ensure continuous discussion with the shareholders and to facilitate, from time to time, their involvement in the definition of the Remuneration Policy and, at the same time, maintain the necessary flexibility to promptly meet future needs for regulatory compliance and alignment with best industry practice.

This Remuneration Policy is therefore valid for the year 2024 and its purposes are, first of all, the following, to be understood as linked and inseparable:

- increase in value for shareholders;
- achieving sustainable success in a stable manner in the short and medium-long term;
- attraction, retention and motivation of persons who hold positions relevant to governance and business;
- pursuit of the purpose, mission and corporate values, also in terms of sustainability and equity, with particular attention to ESG issues, in line with the sustainability report of the Hera Group.

In accordance with the foregoing, the guiding principles for defining the Remuneration Policy and, in particular, for the top management are:

- aligning remuneration with performance in a medium-long-term perspective;
- constantly referencing the external market, also in the reference industry, to verify the consistency of the company's remuneration offered, with a dual perspective of retention and sustainable cost management;
- focusing on internal consistency between the level of the remuneration offer and the complexity of the position held, also taking into account the economic treatments and working conditions of the employees;
- using and constant updating the position evaluation methodology, with the aim of ensuring homogeneous comparisons and remuneration analyses consistent with the evolution of the Group's organisational structure over time.

The aforementioned purposes and principles are, respectively, pursued and applied through the adoption of the following guiding criteria in the definition of the Management remuneration systems and, according to a criterion of proportionality, also towards the remaining staff:

- using and constantly updating of the methodology for evaluating positions and their weighting, with the aim of ensuring homogeneous comparisons and compensation analyses consistent with the evolution of the Group's organisational structure over time;
- constantly referencing the external market, including benchmarks of the reference industry, to verify the consistency of the company's remuneration offered as well as its ability to attract and retain talent;
- connection of the short-term variable part of the remuneration to the Group's strategic priorities through the adoption of the balanced scorecard model, oriented towards the economic, financial and sustainable development objectives identified in the Group's sustainability report, which include policies and projects for mitigation and adaptation to climate change and the creation of a circular resource management model;
- balance between indicators of an economic-financial nature, of financial solidity, of the creation of shared value in line with the sustainable development objectives defined by the United Nations and the customer satisfaction targets, in the definition of variable incentive systems, in the short and medium-long term;
- non-monetary benefits offered in line with best market practices (flexible benefits, conversion of performance bonuses, social incentive plan);
- focus on specific retention actions for resources in relevant roles with high market risk to ensure the achievement of the Group's medium- and long-term objectives;
- maintaining consistency between Hera's risk profile and the composition of the remuneration package;
- analytical and constant monitoring, both in the definition and application phases, of gender equality indicators in order to ensure their progressive full implementation.

Devoting special attention to the indicators linked to the ESG objectives, these constitute an important part in determining the parameters of short and medium-long term variable remuneration.

Specifically, the Ebitda generated by shared value activities and projects represents the portion of industrial income attributable to activities that respond to the need for change in the direction of sustainability referenced in the Global Agenda. Furthermore, approximately 2/3 of the target projects assigned annually to management refer to initiatives located in the areas of creation of shared value for the company: “Regenerating resources and closing the loop”, “Pursuing decarbonisation”, “Enabling resilience and innovation”.

**4.02 Correlation between management remuneration, risk profile and company performance**

The Hera Group has defined an integrated risk management and internal control system in relation to the financial reporting process in accordance with the provisions of Article 123-bis, paragraph 2, letter. b) of the TUF.

The system adopted by Hera draws guidance from the Coso Framework as an internationally recognised reference model for the analysis, implementation and evaluation of the risk management and internal control system at Group level.

In relation to the industry to which it belongs, the risk profile of the Hera Group holds an intermediate level between that of operators more concentrated only on regulated activities and that of operators engaged in the riskiest free market activities. Overall, the risk profile is very conservative.

Accordingly, the Group’s current remuneration system is aimed at avoiding the adoption by Management of behaviours that expose the Group to excessive risks (risk-adverse approach) or non-sustainability of the Group’s results in the medium-long term.

In relation to the Group’s consistent growth in terms of business results, corporate and regional dimensions and the investment made over the years to secure valuable resources on key roles for the development and sustainability of the corporate strategy, the incentive plan deferred for Management retention, represents the medium-long term incentive tool most consistent with the Group’s culture of creating shared value, while consolidating the culture of the Group’s financial solidity and, therefore, maintaining a conservative risk. The incentive plan has already proven effective in aligning Management’s action with the objectives of strengthening the fundamental parameters of interest to shareholders, as well as the main stakeholders; with the introduction, from 2019, of enterprise value added as a parameter/objective. The performance of the total shareholder return highlights how the transfer of value created by the Group has been incorporated into the performance of the stock and, consequently, transferred to the benefit of shareholders, the ultimate aim of medium-long term plans aimed at retention.

The attention to the balancing of indicators in the definition of both short and medium-long term variable incentive systems, which includes the creation of shared value in line with the sustainability objectives defined by the United Nations, was strengthened, starting from 2021 with the addition of shared value Ebitda among the main KPIs of the Group’s remuneration policy.

This indicator is mainly associated with activities and projects that respond to the calls to action of the Global Agenda divided into three drivers in relation to the specific purposes:

- Environment: activities aimed at “regenerating resources and closing the loop”. Sustainable management of water resources, transition towards a circular economy, protection of air and soil are the main areas of impact for this driver.
- Energy: activities aimed at “pursuing carbon neutrality”. Energy transition and use of renewable sources as well as the promotion of energy efficiency are the areas of impact for this driver.
- Local areas: activities aimed at “enabling resilience and innovating”. Innovation and digitalisation of processes, economic development and social inclusion are the two areas of impact for this driver.

**4.03 Correlation between management remuneration and the economic treatment and working conditions of employees**

The Hera Group adopts a strategy that places its people at the centre, the true success factor for the growth and development of the company, and makes the protection of employees’ working conditions one of the cornerstones of its policies.

To this end, it should be noted that the main national contracts in the sector as well as numerous level-II agreements are applied within the Group. Furthermore, compliance with and the evolution of employee working conditions takes the form of various interventions to which the Group has long been committed, such as:

- a strong focus on female representation both in positions of responsibility and overall representation included in the objectives of the Group’s managers;
- analysis and corrective actions designed to ensure gender equity;
- strengthening social incentive tools;
- strict oversight of occupational injuries;

- investing in physical and mental health issues, through programmes supporting prevention and training in correct lifestyles.

This human resource enhancement strategy is further implemented by constantly seeking the best practices in the areas of remuneration, welfare, development and training, diversity and innovation.

The Remuneration Policy is therefore part of a company context that is particularly attentive to the working conditions of its people and takes the form of a trend towards harmonisation, without prejudice to the principle of necessary granularity and proportionality, of the practices and tools adopted for the entire company workforce.

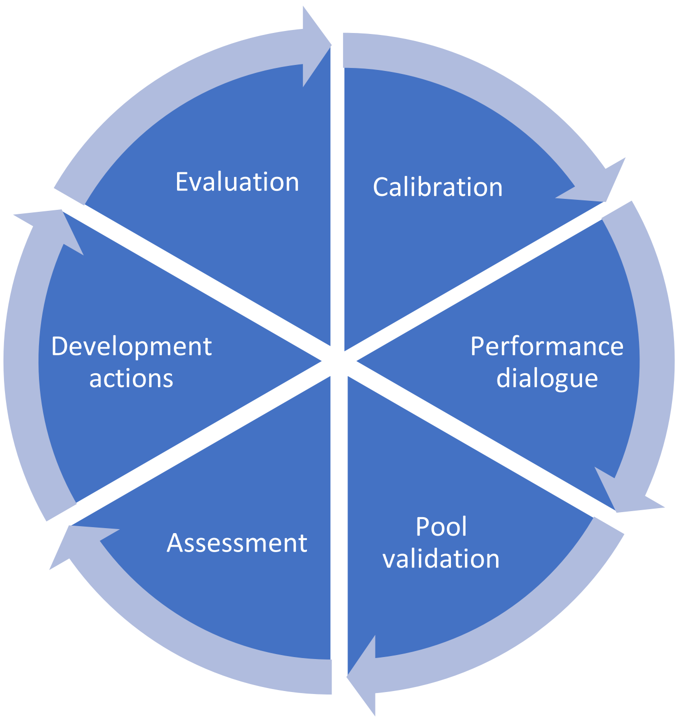
Some examples:

- the extended use of job evaluation at all levels of the organisation to evaluate the internal fairness and external competitiveness of the individual remuneration offer;
- a performance management process applied to the entire workforce (directors, executives, managers, white- and blue-collar workers) to implement remuneration dynamics consistent with the defined policies;
- a constant focus on external market practices also for determining the percentages of short-term variables for the Group's pool of managers and commercial staff;
- adjustment of the remuneration package mix in relation to the specificity of some company roles (incentives for commercial staff) or specific retention needs (monetary retention bonuses for people identified as talents in the Group);
- existence of an integrated corporate social system accessible to the entire workforce characterised by the assignment of equal social incentive quotas for all employees, additional investments to support the education of workers' children and the possibility of converting part of the result in social incentive credit;
- adoption of the total reward statement for the entire company workforce which, with a view to greater transparency, allows all employees to view all components of retribution, monetary and non-monetary, received over the year;
- certification of gender equality achieved in 2023 by applying UNI/PDR 125:2022 and constant monitoring of the gender pay gap through a comparative analysis that allows the pay gap to be calculated with the same characteristics, such as complexity of the position held, professional family, seniority in the role and individual performance. In this way, any remuneration differences not justified by objective factors are analysed and improvement initiatives are addressed accordingly.

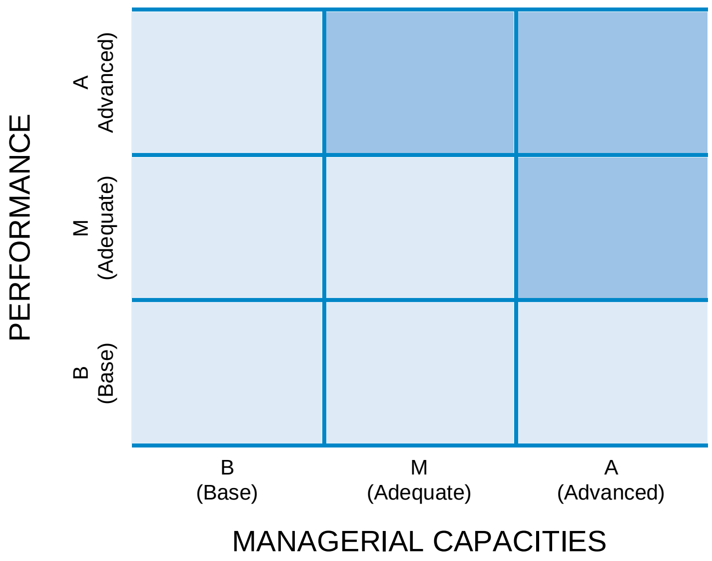
### 4.04 The evaluation process and the Group's leadership model

One essential and distinctive feature of the Group's Remuneration Policy involves the process of evaluating the results achieved by people, both individually and collectively, thus pursuing maximum coherence in defining development actions in relation to individual and contextual organisational features.

The performance evaluation process (or development process), applied to the entire company workforce (with the inclusion, therefore, of staff with worker qualifications starting from 2024), is characterised by the following phases:




During the evaluation phase, which includes mechanisms to evaluate oneself and others and thus help managers, people are evaluated on the dimensions of performance (what results have been achieved - what) and managerial skills (how the results have been achieved - how), each with three possible levels of achievement: **base** (B); **adequate** to the role expectations (M); **advanced** compared to the role expectations (A). The subsequent calibration phase allows the identification of nine homogeneous clusters based on a "performance/managerial capabilities" matrix:

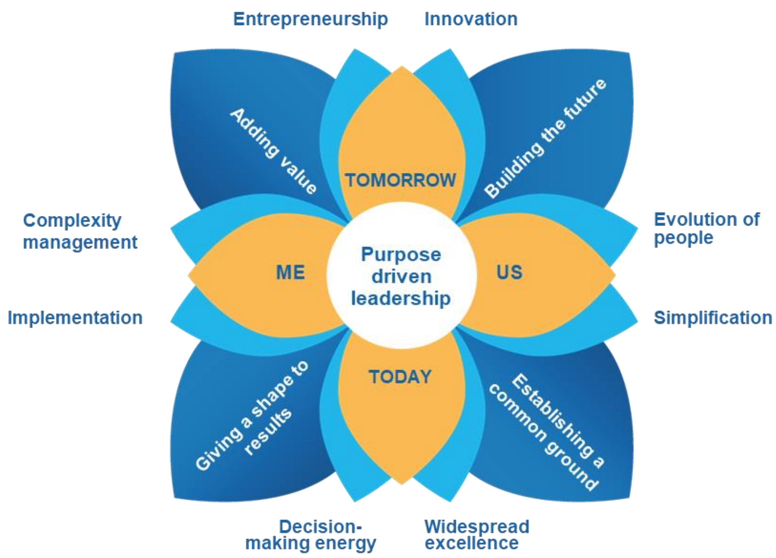



The managerial skills dimension refers to the leadership behaviour model that the Group has adopted. The leadership model defines the excellent behaviours expected from people to achieve the Group's strategic and operational objectives on a daily basis. Furthermore, it represents a reference within the Remuneration Policy, further strengthening the link between remuneration, performance and management behaviour. The evaluation of the behaviours envisaged by the leadership model is an integral part of fixed remuneration management (see paragraph 5.01), is part of the individual objectives linked to the short-term variable remuneration (see paragraph 5.02) and is, furthermore, one of the parameters that determines the bonus level envisaged in the three-year plan for retaining managers (see paragraph 5.03).

The leadership model is strongly linked to the evolution of the competitive context and the new challenges to which the Group is called upon to respond. In this sense, work was carried out in 2023 aimed at evolving the model which involved all the Group employees and which is fully applied in the current financial year.

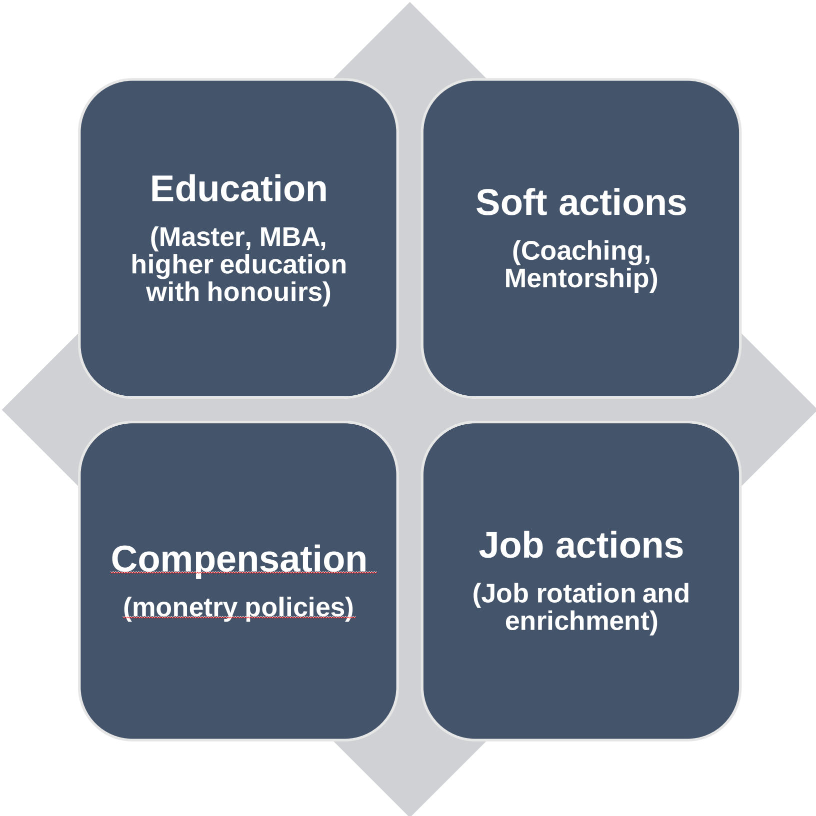
At the heart of the new model is "purpose-driven leadership", an approach that goes beyond the simple management of resources and activities, to focus on the creation of meaning and inspiration. This leadership style places emphasis on clarity of vision and creating an environment where team members feel engaged and passionate about the work they do.

The new model inherits from the previous one the dimension relating to time (today/tomorrow) and that relating to people (me/us) and provides four areas of expected results (each characterised by two distinctive skills): shaping results (decision-making energy; achievement), add value (entrepreneurship; management of complexity), establish common ground (widespread excellence and simplification), build the future (innovation; evolution of people).
Each competence is expressed in terms of distinctive behaviours for all individual qualifications based on a scale from one to five, ensuring that the model represents the behavioural frame of reference for the entire workforce concerned.




For 2024, the target of expected behaviours is 3 out of 5, encouraging Management not only to achieve the individual targets set, but also to implement behaviours that create intangible value inside and outside the organisation, in order to strengthen and solidify the corporate values in the daily actions of all employees.

A central element of the development process is the performance dialogue: a two-way exchange between manager and collaborator, in which clarity and effectiveness on the part of managers is accompanied by commitment on the part of individuals in using feedback as a continuous learning tool.
Finally, following a further phase of assessment of the resource potential, the entire process enables the definition of specific development actions which are divided, from a total reward perspective, into four distinct clusters:




**4.05 Gender pay gap and Gender equality certification**

The Hera Group's constant focus on the working conditions of its people was sealed by the achievement of Gender Equality certification in application of the UNI/PDR 125:2022 scheme: this is a further demonstration of the results achieved in this area, the result of the commitment made to create an inclusive corporate culture free from stereotypes and prejudices. A management system which involved 11 Group companies and involves the measurement, reporting and evaluation of a set of indicators in six areas: culture and strategy, governance, HR processes, opportunities for the growth and inclusion of women in the company, equal remuneration in terms of gender, parental protection and work/life balance; with the aim of bridging any gaps that may exist and producing sustainable and lasting change over time, thanks to a dedicated strategic plan.

The Hera Group traditionally promotes initiatives aimed at gender equality in selection and recruitment processes, career management, social incentive and conciliation policies, communication and engagement and, obviously, remuneration development thanks to the monitoring of the Gender Pay Gap. A comparative analysis with which it is possible to analyse and intercept any situations of salary differences not justified by objective factors and direct targeted improvement initiatives.

The Board of Directors of the Hera Group approved the Gender Equality Policy which defines the Group's commitment on this issue and appointed a Steering Committee which ensures its effective adoption and constant monitoring.

The certification is yet another phase of a process that got underway some time ago, which saw among the most significant stages the signing of the Charter for equal opportunities and equality at work, launched in Italy in 2009, and the establishment of a Diversity Management working group in 2011, made up of employees from different company departments, a rating in the Bloomberg Gender Equality Index and leading worldwide positions in the Refinitiv Global Diversity & Inclusion Index.

**4.06 Exceptions to the Remuneration Policy and potential recalibration of KPIs**

On an extraordinary and non-recurring basis, if "exceptional circumstances" exist and subject to the opinion of the Remuneration Committee, the Board of Directors may provide for temporary exceptions to the Remuneration Policy outlined above, without prejudice in any case to the application, where necessary, of the provisions envisaged by the Procedure for related-party transactions.

It should be noted that "exceptional circumstances" refer to situations in which the exception to the Policy is appropriate for the purposes of pursuing the long-term interests and sustainability of the company as a whole and/or to ensure its ability to remain on the market. "Exceptional circumstances" include

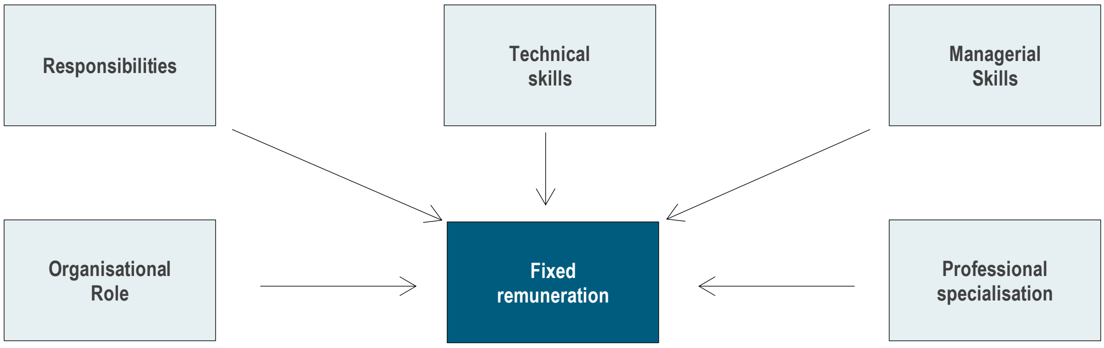
extraordinary operations (for example, acquisition, restructuring, reorganisation or reconversion projects, significant changes to the organisational, managerial and administrative structure of the company such as to impact on the economic-financial results and on the long-term creation of value, as well as actions aimed at attracting/retaining the best talent in specific market contingencies), not previously planned, in analytical terms, at the date of preparation of this Remuneration Policy.
Specifically, under the conditions detailed above, it is possible to recognise, occasionally and exceptionally, bonuses and one-off payments of a discretionary - albeit objectively oriented - and non-recurring nature, which reward the Management's achievement of preliminary and/or final results?? of particular strategic significance - in terms of pursuing the the Group 's long-term interests as well as monitoring and safeguarding the Group's ability to remain on the market - not already included in the variable components of short and medium-long term remuneration as they are connected to particularly relevant but unpredictable objectives when determining the KPIs of the aforementioned components, obtained through exceptional individual contributions that can tangibly contribute to the creation of value for stakeholders. The evaluation of these results and the corresponding contributions and performances is subjected, for the Executive Directors, directors and managers, to the prior scrutiny of the Remuneration Committee and the relevant competent decisions are adequately motivated, in compliance with the provisions of the Corporate Governance Code and the regulation of related-party transactions, despite the absence of predefined criteria (KPIs), without prejudice to the application, to the greatest extent possible within the limits of compatibility only, and all the other principles contained in this Remuneration Policy, also in relation to clawback.
When calculating both short and medium-long term variable remuneration, it is possible – in the event of "exceptional circumstances" (as defined above) or "extraordinary circumstances" (i.e. legal and/or regulatory compliance requirements, potentially due to - inter alia - (i) new elements of, or amendments to public laws and/or regulations, from any source and of any kind, as well as (ii) interpretations of the same public rules and/or regulations, resulting from provisions of any nature or, in any case, from any other act of soft law, or (iii) significant external events having a socio-economic, political or health-related nature, which had a significant impact on the Company's results) – carry out a possible recalibration of one or more of the KPIs, which modifies its calculation and/or result. The recalibration must be duly justified and shall be subject to the approval of the Board of Directors. In any case, it may not entail a deviation of more than ± 40% with respect to the original calculation, subject, in any case, to compliance with the cap in force from time to time.

# 5 Compensation and remuneration elements

The structure of the remuneration package, envisaged for the various offices, departments and positions, is defined with a view to balancing the fixed, variable and non-monetary monetary components, taking the specific risk profile of the Company into account.
The main components of remuneration for Hera Group Directors - and, within the limits of what is highlighted in paragraph II of the Executive Summary above, of other personnel - of the Hera Group are:

- fixed remuneration;
- short-term variable remuneration;
- medium-long term deferred variable remuneration for retaining managers;
- non-monetary benefits and social incentives;
- other remuneration elements

**5.01 Fixed remuneration: gross annual remuneration**
The fixed remuneration component is determined by the professional specialisation and the organisational role held with the related responsibilities. It therefore reflects the technical, professional and managerial skills, as periodically updated.
The levels of fixed remuneration component are established with respect to the specific nature of the company and its risk profile, with the aim of attracting and retaining highly capable resources.




For each manager, the benchmark remuneration level is elaborated starting from the weight of the organisational position held. The weight is defined by internal staff trained specifically and certified by specialised consultancy companies based on the rigorous application of the job evaluation methodology recognised as among best industry practice. The weight of the position is, therefore, tested against remuneration benchmarks with the reference markets, obtained from specialised industry companies that carry out remuneration surveys in which the Group participates and take into consideration for 2024 a total of 341 companies, of which 25% are Italian and 75% are foreign. In addition, 10% of the companies have a headcount of over 5,000.
With reference to the Executive Directors, the benchmark is further focused on the Group's main direct competitors, such as A2A, Iren and ACEA as well as a select panel of companies in the energy industry belonging to the relevant external markets.
This process thus ensures internal equity as well as external competitiveness through a well-considered market benchmark, interpreted in light of the Company's choice to adopt a salary positioning that is in the mid-market range.

### 5.02 Short-term variable remuneration

The short-term variable remuneration component is linked to the achievement of individual and Group objectives which stem directly from the Company's strategic priorities through the adoption of the balanced scorecard model.

| | |
|---|---|
| **Recipients** | Executive Directors – managers (A and B directors, managers) and other managers of the Hera Group. |
| **Objectives** | Executive Directors: Group economic-financial objectives (Ebitda, net result, net debt and CSV Ebitda) and a Group customer satisfaction objective (CSAT).<br>Other recipients: performance objectives divided into three areas a) target projects; b) economic objectives of the company; c) Leadership Area, weighted on the basis of the performance indicators applied for Executive Directors. |
| **Incentivation level** | On achievement of 100% of the individual objectives: percentage compared to the RAL, divided into categories of recipients, depending on the weight of the recipient's position within the organisation and the strategic value of the tasks. |

#### 5.02.01 Recipients

The recipients of the BSC system are, in addition to the Executive Directors, all managers (divided into the following levels: directors, A managers and B managers) and middle managers of Hera Spa and of the companies belonging to the Group. With regard to the pool of managers, for the year 2024, the scope includes [41] directors and [114] managers.

#### 5.02.02 Structure of the targets

The short-term incentive system provides for the assignment of an individual balanced scorecard (BSC) to each of the recipients. As regards the Executive Directors, the individual form provides for the assignment of the Group's operating-financial and sustainability-related objectives (Ebitda, net result, net debt and CSV Ebitda) and an indicator linked to the Group's customer satisfaction survey (CSAT).
As regards the other recipients, each BSC includes individual objectives to which specific performance indicators are associated, divided into three areas. The relative weight of each area and its contents are illustrated in the chart below:

| | | Target projects Area | Economic Target Area, companies | Leadership Area |
|---|---|---|---|---|
| Weighting | Directors | 50% - 80% | 10% - 40% | 10% |
| | Managers | 40% - 70% | 10% - 40% | 20% |
| | Executives | 70% | - | 30% |
| Content | | Defined on the basis of the Group's strategic map, related to the business plan and in line with medium-long term policies and objectives in all ESG dimensions | The result is automatically evaluated on the basis of the final values from the statutory financial statements of the economic indicators assigned with an "achieved/not achieved" logic | Based on the degree of adoption of the behaviours envisaged by the leadership model adopted by the Group. |

The individual result is subsequently weighted by a company result profile, which takes into account the performance recorded by the Group with reference, for 2024, to five parameters:

- Ebitda;
- Net result;
- Net debt;
- Shared-value EBITDA (CSV);
- Residential customer satisfaction index (CSAT).

### 5.02.03 Measuring the targets

Individual performance is determined on the basis of the achievement of the objectives actually pursued and the specific weight of the individual target, according to the following methods:

- target projects: the progress of each target project is monitored quarterly. Key strategic projects are shared within the Group's management committee (Management Review). At the end of each financial year, each assigned project is evaluated by the direct manager using 11 evaluation levels (0%, 10%, 20%, 30%, 40%, 50%, 60%, 70%, 80%, 90%, 100%) defined on the basis of the actual achievement of the indicators present in each project according to the following frame of reference:

| | Target project achieved (rating level: 100%) | Target project almost completely achieved (rating levels: 90%-80%-70%) | Target project partially achieved (rating levels: 60%-50%) | Target project with significant deviations (rating levels: 40%-30%-20%-10%) | Target project not achieved (0% score ) |
|---|---|---|---|---|---|
| Indicators | **All relevant targets achieved* or exceeded**: 100% targets achieved | **Most relevant targets achieved*:** 75%<=targets <100% achieved | **More than half or half of relevant targets achieved*:** 75%<targets <=50% achieved | **Only some relevant targets achieved*:** 50%<target <=10% achieved | No relevant target achieved* |

* Relevant targets are understood as those whose achievement is a prerequisite for the full achievement of the target project;

- economic targets for individual companies: the result is automatically evaluated on the basis of the final values from the statutory financial statements of the economic indicators assigned an "achieved/not achieved" status;
- adoption of the behaviours envisaged by the leadership model: it includes a 360-degree process that can be initiated across the corporate organisation and is consolidated through the involvement of the managers of the individual teams who evaluate the skills envisaged by the model.

The evaluation relates to all eight competences envisaged by the model and is measured based on the arithmetic mean of the evaluations linked to the competences; the target for each recipient is defined within a rating scale from one to five, the latter representing excellence in the competence in question expressed throughout the reference period; the percentage of achievement of the behavioural target is distributed across ten ranges according to the following scheme:

| Arithmetic mean of the 8 evaluations | Result (%) |
|---|---|
| >= 3,0 | 100% |
| > 2,8 e < 3,0 | 90% |
| > 2,7 e <= 2,8 | 80% |
| > 2,6 e <= 2,7 | 70% |
| > 2,5 e <= 2,6 | 60% |
| > 2,4 e <= 2,5 | 50% |
| > 2,3 e <= 2,4 | 40% |
| > 2,2 e <= 2,3 | 30% |
| > 2,1 e <= 2,2 | 20% |
| > 2,0 e <= 2,1 | 10% |

On the basis of the performance profile achieved by the company on the five parameters, the weighted percentage to be applied to individual results is defined up to 115% of the result according to the following scheme**:**

| | | Weighting class | | | | | |
|---|---|---|---|---|---|---|---|
| Weight | KPI | A+ | A | B | C | D | |
| 20% | Ebitda | Targets exceeded | Target achieved | Minimum deviation | Reduced deviation | High deviation | Deviation below class D |
| 20% | Net result | | | | | | |
| 20% | Net debt | | | | | | |
| 20% | CSV Ebitda | | | | | | |
| 20% | Res. CSAT | | | | | | |
| **% Weighting** | | **115%** | **100%** | **80%** | **60%** | **40%** | **0%** |

Each KPI is evaluated separately. The weighting percentage is determined by calculating the weighted average of the percentage values taken from the results of each individual indicator. All the indicators in class D (high deviation) cause the weighting percentage to be reduced to zero. Only for company employees with the qualification of Manager, the percentage of weighting in class A+ is 120%.

### 5.02.04 Incentivation

The short-term variable remuneration envisaged by the BSC system on achievement of 100% of the individual targets shows an amount as a percentage of the RAL, including any gross fixed remuneration for the positions held, broken down by categories of recipients.

For executives, there are two levels of variable remuneration (executives A and executives B) distinguished based on the weighting of the executive's position in the organisation and the strategic value of his or her duties.

The table below shows for the different levels, the percentage of variable remuneration and the maximum variable pay in case of maximum individual performance and over-performance of all company targets:

| Position held | Maximum individual variable (A) | Maximum company weighting (B) | Maximum variable In relation to the R AL (AxB) |
|---|---|---|---|
| Executive Chairman and CEO | 50% | 115% | 57.5% |
| Directors | 30% | 115% | 34.5% |
| A-class managers | 22% | 115% | 25.3% |
| B-class managers | 17% | 115% | 19.6% |
| B-class executives | 10% | 120% | 12.0% |

The tabel below shows the mechanism for measuring a director's maximum bonus:

| Component | Description | Example involving over-performance of company targets and maximum individual evaluation | Example involving achievement of company targets and maximum individual evaluation |
|---|---|---|---|
| A | RAL (euro) | 100,000 | 100,000 |
| B | Target bonus (% RAL) | 30% | 30% |
| C | Target bonus (euro) = A x B | 30,000 | 30,000 |
| D | Individual targets achieved (%) | 100% | 100% |
| E | Weighting coefficient company performance (%) | 115% | 100% |
| F | **Bonus value paid (euro) = C x D x E** | **34,500** | **30,000** |

### 5.03 Medium-long term variable remuneration: deferred incentive plan for management retention

The medium-long term variable remuneration component is linked to a deferred monetary plan, approved by the Board of Directors following an evaluation of a series of elements:

- since the establishment of Hera, the Group has grown significantly in terms of corporate and regional size and final results;
- from the management's standpoint, the Group has achieved a composition that is the result of a careful balance between the acquisition of new skills from the market and specific value skills already in place;
- today the Group currently enjoys a strong reputation and market visibility, and consequently it is appropriate to target highly selected retention actions for the executive resources who hold strategic positions, have high performance and high market risk.

| | |
|---|---|
| **Recipients** | Executive directors - some directors and managers |
| **Targets** | Strategic objectives of the Group on three targets:<br>Economic value added (EVA) or the cumulative target value for the three-year period, equal to the difference between Net operating profit after taxes (NOPAT) and WACC (Weighted average cost of capital) for the invested capital; the year-end ratio as of the last year of the three-year period between net debt and Ebitda; the percentage of Creating shared value (CSV) Ebitda at the end of the financial year in the last year of the three-year period.<br><br>With the exception of Executive Directors, for the other plan recipients, the result achieved on the three targets is weighted on the basis of performance objectives and individual managerial skills. |
| **Incentivation level** | Executive Directors: the maximum three-year incentive provided for achieving 100% of the targets is equal to 120% of the RAL.<br><br>For the other plan recipients: the maximum three-year incentive provided for achieving 100% of the targets is 100% of the RAL (therefore the corresponding annual quota is equal to 33% of the RAL) or to 50% of the RAL (therefore the corresponding annual quota is 16.67% of the RAL). |

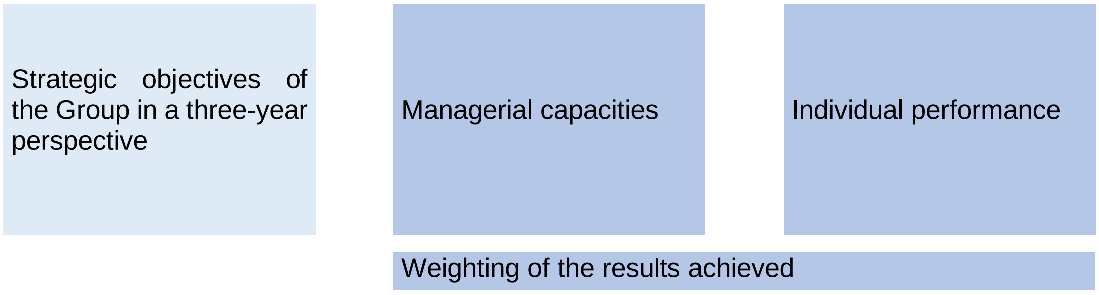
#### 5.03.01 Recipients

The retention plan is applied to Executive Directors in relation to the multi-year term of the mandate as well as a reduced number of directors and managers.

The definition of the scope of recipients is determined by applying the general criteria indicated below:

- identification of a reduced number of managers based on the weight of the organisational position, the performance evaluation obtained based on the development process and age;
- periodic evaluation mechanism for access and renewal / non-renewal of the monetary plan assignment, based on the criteria set out above;
- responsibility of the Executive Directors in selecting the beneficiaries also in relation to the evaluation elements based on the actual market risk of the individual professional profile.

### 5.03.02 Structure of the targets




As for the alignment of remuneration with performance, the retention plan incentivises a commitment to the development of managerial skills, the level of individual performance and the achievement of the Group's strategic objectives in a three-year perspective.
The system involves the assignment of an individual scorecard to each of the recipients, containing a component for evaluating individual performance and managerial skills and a component of the Group's strategic objectives.

The evaluation component for individual performance and managerial skills considers the positioning achieved by the recipients in the three-year period within the development process matrix (see paragraph 4.02).

The component related to the achievement of the Group's strategic objectives aims to enhance the ability to create and share value, as well as further consolidate the culture of the Group's financial solidity in the medium-long term while further pursuing stakeholder interests. This component includes three indicators with an equal weighting:

- Economic value added (EVA) or the cumulative target value for the three-year period, equal to the difference between NOPAT (Net operating profit after taxes) and WACC (Weighted average cost of capital) for the invested capital;
- the ratio at the end of the financial year to the last year of the three-year period between net debt and Ebitda;
- the Ebitda percentage of creation shared value (CSV) at the end of the financial year in the last year of the three-year period.

The following tables show the three-year plan currently in force and the related KPI performance targets with reference to the Executive Directors:


| Weight | KPI | 2023-2025 |
|---|---|---|
| 33.3% | EVA (mn€) | 226 (with WACC at 5.8%) |
| 33.3% | Net debt/Ebitda (previous year) | 2.98 |
| 33.3% | Contribution to CSV (previous year) | 59% |

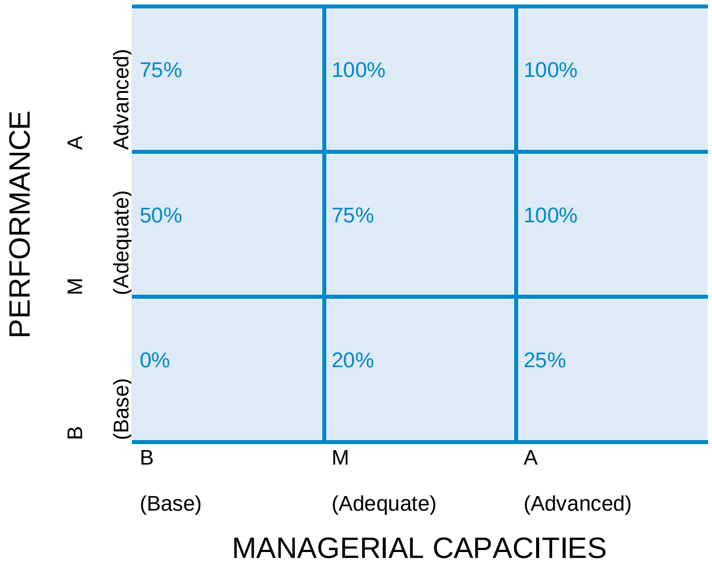
### 5.03.03 Measuring targets

The level of Group KPIs achieved can range from 0% up to 120% according to the following scheme:

| | | Achievement level | | | | | |
|---|---|---|---|---|---|---|---|
| **Weight** | **KPI** | **A+** | **A** | **B** | **C** | **D** | |
| 33.3% | EVA (mn€) | Targets outperformed | Targets achieved | Minimum deviation | Reduced deviation | Significant deviation | Deviation below class D |
| 33.3% | Net debt/Ebitda | | | | | | |
| 33.3% | Contribution to CSV | | | | | | |
| | **% Weighting** | **120%** | **100%** | **80%** | **60%** | **40%** | **0%** |

Each indicator is evaluated separately. The overall achievement percentage will be determined by calculating the weighted average of the percentage values taken from the results of each individual indicator. Each indicator that records a final balance below class D involves the elimination of the value of the premium linked to the indicator.

The evaluation parameter of the development process is given by the average of the evaluations over the three-year period on performance and managerial skills or by the annual positioning of each recipient within the following matrix that determines the relative weighting:




The evaluation parameter of the process of developing individual managerial skills does not apply to Executive Directors, as the same evaluation elements are already considered to be expressed by the level of achievement of the Group KPIs.

### 5.03.04 Incentivation

For the Executive Chairman and CEO, the maximum three-year incentive value envisaged by the retention plan upon achievement of 100% of the objectives is 120% of the RAL.

For the rest of the Group's Management benefitting from the plan, the maximum three-year incentive, upon achieving 100% of the objectives, is 100% of the RAL (therefore the corresponding theoretical annual rate is one third of the RAL, or 33% of the RAL) or 50% of the RAL (therefore the corresponding theoretical annual rate is one third of the gross annual fixed salary, or 16.67% of the RAL), determined on the basis of the general criteria set out above.

The maximum value of the medium-long term remuneration is determined based on the following calculation system for each three-year cycle:

| Three-year benchmark period | Recipients | Benchmark RAL [A] | Maximum incentivation [B] | KPI level reached [C] | |
|---|---|---|---|---|---|
| 2023-2025 | Executive Directors | RAL as of 30 April 2025 | 120% | 0%-120% range | [A] x [B] x [C] |

The incentive is paid in May of the fourth year - i.e. the year following completion of the three-year medium-long term plan - provided that the recipient is still employed.
With regard to recipients confirmed as eligible in a subsequent long-term incentive plan, in order to limit the risk of post-payout abandonment, payout in May of the second year is envisaged as an advance (returned in the event of termination of the employment relationship) of the theoretical amount vested for the first year of the three-year period, or to the target defined ex ante (advance of the first year equal to one third of the overall three-year bonus).
The payout of the remaining portion (equal to two thirds of the bonus) is then scheduled for May of the fourth year. In the event that at the end of the period (at the end of the three-year period) the performance achieved determines a variable remuneration below the amount already paid as an advance, the differential will be deducted from the remuneration for the current year (fourth year).

### 5.04 Social incentive and non-monetary benefit plan

Beginning in 2017, with the aim of further strengthening the retention of the Group's Management, a social incentive plan was introduced in line with the achievement of the Group's corporate objectives, intended for all employees with managerial qualifications, that involves paying out social incentive quotas that can be spent on the services included among those of the existing corporate social incentive programme. Payout is directly linked to the level of achievement of the Group KPIs used to weight the results of the BSC system following a scheme which, for each individual indicator, allows the bonus to be accessed if performance exceeds the target associated with that indictor.
Each indicator is evaluated separately. The overall result is determined by calculating the weighted average of the percentage values taken from the results of each individual indicator.
The maximum value on achieving 100% of the plan objectives is 6% of the theoretical individual variable, namely:

- Executive Directors: a maximum social incentive bonus equal to 6% of 50% of the total RAL is envisaged (3.0% of the RAL);
  directors: a maximum social incentive bonus equal to 6% of 30% of the RAL is envisaged (equivalent to 1.8% of the RAL);
- managers: two distinct levels of maximum social incentive bonus are envisaged, equal respectively to 6% of 22% of the RAL (equivalent to 1.3% of the RAL) and 6% of the 17% of the total RAL (equivalent to 1% of the RAL).

Furthermore, in line with the implementation of the Group's social incentive plan initiated in 2016, access to a Flexible Benefit plan was set out for all Group employees, involving the assignment of an individual quota of 395 euro in 2024.
Finally, as for the entire non-managerial pool of the Group, up to 50% of the company performance bonus can be converted into goods and services included in the company social incentive programme.
In line with best practices, the plan also involves the following main forms of coverages: Directors and Officers (D&O) Liability against civil responsibility towards third parties, professional and extra-professional accidental injury, death and permanent disability due to illness. Executives who hold specific organisational positions are also to be assigned a company car for business and personal use.

### 5.05 Other remuneration elements not applicable to Executive Directors

#### 5.05.01 Performance bonus

The performance bonus has long been a consolidated tool in the Hera Group. It is the subject of negotiations with the National Trade Union Organisations that deal with the sectors in which the Hera Group operates (mainly the sectors relating to gas-water, electricity and environmental collective bargaining agreements). The specific indicators of the Company/Budget Unit are therefore defined with the National Trade Unions, year by year, and for every three years, as part of the supplementary Group contract (level II agreement), the amount of the "potential" target bonus is established that is due to employees, following the achievement of the pre-established results. The current Group agreement regulates the premium for the years 2022-2024.
The amount of the Bonus is divided into three parts and takes into account the profitability of the Hera Group, i.e. Group Consolidated Ebitda and Ebitda/Employees, as well as being conditioned by the achievement of specific targets relating to increases in productivity/quality/efficiency/innovation.

It is envisaged that the employee will have the possibility, on a voluntary basis, to replace the cash-based performance bonus with company social incentive services, within the limits and under the conditions established by law, for a maximum value of 50% of the annual bonus.
The agreement benefits from decontribution, pursuant to Article 1 of Law No. 28, paragraph 189 of 28 December 2015, as amended by Legislative Decree No. 50 of 24 April 2017, as a system of equal involvement of workers in the organisation of work envisaged, with implementation starting from 2017, through the establishment of working groups aimed at improving and/or innovating production areas and/or organisational / productive models.
The agreement is also subject to the application of the preferential tax regime, pursuant to Article 1, paragraphs 182-189, of Law No. 208/2015, as amended by Law No. 232/2016, and of Ministerial Decree 03/25/2016.

**5.05.02 Incentive systems for commercial professionals (Commercial Policy)**
The commercial incentive policy has the aim of orienting the staff involved towards the achievement of pre-set objectives, ensuring a competitive economic incentive offered in line with market practices. It applies to managers and employees of business areas and companies who have internal organisational roles directly linked to commercial tasks.
The incentive model is characterised by the following issues directly related to the assigned commercial roles:

- a short-term remuneration variable related to the achievement of individual objectives and companies;
- a company car assigned for business and personal use.

The short-term variable is assigned on an annual basis and provides for a consideration calculated as a percentage of the RAL through the assignment of a form that includes individual and Group objectives (85%) and the adoption of the leadership model behaviours (15%). The result of the evaluation is subsequently weighted by a corporate performance profile, which takes the Group's performance into account.
Furthermore, a variable incentive model is also envisaged for the front end staff of the Group's sales companies, which involves the assignment of a scorecard with individual (85%) and team (15%) objectives. The overall result is weighted according to the service quality index (SQI) and the average wait time (AWT) for customers at the counter.

**5.05.03 Non-competition agreement**
Given the particular value of employment businesses as well as the attractiveness of key personnel as in the case of commercial personnel, for professionalism related to waste treatment or in the energy trading and service industry - which constitute not only a source of professional knowledge and skills but also a great opportunity to acquire customers, programmes, methods, policies, etc. - the non-competition agreement was applied in accordance with the provisions of Article 2125 of the Italian Civil Code for a term of 24 months.
The agreement, with regard to the anti-competition obligations of the employees (with relative determination of the purpose, place and time of the restriction), provides for an economic consideration paid to the former. The gross amounts identified are payable on a monthly basis. In case of violation of the agreement, the employee will have to pay the company a multiple of the amount received up to the date of termination within a predetermined limit, without prejudice to further ordinary civil remedies.

# 6 Remuneration of Directors

The following different types of directors can be found within the Board of Directors: executive Directors, holding specific offices to whom specific power are delegated and non-executive directors.
The current breakdown of the Hera Spa Board of Directors is as follows: executive directors: the Executive Chairman, Cristian Fabbri, and the CEO, Orazio Iacono; non-executive directors: the Vice Chairman of the Board of Directors Gabriele Giacobazzi (office terminated on 3 March 2024) and the directors Fabio Bacchilega, Gianni Bessi, Enrico Di Stasi, Grazia Ghermandi, Alessandro Melcarne, Milvia Mingozzi, Marina Monassi, Monica Mondardini, Francesco Perrini, Paola Gina Maria Schwizer, Bruno Tani and Alice Vatta.

### 6.01 Non-executive directors

With regard to non-executive directors, the Shareholders Meeting on 27 April 2023 established that they receive a fixed gross annual payment of 40,000 euro, in addition to the reimbursement of living expenses sustained while performing their duties.
The Board of Directors – with regard to the positions held by the aforementioned directors within the Group companies as well as the Hera Group committees (Executive Committee, Remuneration Committee, Control and Risk Committee and Ethics and Sustainability Committee) – decided to award these directors a total sum of 20,000 euro gross per year.
The same Board of Directors decided, on 24 May 2023 to award the Vice Chairman a fixed gross annual compensation of 85,000 euro for the term of his office, which includes the indemnity due as a director and any other fees for offices held in Group companies.

| Office | 2019 compensation | 2020 compensation | 2021 compensation | 2022 compensation | 2023 compensation |
|---|---|---|---|---|---|
| Vice Chairman | 85,000 euro | 85,000 euro | 85,000 euro | 85,000 euro | 85,000 euro |
| Member of the Board of Directors | 40,000 euro | 40,000 euro | 40,000 euro | 40,000 euro | 40,000 euro |
| Member of Hera Group committees and/or the Board of Directors of Group companies | 20,000 euro | 20,000 euro | 20,000 euro | 20,000 euro | 20,000 euro |

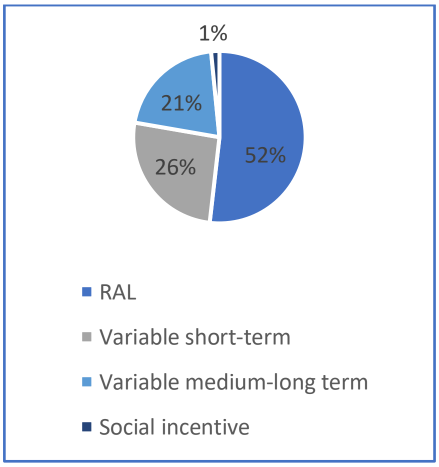
Note that, in line with best practices and the guidelines contained in the Corporate Governance Code, there are no provisions for a variable component in the payment of non-executive directors.

In line with best practices, the plan also involves the following main forms of insurance coverages: Directors and Officers (D&O) Liability for civil liability towards third parties, professional and non-professional accidental injury, and death.

### 6.02 Executive Directors

With regard to the offices of Executive Chairman and Chief Executive Officer, the breakdown of the remuneration target for 2024 is summarised below:

| Remuneration element | Executive Chairman | CEO |
|---|---|---|
| Gross annual compensation | 380,000 € | 380,000 € |
| Short-term variable remuneration (50% of gross annual salary) | 190,000 € | 190,000 € |
| Deferred medium-long term variable remuneration (annual pro rata amount equal to 40% of the gross annual compensation) | 152,000 € | 152,000 € |
| Social incentive plan (maximum 3% of gross annual compensation) | 11,400 € | 11,400 € |
| **TOTAL** | **733,400 €** | **733,400 €** |



In the event that 100% of the targets are exceeded, a theoretical maximum bonus is set at:

- short-term variable remuneration: 57.5% of RAL (€218,500)
- medium-long term variable remuneration: 48.0% of RAL (€182,400).

With regard to non-monetary benefits, a company car is assigned for business and personal use, in addition to the insurance coverage referred to above in paragraph 5.04.

The individual components of the remuneration package are outlined below.

**6.02.01 Fixed remuneration**

The Executive Chairman and the CEO – who also have a subordinate managerial employment relationship with Hera – each receive a total fixed annual compensation of 380,000 euro gross (as resolved by the Board of Directors on 24 May 2023, with effect from the date of appointment, i.e. 27 April 2023), also all-inclusive of the remuneration envisaged for the office, as well as for the positions held in the Group companies. This remuneration was determined taking into account the positioning with respect to the market and the benchmark of the top positions of listed multi-utility companies (see par. 5.01).

**6.02.02 Short-term variable remuneration**

As for the variable component of the short-term remuneration and in line with the BSC system outlined in paragraph 5.02, in the 2024 financial year, a variable remuneration may be awarded to the Executive Chairman and the CEO in relation to the achievement of Group performance objectives in line with the following procedure:

- a bonus equal to 50% of the RAL as defined above will be awarded for the achievement of target operating-financial and sustainability-related results (Ebitda, net result, net debt and CSV Ebitda) for 2024 and the results of the 2024 customer satisfaction survey (CSAT);
- If the assigned targets are exceeded, the short-term variable remuneration may provide for a 15% maximum increment, generating a maximum variable remuneration equal to 57.5% of the RAL [(57.5%) = maximum individual variable (50%) x maximum company weighting (115%), corresponding to the outperformance of all assigned targets (class A+)].

Executive Directors are not obliged to invest their remuneration in Hera shares.

**6.02.03 Deferred variable remuneration for top management retention**

As for the variable component of the medium-long term remuneration and in line with the criterion of the multi-year term of the mandate, envisaged in the context of the retention plan as outlined in paragraph 5.03, a variable remuneration may be vested for the Executive Chairman and the CEO in relation to the achievement of Group performance objectives in the three-year period 2023-2025 broken down as follows:

- a bonus equal to 120% of the RAL as of 30 April 2025 will be awarded if the target operating-financial and sustainability-related results defined at the end of the three-year period are achieved (EVA, net debt/Ebitda and percentage of CSV Ebitda);
- If the assigned targets are exceeded, the medium-long term variable remuneration may provide for a 20% maximum increase in the result, generating a maximum variable remuneration equal to 144.0% of the RAL [(144.0%) = maximum individual variable (120%) x maximum company weighting (120%), which corresponds to the outperformance of all assigned targets (class A+)].

**6.02.04 Social incentive plan for executive directors**

Beginning in 2017, a social incentive programme linked to the achievement of Group corporate objectives was introduced for the Executive Chairman and the CEO, that involves paying out social incentive allocations that can be spent on the services included in the current social incentive programme, which is similar to the scheme shown in paragraph 5.04.

The maximum value on achieving 100% of the plan's objectives is 6% of the theoretical variable, namely with regard to the 2024 financial year:

- for the Executive Chairman and the CEO, equal to 6% of 50% of the RAL (equivalent to 3.0% of the RAL).

Furthermore, in keeping with the implementation of the Group social incentive system launched in 2016 and which provides for the assignment to all Group employees of an annual allocation that can be spent on the services included in the current corporate social incentive programme, a 395 euro allocation was set for the Executive Chairman and the CEO in relation to 2024.

## 7. SEVERANCE PAY AND OTHER PROVISIONS RELATED TO THE TERMINATION OF EMPLOYMENT AND/OR OFFICE

| | |
|---|---|
| **Cases in which severance pay is applicable** | Revocation ante tempus without just cause and termination of the employment relationship<br>Expiry of office and termination of employment relationship<br>Resignation following non-renewal<br>Resignation following revocation ante tempus without just cause |
| **Access gate** | Severance pay shall not apply if, at the time of termination of the office and/or employment relationship, the results achieved in at least two previous financial years out of the last three are objectively inadequate, or, for each financial year, they have been achieved to an extent lower than class D with regard to all indicators. |
| **Calculation base** | Total gross annual compensation, including a) the gross fixed annual salary and/or the fixed remuneration pursuant to Article 2389 of the Italian Civil Code and b) the annual average of the short-term variable remuneration in the previous three years or in the shorter term of the employment relationship |
| **Seniority rate** | Total gross annual compensation * 1 (one), for seniority not exceeding 12 months;<br><br>Total gross annual compensation * 1.5 (one point five), for seniority of more than 12 months and not more than 24 months;<br><br>Total gross annual compensation * 2 (two), for seniority exceeding 24 months.<br><br>Mandatory cap equal to total gross annual compensation * 2 (two) |
| **Payout condition** | Signing of an agreement governing the termination of all existing employment relationships containing a general and novation transaction, signed pursuant to Article 2113 of the Italian Civil Code |
| **Deferral mechanisms** | Payouts: 80% within sixty days of signing of the above agreement pursuant to Article 2113 of the Italian Civil Code; an additional 10%, within six months of the signing of the above agreement pursuant to Article 2113 of the Italian Civil Code; the remaining 10%, within twelve months of the signing of the above agreement pursuant to Article 2113 of the Italian Civil Code |
| **Ex-post adjustment mechanisms** | Clauses which allow, in case of serious infringements of rules or wilful or grossly negligent behaviour to the detriment of both the assets and reputation of the Company, to (i) request and recover, in whole or in part, variable remuneration components (clawback) and/or (ii) not to pay them, retaining the components subject to deferral (malus) |

### 7.01 Severance pay

In line with the regulatory framework referred to in the Introduction as well as with the purposes and main principles set out in paragraph 4.01, the company reserves the right to enter into agreements, in view of or upon termination of the employment relationship and/or office, which provide for awarding payouts to Executive Directors (meaning both Executive Directors who do not have concurrent employment relationships with the Company, and Executive Directors who do), the purpose of which is to mitigate the risks associated with the termination of all employment relationships with the Executive Directors, by flat-rating in advance all the costs and risks associated with it (severance pay).
The aforementioned agreements, where stipulated, take into account – among other things – the term of the employment relationship and/or the position held, to be evaluated on the basis of the specific features of the reference market.
Severance pay is applicable in the following cases:

(i) revocation ante tempus from the office of executive director without just cause, with necessary simultaneous termination of the employment relationship, if any;
(ii) natural expiry of the office of executive director without renewal, also in this case with the necessary simultaneous termination of the employment relationship, if any;
(iii) resignation from the employment relationship – if it exists – (a) within three months following the non-renewal of the office of executive director and (b) due to a change in the activity substantially affecting the overall position held;
(iv) resignation from the employment relationship - if it exists – (a) within three months following the ante tempus revocation from the office of executive director and (b) due to a change in the activity substantially affecting the overall position held.

If none of the cases listed above apply, the provisions of law and collective agreement applicable to the termination of the position and employment relationship may apply. In any case, severance pay shall not apply if at the time of termination of the position and/or employment relationship the results achieved in at least two previous financial years in the last three financial years are objectively inadequate, meaning any results achieved, for each financial year, below class D with regard to all the indicators envisaged from time by time for short-term variable remuneration.

For the purposes of calculating severance pay, where applicable, only the total gross annual compensation is taken into consideration, including a) the gross fixed annual compensation and/or the fixed remuneration pursuant to Article 2389 of the Italian Civil Code, awarded to the interested person at the time of termination of the employment relationship and/or office, and b) the annual average of the amount actually paid as short-term variable remuneration in the 3 (three) years preceding the time of termination of the employment relationship and/or office or in the shortest term of the relationship (total gross annual compensation).

Severance pay, where applicable, is determined as follows based on the longer period of time between the employment relationship and the office:

(i) Total gross annual compensation * 1 (one) for seniority not exceeding 12 months;
(ii) Total gross annual compensation * 1.5 (one point five) for seniority of more than 12 months and not more than 24 months;
(iii) Total gross annual compensation * 2 (two) for seniority exceeding 24 months.

Severance pay, as outlined above, cannot, in any case, exceed the mandatory maximum amount of the total gross annual compensation * 2 (two).

Severance pay incorporates - except as provided in the following paragraph 7.03 - Effects of the termination of the relationship and/or office on the incentive systems - any claim arising from all relationships with the company and with other companies of the Group, including notice or any replacement indemnity, the additional indemnity provided for by the collective agreement applied for the unjustified dismissal of the manager and all possible damages, pecuniary and otherwise, that come from the termination of the existing relationships, without prejudice to the right of severance pay or anything else due by law from the termination of the employment relationship (holidays, additional monthly payments, etc.).

Severance pay will be awarded only in the context of an agreement - signed pursuant to and for the purposes of Article 2113 of the Italian Civil Code - which regulates the termination of all relationships (both employment and administration) with the company and with other Group companies and which provides, among other things:

a) the right for the Company to exercise liability and/or compensation actions for facts/behaviours involving wilful misconduct and/or gross negligence, not known at the time of termination of the employment relationship and/or office;
b) the waiver by the interested party of the variable remuneration portions, both short (BSC) and medium-long term (MLT), vested and not yet paid, except as detailed in paragraph 7.03 - Effects of termination of employment and/or office on incentive systems;
c) the waiver by the interested party of any future claim, action or demand against the company and possibly with other companies of the Group, also for compensation, as part of a general novation transaction pursuant to Articles 1975 and 1976 of the Italian Civil Code, both with regard to the position and in relation to the employment relationship.

Any severance pay will be subject to:

(i) deferral mechanisms, as outlined below: 80% of the severance pay shall be paid within sixty days of the signing of the above agreement pursuant to Article 2113 of the Italian Civil Code, as for a further 10%, within six months of the signing of the above agreement pursuant to Article 2113 of the Italian Civil Code, and the remaining 10% within twelve months of the signing of the above-mentioned agreement pursuant to Article 2113 of the Italian Civil Code;
(ii) ex-post adjustment mechanisms, as outlined in the following paragraph 7.02 – Ex-post adjustment mechanisms.

### 7.02 Ex-post adjustment mechanisms

As regards the variable remuneration components (both short and medium-long term) as well as severance pay, the application is envisaged - within the limitation periods established by the current laws and regardless of the termination of the subordinate employment relationship and / or of the office - of ex post adjustment clauses which allow the company to (i) request and recover, in whole or in part, variable remuneration components (clawback) and/or (ii) not to pay them, retaining the components subject to deferral (malus).

With regard to severance pay, these clauses are applied by the Company, following a determination by the Board of Directors towards the persons who have engaged in conduct constituting a serious infringement of company rules (with particular regard to the Code of Ethics and the Organisational Model pursuant to Legislative Decree 231/01), whether contractual or legal or who have engaged in wilful or grossly negligent behaviour to the detriment, both financial and reputational, of the company.

With regard to short and medium-long term variable remuneration, these clauses are applied by the company, following a determination by the Board of Directors:

(i) where it is ascertained that the variable remuneration components have been determined on the basis of circumstances and/or objectives whose existence and/or achievement are attributable to wilful or grossly negligent behaviour of the person concerned or, in any case, implemented in breach of the benchmark rules (corporate, legal, contractual) or were considered to exist and/or were achieved through data which were later revealed to be manifestly incorrect, including cases in which the interested party, with intent or gross negligence, altered the data used for the existence and/or achievement of the circumstances and/or the said objectives;

(ii) towards persons who engaged in conduct in serious infringement of company rules (specifically, with regard to the Code of Ethics and the Organisational Model pursuant to Legislative Decree 231/01), whether contractual or legal, or who carried out conduct malicious or grossly negligent acts to the detriment, both financial and reputational, of the company.

The aforementioned malus and clawback provisions shall be implemented towards the Executive Directors through specific individual agreements, without prejudice to any other action or remedy permitted by law to protect the interests of the Company and the other Group companies.

**7.03 Effects of termination of employment and/or office on variable remuneration systems**

**7.03.01 General regulations**

Generally speaking, in the event of termination of the employment relationship and/or of the position, the interested party shall forfeit, to all intents and purposes, any right to the payment of variable remuneration, both short and medium-long term, even where already vested.

Specifically:

- with regard to the short-term variable remuneration system (BSC), if, on 31 December of the year of vesting, the employment relationship and/or the position of the person concerned ceased and/or is subject to notice, the interested party shall forfeit, to all intents and purposes, any right that comes from the BSC system, including both the right to the related payout (not even pro rata temporis), and the right to compensation and/or indemnity for such non-payment;
- with regard to the LTI variable remuneration system, if, on the date of expected payout of this remuneration (i.e. after the date of approval of the financial statements relating to the last year of the three-year cycle), the employment relationship and/or the position of the interested party ceased and/or are subject to notice, the interested party shall forfeit, to all intents and purposes, any right that comes from the LTI system, including the right to the related payout (not even pro rata temporis even with reference to any advances already paid), and the right to compensation and/or compensation for such non-payment.

**7.03.02 Specific regulations only applied in the event of severance pay actually due**

Only in the event of severance pay actually due as regulated above and all the conditions referred to in paragraph 7.01 – Severance pay (including the signing of the agreement pursuant to Article 2113 of the Italian Civil Code referred to in paragraph 7.01 – Severance pay), shall the rules detailed below exclusively apply.

**7.03.02.01 Specific regulations only applied in the event of severance pay actually due as per cases II or III (non-renewal)**

In the event of termination of a position (and the employment relationship, if it exists), the interested party shall forfeit, to all intents and purposes, any right to payment of the variable remuneration vesting, whether short or medium-long term incentive (LTI), without prejudice to the right to payment of only the variable remuneration vested, as detailed below.

Specifically:

(i) with regard to the short-term variable remuneration system (BSC), if, on the date of termination of the office (and the employment relationship, if it exists), the interested party’s remuneration is vested and, on the date of expected payment of such remuneration, the position (and the employment relationship, if it exists) of the interested party ceased and/or is subject to notice, the interested party shall be entitled to the payout of such remuneration, with application of all further terms, conditions and constraints envisaged for this type of remuneration pursuant to the regulations applicable from time to time;

(ii) with regard to the medium-long term variable remuneration system (LTI), if:
   a) on the date of termination of the office (and the employment relationship if it exists), the interested party’s remuneration is fully vested (full vesting means the positive completion by the interested party of the entire three-year cycle and all the vesting requirements have been met) and, on the date of expected payment of this remuneration (i.e. after the date of approval of the financial statements relating to the last year of the three-year cycle), the position and, if it exists, the employment relationship employment of the interested party ceased and/or is subject to notice, the interested party shall be entitled to the payout of this remuneration, with application of all further terms, conditions and constraints provided for this type of remuneration pursuant to the regulations from time to time applicable, without any acceleration and, therefore, with possible payment after the date of approval of the financial statements relating to the last year of the three-year cycle;
   b) on the date of termination of the office and the employment relationship, if it exists, such remuneration is not fully vested for the interested party (full vesting means the positive completion by the interested party of the entire three-year cycle and all the vesting requirements have been met), the interested party shall forfeit, to all intents and purposes, any right that comes from the LTI system, including both the right to the related payout (not even pro rata temporis), and the right to compensation and/or indemnity for such non-payment.

**7.03.02.02 Specific regulations only applied in the event of severance pay actually due as per cases I or IV (revocation ante tempus)**

In the event of termination of the office and the employment relationship, if it exists, the interested party shall forfeit, to all intents and purposes, any right to the payment of the variable remuneration vesting, whether short or medium-long term, without prejudice to the right to payment of only the variable remuneration vested, as detailed below.

Specifically:

(i) if, on the date of termination of the office and the employment relationship, if it exists, such remunerationis already vested for the interested party and, on the date of expected payment of this remuneration, the position and the employment relationship of the interested party, if it exists, ceased and/or is under notice, the interested party shall be entitled to the payout of this remuneration, with application of all further terms, conditions and constraints envisaged for this type of remuneration pursuant to the regulations applicable from time to time;

(ii) with regard to the LTI variable remuneration system:
   a) if the position and the employment relationship, if it exists, of the interested party are terminated and/or subject to notice before the interested party has successfully completed the first year of the three-year cycle, the interested party shall forfeit, to all intents and purposes, any right that comes from the LTI system, including both the right to the related payout (not even pro rata temporis), and the right to indemnity and/or compensation for such non-payment;
   b) if the position and the employment relationship, if it exists, of the interested party are terminated and/or subject to notice after the interested party has successfully completed at least the first year of the three-year cycle, the interested party shall be entitled to the payment of this remuneration determined pro rata temporis on an annual basis as per the entire years of the three-year cycle as well as on the level of positive completion by the interested party of the three-year cycle, with application of all further terms, conditions and constraints envisaged for this type of remuneration pursuant to the regulations applicable from time to time, without any acceleration and, therefore, with possible payment after the date of approval of the financial statements relating to the last year of the three-year cycle;
   c) on the date of termination of the office and the employment relationship, if it exists, the interested party’s remuneration is fully vested (full vesting means the positive completion by the interested party of the entire three-year cycle and all the vesting requirements have been met) and, on the date of expected payment of this remuneration (i.e. after the date of approval of the financial statements relating to the last year of the three-year cycle), the position and the employment relationship, if it exists, of the interested party are terminated and/or is under notice, the interested party shall be entitled to the provision of such remuneration, with application of all further terms, conditions and constraints provided for this type of remuneration pursuant to the

regulations applicable from time to time, without any acceleration and, therefore, with possible payment after the date of approval of the financial statements for the last year of the three-year cycle.

If, at the time of occurrence of cases I to IV referred to in paragraph 7.01 – Severance pay, the person entitled to severance pay has received the payment of LTI advances, the latter shall remain acquired and the interested person shall not have to return them to the Company.

## 8 Remuneration of the Board of Statutory Auditors

### 8.01 Composition of the Board of Statutory Auditors

The Board of Statutory Auditors of Hera Spa, appointed by the Shareholders Meeting of 27 April 2023, is composed of Myriam Amato, Chairperson, Marianna Girolomini and Antonio Gaiani, standing auditors, Susanna Giuriatti and Stefano Gnocchi, alternate auditors.

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

### 8.02 Remuneration allocated to the Board of Statutory Auditors

The Shareholders Meeting of 27 April 2023, following their appointment, established that the remuneration of the Auditors was determined for each financial year at a flat rate of 280,000 euro, of which 120,000 euro for the Chairperson and 80,000 euro for each standing member, in addition to reimbursement of documented expenses and legal fees.

| Position | Remuneration 2019 | Remuneration 2020 | Remuneration 2021 | Remuneration 2022 | Remuneration 2023 |
|---|---|---|---|---|---|
| Chairperson | €120,000 | €120,000 | €120,000 | €120,000 | €120,000 |
| Standing auditors | €80,000 | €80,000 | €80,000 | €80,000 | €80,000 |
| Alternate auditors | ---- | ---- | ---- | ---- | ---- |

In compliance with the provisions of Article 5 of the Corporate Governance Code in force - Recommendation 30, the remuneration of the Statutory Auditors is believed to be commensurate with the competence, professionalism and commitment required by the relevance of the position held, as well as the size and industry characteristics of the Company and its financial standing.

# SECTION II – COMPENSATION PAID IN 2023

## Introduction

Section II of this report outlines the items that make up the remuneration of members of the administrative and control bodies, with the aim of highlighting the consistency with the General Policy described in Section I. Pursuant to Article 123-ter of the TUF, as amended by Legislative Decree 49/2019, the Shareholders Meeting is convened to resolve on this Section II.

With regard to the policies for directors' remuneration, it should be noted that, with respect to the positions held by the directors (excluding the Chairman, Chief Executive Officer and Vice Chairman) in the Group companies, the Remuneration Committee, Risk and Control Committee, Ethics and Sustainability Committee, as well as the Executive Committee, the directors involved are awarded a total remuneration of 20,000 euro gross per year, to be added to the remuneration established by the Shareholders Meeting in the amount of 40,000 euro.

## Part 1

## 9 Description of the compensation paid to directors

The following section shows for each figure the values of the individual remuneration components pertaining to 2023, paid or to be paid for results achieved during the same year.
With regard to the results of the 2023 financial year used to determine the short-term variable component of the remuneration and social incentive plan of the Executive Directors, as specified in the Note of the 2023 financial statements, the change in inventories relating to gas storage was adjusted by 93 million euro with an ensuing positive tax effect amounting to 26.8 million euro. This adjustment incorporates the opposite effect compared to the valuation made in 2022, a year that was affected by a sharp increase and heightened volatility of gas prices with both economic (purchase cost) and financial (working capital commitment) impacts. Therefore, in order to facilitate the analysis of the business performance and ensure better comparability of the results, it was deemed appropriate also in 2023 to present the results by performing a valuation of the natural gas storage according to a management criterion. In this way, the valuation differential recorded at the end of the 2022 financial year was fully offset.
The effect of this valuation on the 2023 KPIs and the related management adjustments are shown in the following table:

| KPI | Published statement | Managerial adjustments | Result achieved |
|---|---|---|---|
| Hera Group Ebitda (mn€) | 1,587.7 | -93.0 | 1,494.7 |
| Net result (mn€) | 483.2 | -66.2 | 417.0 |
| Net debt (mn€) | 3,827.7 | 0.0 | 3,827.7 |
| CSV Ebitda (mn€) | 776.0 | 0.0 | 776.0 |

**9.01Executive Chairman**
Tomaso Tommasi di Vignano - position held until 27 April 2023
The fixed remuneration paid to Tomaso Tommasi di Vignano is composed exclusively of compensation related to his directorship relationship. The aforementioned compensation also include any service/position held on behalf of subsidiary or associate companies of the Hera Group. As regards the 2023 financial year and in line with the date of coverage of the position, fixed remuneration is equal to 123,500 euro gross.

Cristian Fabbri - position held since 27 April 2023

The annual fixed gross remuneration of Cristian Fabbri for the 2023 financial year and in line with his term in office was 256,500 euro gross.

Furthermore, with regard to the short-term monetary bonus for 2023 (to be paid in 2024), 141,867 euro gross was calculated, following the achievement of an overall performance index of 112%. This amount was pro-rated in line with the effective date of his appointment as Executive Chairman.

The calculation scheme for the 2023 short-term variable is shown in the following table:

**Short-term variable calculation scheme for the Executive Chairman – Cristian Fabbri**

| | | | | | | |
|---|---|---|---|---|---|---|
| RAL | | | | | | 380,000 € |
| Short-term variable on achieving 100% of the targets (%) | | | | | | 50% |
| Theoretical short-term variable on achieving 100% of the targets (euro) | | | | | | 190,000 € |
| **Calculation of the achievement of 2023 company targets** | | | | | | |
| **WEIGHT [A]** | **KPI** | **Target** | **Result achieved** | **Result as compared to the target** | **Weighting class [B]** | **Weighting [A]x[B]** |
| 20% | Hera Group Ebitda (mn€) | >= 1,410.0 | 1,494.7 | Exceeded | A+ | 23.0% |
| 20% | Net result (mn€) | >= 384.4 | 417.0 | Exceeded | A+ | 23.0% |
| 20% | Net debt (mn€) | <= 4,450.0 | 3,827.7 | Exceeded | A+ | 23.0% |
| 20% | CSV Ebitda (mn€) | >= 760.0 | 776.0 | Achieved | A | 20.0% |
| **Overall result** | | | | | | 112.0% |
| **2023 short-term monetary bonus (€) to be paid out in 2024 (pro-rated value in line with the effective date of the appointment - 27 April 2023)** | | | | | | 141,867 € |

Furthermore, in relation to the period prior to the appointment of the Executive Chairman (01/01/23 - 26/04/23) and the respective role held as Central Market Director, an additional amount was paid to Cristian Fabbri as a short-term monetary bonus equal to 42,560 euro gross.

As regards the social incentive programme for 2023 (to be paid in 2024), an additional vested bonus of 6,080 euro can be spent on the services included in the current corporate social incentive plan, following the achievement of an overall performance index of 80%.

The calculation scheme for the 2023 social incentive programme is shown in the following table:

**Social incentive plan calculation scheme for the Executive Chairman – Cristian Fabbri**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| RAL | | | | | | | 380,000 € |
| Theoretical Social Incentive Plan on achieving 100% of the targets (%) | | | | | | | 3.0% |
| Theoretical Social Incentive Plan on achieving 100% of the targets (€) | | | | | | | 11,400 € |
| **Calculation of the achievement of 2023 company targets** | | | | | | | |
| **WEIGHT [A]** | **KPI** | **Target** | **Result achieved** | **Result as compared to the target** | **Weighting class [B]** | | **Weighting [A]x[B]** |
| 20% | Hera Group Ebitda (mn€) | >= 1,438.2 | 1,494.7 | Achieved | A+ | 100% | 20% |
| 20% | Net result (mn€) | >= 395.9 | 417.0 | Achieved | A+ | 100% | 20% |
| 20% | Net debt (mn€) | <= 4,317.0 | 3,827.7 | Achieved | A+ | 100% | 20% |
| 20% | CSV Ebitda (mn€) | >= 790.4 | 776.0 | Not achieved | A | 0 | 0 |
| 20% | Residential CSAT | 73 | 73 | Achieved | A+ | 100% | 20% |
| **Overall result** | | | | | | | 80% |
| **2023 short-term monetary bonus (€) to be paid out in 2024 (pro-rated value in line with the effective date of the appointment - 27 April 2023)** | | | | | | | €6,080 |

Likewise, for the period prior to the appointment of the Executive Chairman (01/01/23 - 26/04/23) and the respective position held as Central Market Director, an additional amount of 1,824 euro was paid, spendable on the services included in the company social incentive plan.

Following the assignment of the long-term incentive programme for the three-year period 2023-2025 as Executive Chairman, the long-term incentive plan previously assigned to the Central Market Director was terminated, with the following procedures: in view of the advance amounting to 115,000 euro, paid out in 2023 as required by the regulation, an assessment will be carried out of the level of achievement of the 2024 EVA, Net debt / Ebitda and shared-value Ebitda objectives and the resulting theoretical variable will be simulated (assuming a 100% weighting for individual performance and behaviour). Subsequently, the calculation of any adjustment relating to the difference between the value of the advance paid in May 2023 and the value equal to 1/3 of the theoretical variable calculated in 2024 will be carried out.

### 9.02 Chief Executive Officer

The fixed annual remuneration of Orazio Iacono for the 2023 financial year was 380,000 euro gross.

With regard to the short-term monetary bonus for 2023 (to be paid out in 2024), an amount of 212,800 euro gross was calculated, following the achievement of an overall performance index of 112%.

The calculation scheme for the 2023 short-term variable is shown in the following table:

**Short-term variable calculation scheme for the CEO - Orazio Iacono**

| | |
|---|---|
| RAL | 380,000 € |
| Short-term variable on achieving 100% of the targets (%) | 50.0% |
| Theoretical short-term variable on achieving 100% of the targets (€) | 190,000 € |

**Calculation of the achievement of 2023 company targets**

| WEIGHT [A] | KPI | Target | Result achieved | Result as compared to target | Weighting class [B] | | Weighting [A]x[B] |
|---|---|---|---|---|---|---|---|
| 20% | Hera Group Ebitda (mn€) | >= 1,410.0 | 1,494.7 | Exceeded | A+ | 115% | 23.0% |
| 20% | Net result (mn€) | >= 384.4 | 417.0 | Exceeded | A+ | 115% | 23.0% |
| 20% | Net debt (mn€) | <= 4,450.0 | 3,827.7 | Exceeded | A+ | 115% | 23.0% |
| 20% | CSV Ebitda (mn€) | >= 760.0 | 776.0 | Reached | A | 100% | 20.0% |
| 20% | Residential CSAT | >= 72 | 73 | Exceeded | A+ | 115% | 23.0% |
| **Overall result** | | | | | | | 112.0% |
| **2023 short-term monetary bonus (€) to be paid out in 2024** | | | | | | | 212,800 € |

As regards the social incentive programme for 2023 (to be paid in 2024), an additional vested bonus of 9,120 euro can be spent on the services included in the current corporate social incentive plan, following the achievement of an overall performance index of 80%.

The calculation scheme for the 2023 social incentive plan is shown in the following table:

**Social incentive calculation scheme for CEO Orazio Iacono**

| | |
|---|---|
| RAL | 380,000 € |
| Theoretical Social Incentive Plan on achieving 100% of the targets (%) | 3.0% |
| Theoretical social incentive plan on achieving 100% of the targets (€) | 11,400 € |

**Calculation of the achievement of 2023 company targets**

| WEIGHT [A] | KPI | Target | Result achieved | Result as compared to target | Weighting class [B] | | Weighting [A]x[B] |
|---|---|---|---|---|---|---|---|
| 20% | Hera Group Ebitda (mn€) | >= 1,438.2 | 1,494.7 | Reached | A+ | 100% | 20.0% |
| 20% | Net result (mn€) | >= 395.9 | 417.0 | Reached | A+ | 100% | 20.0% |
| 20% | Net debt (mn€) | <= 4,317 | 3,827.7 | Reached | A+ | 100% | 20.0% |
| 20% | CSV Ebitda (mn€) | >= 790.4 | 776.0 | Not reached | A | 0% | 0.0% |
| 20% | Residential CSAT | >= 73 | 73 | Reached | A+ | 100% | 20.0% |
| **Overall result** | | | | | | | 80.0% |
| **2023 social incentive bonus (€) to be paid out in 2024** | | | | | | | 9,120 € |

### 9.03 Vice Chairman

Gabriele Giacobazzi was paid a gross annual fixed remuneration of 85,000 euro for his position of Vice Chairman for the 2023 financial year, as decided by the administrative body, confirming the amount on 24 May 2023, with effect from 27 April 2023.

### 9.04 Non-executive directors

Until April 27, 2023, the date of renewal of the Company's entire administrative body, Fabio Bacchilega, Danilo Manfredi, Alessandro Melcarne, Lorenzo Minganti, Monica Mondardini, Erwin P.W. Rauhe, Manuela Cecilia Rescazzi, Paola Gina Maria Schwizer, Federica Seganti, Bruno Tani, Alice Vatta and Marina Vignola received a fixed remuneration for their position as directors and additional remuneration for participation in committees or participation in Group company boards, as required by the Remuneration Policy.

Following the renewal of the entire administrative body and their appointment as non-executive directors of the Company, and therefore with effect from 27 April 2023, Fabio Bacchilega, Gianni Bessi, Enrico Di Stasi (since 27 September 2023), Lorenzo Minganti (until 19 June 2023), Grazia Ghermandi, Alessandro Melcarne, Milvia Mingozzi, Marina Monassi, Monica Mondardini, Francesco Perrini, Paola Gina Maria Schwizer, Bruno Tani and Alice Vatta, received, in the same way as terminated directors, and therefore pro-rated for the period in which the position was held, fixed remuneration for the office of directors and additional remuneration, the latter with effect from 1 May 2023, for participation in committees or participation in the boards of Group companies, and as provided for in the Remuneration Policy.

### 9.05 Statutory auditors

The members of the Board of Statutory Auditors received a fixed remuneration for the office of auditors determined by the Shareholders Meeting.

### 9.06 Remuneration received in Group companies

The remuneration allocated to the Executive Directors, directors and managers for the positions held within the bodies of the Group companies and/or the Committees were fully repaid to Hera Spa. The total amount repaid to the Parent Company for 2023 was 485,495.35 euro.

The cost of the Board of Directors of Hera Spa in 2023, consistent with the resolutions of the appropriate Group bodies, was 1,061,782.43 euro in 2023, net of the fee of 485,495.35 euro (for a total gross amount of 1,547,277.78 euro) collected by Hera for the participation of directors/managers in the corporate bodies of subsidiaries.

### 9.07 Comparative information

Below comparative data are provided for the 2022 and 2023 financial years, relating to the annual changes in:

- total remuneration of each of the persons for whom the information is provided by name;
- company results;
- gross annual average remuneration, based on full-time employees, of employees other than those to whom remuneration is assigned by name.

The data relating to the deferred variable remuneration for Management retention represent the theoretical annual quota assuming 100% achievement of the objectives at the end of the three-year period addressed by the plan.

**Executive Chairman**

| Remuneration element | 2022 Scope | 2023 Scope |
|---|---|---|
| Gross annual remuneration<br>(values in line with the effective date of the appointment - 27 April 2023) | - | 256,500 € |
| Short-term variable remuneration<br>(values in line with the effective date of the appointment - 27 April 2023) | - | 141,867 € |
| Deferred medium-long term variable remuneration<br>(theoretical annual value on achieving 100% of the objectives) | - | 152,000 € |
| Social incentive plan<br>(values in line with the effective date of the appointment - 27 April 2023) | - | 6,080 € |
| **TOTAL** | - | 556,447 € |

Data are denominated in euro.

**Chief Executive Officer**

| Remuneration element | 2022 Scope | 2023 Scope |
|---|---|---|
| Gross annual remuneration (values in line with the effective date of the appointment - 11 May 2022) | 243,118 € | 380,000 € |
| Short-term variable remuneration (values in line with the effective date of the appointment - 11 May 2022) | 121,105 € | 212,800 € |
| Deferred medium-long term variable remuneration (theoretical annual value on achieving 100% of the objectives) | - | 152,000 € |
| Social incentive plan (values in line with the effective date of the appointment - 11 May 2022) | 1,898 € | 9,120 € |
| **TOTAL** | 366,121 € | 753,920 € |

Data are denominated in euro.

## Non-executive directors appointed by the Shareholders Meeting of 27 April 2023

| | 2020 scope | 2021 scope | 2022 scope | 2023 scope |
|---|---|---|---|---|
| Vice Chairman – Giacobazzi Gabriele** | 68 | 102 | 102 | 103 |
| Bacchilega Fabio | 40 | 61 | 61 | 61 |
| Bessi Gianni | - | - | - | 41 |
| Di Stasi Enrico * | - | - | - | 16 |
| Ghermandi Grazia | - | - | - | 42 |
| Melcarne Alessandro | 60 | 60 | 60 | 60 |
| Mingozzi Milvia | - | - | - | 41 |
| Monassi Marina | - | - | - | 41 |
| Mondardini Monica | 40 | 60 | 60 | 60 |
| Perrini Francesco | - | - | - | 41 |
| Schwizer Paola Gina Maria | 41 | 61 | 61 | 60 |
| Tani Bruno | 42 | 63 | 63 | 63 |
| Vatta Alice | 40 | 60 | 60 | 60 |

Data are shown as thousands of euro

*. Director Di Stasi Enrico was appointed by co-optation on 27 September 2023, replacing Councilor Minganti Lorenzo, who resigned with effect from 19 June 2023.

** The office of Vice Chairman Gabriele Giacobazzi ceased on 3 March 2024.

## Non-executive directors whose office ended during the 2023 financial year

| | 2020 scope | 2021 scope | 2022 scope | 202 scope 3 |
|---|---|---|---|---|
| Manfredi Danilo | 60 | 60 | 60 | 20 |
| Minganti Lorenzo | 41 | 60 | 60 | 28 |
| Rauhe Erwin P.W. | 61 | 61 | 61 | 20 |
| Rescazzi Manuela Cecilia | 41 | 61 | 61 | 20 |
| Seganti Federica | 60 | 61 | 61 | 20 |
| Vignola Marina | 60 | 60 | 60 | 20 |

### Average gross annual remuneration of full-time Hera Group employees

| | 2020 remuneration | 2021 remuneration | 2022 remuneration | 2023 remuneration |
|---|---|---|---|---|
| Average employee remuneration | 40 | 40,5 | 41 | 41 |

data shown in thousands of euro

### Company results

The following table shows the performance of the Group's main results considered most relevant for the purposes of evaluating management performance

| | 2020 | 2021* | 2022* | 2023* | Change, % 2020/2021 | Change, %. 2021/2022 | Change, % 2022/2023 |
|---|---|---|---|---|---|---|---|
| Revenues | 7,079.00 | 10,555.30 | 20,082.00 | 14,897.30 | 49.10% | 90.30% | (25,80)% |
| Ebitda | 1,123.00 | 1,219.40 | 1,295.00 | 1,494.70 | 8.60% | 6.20% | 15,40% |
| Operating profit | 551.3 | 607.3 | 627.9 | 741.0 | 10.20% | 3.40% | 18,00% |
| Net profit post minorities | 302.7 | 330.3 | 322,2 | 375.2 | 9.10% | (2.50)% | 16,40% |
| | | | | | | | |
| Net financial debt | 3,227.00 | 3,261.30 | 4,249.80 | 3,827.70 | 1.10% | 30.30% | (9,90)% |
| Leverage ratio (net debt/Ebitda) | 2.87x | 2.67x | 3.28x | 2.56x | | | |

data shown in millions of euro

* management values which include the adjustment relating to the valuation of the methane gas warehouse as indicated in paragraph 1.04 of the 2023 Consolidated and Separate Financial Statements.

Bologna, 26 March 2024

**Executive Chairman of the Board of Directors**
(Cristian Fabbri)

# Part 2

## TABLE 1: Compensation paid to members of the administrative and supervisory bodies

## Administrative body

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration | | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office or termination of employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Cristian Fabbri | Executive Chairman | 27-apr-23 31-dec-23 | Approval of financial statements at 31-dec-25 | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 256,500 | | 293,867 | | 18,774 | 1,509 | 570,650 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | | | | | | | | | |
| **(III) Total** | | | | **256,500** | | **293,867** | | **18,774** | **1,509** | **570,650** | | |
| Note | | | | Relating to the period 27 April – 31 December 2023 | | Of which 141,867 euro relating to the short-term variable component for 2023 calculated in relation to the start date of the office of Executive Chairman, 27 April 2023; and 152,000 euro relating to the deferred variable for the retention of managers, assuming 100% achievement of the objectives for the end of the three-year period in 2025. | | Of which 6,080 euro relating to the Social Incentive Plan (pro-rated compared to the starting date of the office of Executive Chairman on 27 April 2023); 12,229 euro relating to car, insurance and social security benefits for 2023 | | | | |

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration | | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office or termination of employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Orazio Iacono | Chief Executive Officer | 01-jan-23 31-dec-23 | Approval of the financial statements at 31-dec-25 | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 380,000 | | 364,800 | | 24,698 | | 769,498 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | | | | | | | | | |
| **(III) Total** | | | | **380,000** | | **364,800** | | **24,698** | | **769,498** | | |
| Note | | | | | | Of which 212,800 euro relating to the short-term variable component pertaining to 2023; and 152,000 euro relating to the deferred variable for the retention of managers, assuming 100% achievement of the objectives for the end of the three-year period in 2025. | | Of which 9,120 euro relating to the welfare plan; 14,963 euro relating to the car benefit, insurance and social security and Flexible Benefit plan + quota for reimbursement of children's school expenses, pertaining to 2023 | | | | |

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration | | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office or termination of employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Gabriele Giacobazzi | Vice Chairman | 01-jan-23 31-dec-23 | Approval of the financial statements at 31-dec-25 | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 85,000 | | | | 18,305 | | 103,305 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | | | | | | | | | |
| **(III) Total** | | | | **85,000** | | | | **18,305** | | **103,305** | | |
| Note | | | | | | | | | | | | |

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration | | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office or termination of employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Fabio Bacchilega | Director | 01-jan-23<br>31-dec-23 | Approval of the financial statements at 31-dec-25 | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 40,000 | 19,833 | | | 912 | | 60,745 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | | | | | | | | | |
| **(III) Total** | | | | **40,000** | **19,833** | | | **912** | | **60,745** | | |
| Note | | | | | (I) as a member of the Remuneration Committee and (II) for positions held in Group companies | | | | | | | |

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration | | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office or termination of employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Gianni Bessi | Director | 27-apr-23<br>31-dec-23 | Approval of the financial statements at 31-dec-25 | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 27,000 | | | | 486 | | 27,486 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | 13,333 | | | | | | 13,333 | | |
| **(III) Total** | | | | **40,333** | | | | **486** | | **40,819** | | |
| Note | | | | (II) for positions held in Group companies | | | | | | | | |

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration: Bonuses and other incentives | Non-equity variable remuneration: Profit sharing | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office or termination of employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Enrico Di Stasi | Director | 27-sep-23 31-dec-23 | Next Shareholders Meeting | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 10,444 | 5,222 | | | 198 | | 15,865 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | | | | | | | | | |
| **(III) Total** | | | | **10,444** | **5,222** | | | **198** | | **15,865** | | |
| Note | | | | | (I) as a member of the Control and Risk Committee and (II) for position held in Group companies | | | | | | | |

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration: Bonuses and other incentives | Non-equity variable remuneration: Profit sharing | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office or termination of employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Grazia Ghermandi | Director | 27-apr-23 31-dec-23 | Approval of the financial statements at 31-dec-25 | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 27,111 | | | | 1,131 | | 28,242 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | 13,333 | | | | | | 13,333 | | |
| **(III) Total** | | | | **40,444** | | | | **1,131** | | **41,575** | | |
| Note | | | | (II) for positions held in Group companies | | | | | | | | |

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration | | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office or termination of employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Alessandro Melcarne | Director | 01-jan-23 31-dec-23 | Approval of the financial statements at 31-dec-25 | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 40,000 | 19,833 | | | 300 | | 60,133 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | | | | | | | | | |
| **(III) Total** | | | | **40,000** | **19,833** | | | **300** | | **60,133** | | |
| Note | | | | | (I) until 10 May 23 as a member of the Executive Committee, and from 10 May 23 as a member of the Control and Risk Committee and (II) for positions held in Group companies | | | | | | | |

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration | | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office or termination of employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Milvia Mingozzi | Director | 27-apr-23 31-dic-23 | Approval of the financial statements at 31-dec-25 | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 27,111 | | | | 892 | | 28,003 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | 13,333 | | | | | | 13,333 | | |
| **(III) Total** | | | | **40,444** | | | | **892** | | **41,336** | | |
| Note | | | | (II) for positions held in Group companies | | | | | | | | |

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration | | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office or termination of employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Marina Monassi | Director | 27-apr-23 31-dec-23 | Approval of the financial statements at 31-dec-25 | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 27,111 | 13,333 | | | 752 | | 41,196 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | | | | | | | | | |
| **(III) Total** | | | | **27,111** | **13,333** | | | **752** | | **41,196** | | |
| Note | | | | | (I) as a member of the Executive Committee and (II) for position held in Group companies | | | | | | | |

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration | | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office or termination of employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Monica Mondardini | Director | 01-jan-23 31-dec-23 | Approval of the financial statements at 31-dec-25 | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 40,000 | 19,833 | | | 235 | | 60,068 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | | | | | | | | | |
| **(III) Total** | | | | **40,000** | **19,833** | | | **235** | | **60,068** | | |
| Note | | | | | (I) as a member of the Remuneration Committee and (II) for positions held in Group companies | | | | | | | |

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration | | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office or termination of employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Francesco Perrini | Director | 27-apr-23 31-dec-23 | Approval of the financial statements at 31-dec-25 | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 27,111 | 13,333 | | | 522 | | 40,966 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | | | | | | | | | |
| **(III) Total** | | | | **27,111** | **13,333** | | | **522** | | **40,966** | | |
| Note | | | | | (I) as a member of the Remuneration Committee and (II) for position held in Group companies | | | | | | | |

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration | | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office or termination of employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Paola Gina Maria Schwizer | Director | 01-gen-23 31-dec-23 | Approval of the financial statements at 31-dec-25 | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 40,000 | 19,833 | | | 518 | | 60,351 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | | | | | | | | | |
| **(III) Total** | | | | **40,000** | **19,833** | | | **518** | | **60,351** | | |
| Note | | | | | (I) as a member of the Remuneration Committee and (II) for positions held in Group companies | | | | | | | |

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration | | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office or termination of employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Bruno Tani | Director | 01-gen-23<br>31-dic-23 | Approval of the financial statements at 31-dec-25 | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 40,000 | | | | 3,050 | | 43,050 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | 19,833 | | | | | | 19,833 | | |
| **(III) Total** | | | | **59,833** | | | | **3,050** | | **62,883** | | |
| Note | | | | (II) for positions held in Group companies | | | | | | | | |

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration | | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office or termination of employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Alice Vatta | Director | 01-jan-23<br>31-dec-23 | Approval of the financial statements at 31-dec-25 | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 40,000 | 19,833 | | | 362 | | 60,195 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | | | | | | | | | |
| **(III) Total** | | | | **40,000** | **19,833** | | | **362** | | **60,195** | | |
| Note | | | | | (I) as member of the Ethics and Sustainability Committee until 10 May 23, subsequently Chairman, and member of the Remuneration Committee | | | | | | | |

# Directors whose terms of office ceased during 2023

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration: Bonuses and other incentives | Non-equity variable remuneration: Profit sharing | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office or termination of employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Tomaso Tommasi di Vignano | Executive Chairman | 01-jan-23 27-apr-23 | 27-apr-23 | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 123,500 | | | | 2,878 | 699 | 127,077 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | | | | | | | | | |
| **(III) Total** | | | | **123,500** | | | | **2,878** | **699** | **127,077** | | |
| Note | | | | Relating to the period 1 January – 27 April 2023 | | | | Related to car benefits, insurance and social security for 2023 | | | | |

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration: Bonuses and other incentives | Non-equity variable remuneration: Profit sharing | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office or termination of employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Danilo Manfredi | Director | 01-jan-23 27-apr-23 | 27-apr-23 | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 13,000 | | | | 153 | | 13,153 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | 6,500 | | | | | | 6,500 | | |
| **(III) Total** | | | | **19,500** | | | | **153** | | **19,653** | | |
| Note | | | | (II) for positions held in Group companies | | | | | | | | |

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration | | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office or termination of employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Lorenzo Minganti | Director | 01-jan-23<br>19-jun-23 | 19-jun-23 | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 18,778 | 9,222 | | | 349 | | 28,349 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | | | | | | | 0 | | |
| **(III) Total** | | | | **18,778** | **9,222** | | | **349** | | **28,349** | | |
| Note | | | | | (I) as a member of the Control and Risk Committee and (II) for position held in Group companies | | | | | | | |

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration | | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office or termination of employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Erwin P,W, Rauhe | Director | 01-jan-23<br>27-apr-23 | 27-apr-23 | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 13,000 | 6,500 | | | 524 | | 20,024 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | | | | | | | | | |
| **(III) Total** | | | | **13,000** | **6,500** | | | **524** | | **20,024** | | |
| Note | | | | | (I) as a member of the Control and Risk Committee and (II) for position held in Group companies | | | | | | | |

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration: Bonuses and other incentives | Non-equity variable remuneration: Profit sharing | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office or termination of employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Manuela Cecilia Rescazzi | Director | 01-jan-23<br>27-apr-23 | 27-apr-23 | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 13,000 | | | | 323 | | 13,323 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | 6,500 | | | | | | 6,500 | | |
| **(III) Total** | | | | **19,500** | | | | **323** | | **19,823** | | |
| Note | | | | (II) for position held in Group companies | | | | | | | | |

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration: Bonuses and other incentives | Non-equity variable remuneration: Profit sharing | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office or termination of employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Federica Seganti | Director | 01-jan-23<br>27-apr-23 | 27-apr-23 | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 13,000 | 6,500 | | | 188 | | 19,688 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | | | | | | | | | |
| **(III) Total** | | | | **13,000** | **6,500** | | | **188** | | **19,688** | | |
| Note | | | | | (I) as Chairperson of the Ethics and sustainability committee and (II) for position held in Group companies | | | | | | | |

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration | | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office or termination of employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Marina Vignola | Director | 01-jan-23<br>27-apr-23 | 27-apr-23 | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 13,000 | | | | 144 | | 13,144 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | 6,500 | | | | | | 6,500 | | |
| **(III) Total** | | | | **19,500** | | | | **144** | | **19,644** | | |
| Note | | | | (II) for position held in Group companies | | | | | | | | |

# Supervisory body

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration | | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office of termination or employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Myriam Amato | Chairman of Board of Statutory Auditors | 01-jan-23<br>31-dec-23 | Approval of the financial statements at 31-dec-25 | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 120,000 | | | | 375 | | 120,375 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | 129,019 | | | | | | 129,019 | | |
| **(III) Total** | | | | **249,019** | | | | **375** | | **249,394** | | |

Note

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration | | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office of termination or employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Marianna Girolomini | Standing auditor | 01-jan-23<br>31-dec-23 | Approval of the financial statements at 31-dec-25 | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 80,000 | | | | 448 | | 80,448 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | 90,476 | | | | | | 90,476 | | |
| **(III) Total** | | | | **170,476** | | | | **448** | | **170,924** | | |

Note

| Name, surname | Position | Term for which the office was held | Expiry of office | Fixed remuneration | Remuneration for participation in committees | Non-equity variable remuneration | | Non-monetary benefits | Other remuneration | Total | Fair value of equity remuneration | Severance pay at end of office of termination or employment relation ship |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Antonio Gaiani | Standing auditor | 01-jan-23<br>31-dec-23 | Approval of the financial statements at 31-dec-25 | | | | | | | | | |
| (I) Remuneration in the company that drafts the financial statements | | | | 80,000 | | | | 599 | | 80,599 | | |
| (II) Remuneration from subsidiaries and affiliates | | | | 90,093 | | | | | | 90,093 | | |
| **(III) Total** | | | | **170,093** | | | | **599** | | **170,692** | | |

Note

# Table 3B: Monetary incentive plans for members of the administrative body

| Name, surname | Position | Plan | Year of bonus | | | Bonuses from previous years | | | Other bonuses |
|---|---|---|---|---|---|---|---|---|---|
| Cristian Fabbri | Executive Chairman since 27-apr-23 | | ( A ) | ( B ) | ( C ) | ( A ) | ( B ) | ( C ) | |
| | | | Payable/paid | Deferred | Period of deferment | No longer payable | Payable/paid | Still deferred | |
| Remuneration in the company that drafts the financial statements | | Balanced scorecard system (date of respective resolution) | 141,867 | | | | | | |
| | | Deferred variable for retention of managers (date of respective resolution) | | 152,000 | 2023-2025 | | | | |
| | | Plan C (date of respective resolution) | | | | | | | |
| Remuneration from subsidiaries and affiliates | | Plan A (date of respective resolution) | | | | | | | |
| | | Plan B (date of respective resolution) | | | | | | | |
| **Total** | | | **141,867** | **152,000** | | | | | |

| Name, surname | Position | Plan | Year of bonus | | | Bonuses from previous years | | | Other bonuses |
|---|---|---|---|---|---|---|---|---|---|
| Orazio Iacono | Chief Executive Officer | | ( A ) | ( B ) | ( C ) | ( A ) | ( B ) | ( C ) | |
| | | | Payable/paid | Deferred | Period of deferment | No longer payable | Payable/paid | Still deferred | |
| Remuneration in the company that drafts the financial statements | | Balanced scorecard system (date of respective resolution) | 212,800 | | | | | | |
| | | Deferred variable for the retention of managers (date of respective resolution) | | 152,000 | 2023-2025 | | | | |
| | | Plan C (date of respective resolution) | | | | | | | |
| Remuneration from subsidiaries and affiliates | | Plan A (date of respective resolution) | | | | | | | |
| | | Plan B (date of respective resolution) | | | | | | | |
| **Total** | | | **212,800** | **152,000** | | | | | |

| Name, surname | Position | Plan | Year of bonus | | | Bonuses from previous years | | | Other bonuses |
|---|---|---|---|---|---|---|---|---|---|
| Tomaso Tommasi di Vignano | Executive Chairman until 27-apr-23 | | ( A ) | ( B ) | ( C ) | ( A ) | ( B ) | ( C ) | |
| | | | Payable/paid | Deferred | Period of deferment | No longer payable | Payable/paid | Still deferred | |
| Remuneration in the company that drafts the financial statements | | Balanced scorecard system (date of respective resolution) | | | | | | | |
| | | Deferred variable for the retention of managers date of respective resolution) | | | | | | | |
| | | Plan C (date of respective resolution) | | | | | | | |
| Remuneration from subsidiaries and affiliates | | Plan A (date of respective resolution) | | | | | | | |
| | | Plan B (date of respective resolution) | | | | | | | |
| **Total** | | | | | | | | | |

# Holdings of the members of administrative and supervisory bodies

| Name, surname | Position at Hera Spa | Investee company | Number of shares held at the end of the previous financial year or on the date of appointment | Number of shares purchased | Number of shares sold | Number of shares owned at the end of the current financial year or on the date of termination |
|---|---|---|---|---|---|---|
| Cristian Fabbri (dal 27-apr-23) | Executive Chairman | Hera Spa | 20,000 | - | - | 20,000 |
| Orazio Iacono | Chief Executive Officer | Hera Spa | - | 40,000 | - | 40,000 |
| Gabriele Giacobazzi | Vice Chairman | Hera Spa | - | - | - | - |
| Fabio Bacchilega | Director | Hera Spa | - | - | - | - |
| Gianni Bessi (dal 27-apr-23) | Director | Hera Spa | - | - | - | - |
| Enrico Di Stasi (dal 27-sett-23) | Director | Hera Spa | - | - | - | - |
| Grazia Ghermandi (dal 27-apr-23) | Director | Hera Spa | - | - | - | - |
| Alessandro Melcarne | Director | Hera Spa | - | - | - | - |
| Milvia Mingozzi (dal 27-apr-23) | Director | Hera Spa | - | - | - | - |
| Marina Monassi (dal 27-apr-23) | Director | Hera Spa | - | - | - | - |
| Monica Mondardini | Director | Hera Spa | - | - | - | - |
| Francesco Perrini (dal 27-apr-23) | Director | Hera Spa | - | - | - | - |
| Paola Gina Maria Schwizer | Director | Hera Spa | - | - | - | - |
| Bruno Tani | Director | Hera Spa | 200,000 | - | - | 200,000 |
| Alice Vatta | Director | Hera Spa | - | - | - | - |
| Myriam Amato | Chairman of the Board of Statutory Auditors | Hera Spa | - | - | - | - |
| Antonio Gaiani | Member of the Board of Statutory Auditors | Hera Spa | - | - | - | - |
| Marianna Girolomini | Member of the Board of Statutory Auditors | Hera Spa | - | - | - | - |
| ---------- directors / statutory auditors whose offices ended ---------- | | | | | | |
| Tomaso Tommasi di Vignano (1) (until 27-apr-23) | Vice Chairman | Hera Spa | 31,764 | - | - | 31,764 |
| Danilo Manfredi (until 27-apr-23) | Director | Hera Spa | - | - | - | - |
| Lorenzo Minganti (until 19-giu-23) | Director | Hera Spa | 6,700 | - | - | 6,700 |
| Erwin P.W. Rauhe (2) (until 27-apr-23) | Director | Hera Spa | 5,000 | - | - | 5,000 |
| Manuela Cecilia Rescazzi (until 27-apr-23) | Director | Hera Spa | - | - | - | - |
| Federica Seganti (until 27-apr-23) | Director | Hera Spa | - | - | - | - |
| Marina Vignola (until 27-apr-23) | Director | Hera Spa | - | - | - | - |

(1) indirect ownership through spouse
(2) ownership through subsidiaries, trust companies or through third parties
(3) ceased on 3 march 2024

## Proposed Resolution

Dear Shareholders,

- Section I of the Report on the Remuneration Policy and Compensation Paid, prepared in compliance with the provisions of Article 5 of the Corporate Governance Code, adopted by Hera Spa through a resolution passed on 11 November 2020, as well as Article 123-ter of Legislative Decree 58/1998 (hereinafter TUF) and Article 84-quater of the Regulation implementing the TUF adopted by CONSOB through Resolution 11971 of 14 May 1999 (hereinafter the Issuer's Regulation) and amended by CONSOB through Resolution 21623 of 10 December 2020, describes and illustrates the Remuneration Policy proposed by the Company, as well as the procedures used for the adoption and implementation of this policy.

In light of the above, pursuant to Article 123-ter paragraph 3-ter of the TUF, the Shareholders Meeting is called to resolve on Section I of the report, through a binding resolution.

For detailed information on the subject of this resolution, please refer to the Report on the Remuneration Policy and Compensation Paid, approved by the Board of Directors on 26 March 2024 and made available to the public within the term prescribed by law-

You are therefore kindly invited, in view of the foregoing, to adopt the following resolution: "The Hera Spa Shareholders Meeting, in compliance with current legislation on the matter,

**resolves**

to approve Section I of the Report on the Remuneration Policy and Compensation Paid by the Hera Group".

- Section II of the Report on the Remuneration Policy and Compensation Paid, prepared in compliance with the provisions of the Article 5 of the Corporate Governance Code, adopted by Hera Spa through a resolution passed on 11 November 2020, as well as Article 123-ter of Legislative Decree 58/1998 (hereinafter TUF) and Article 84-quater of the Regulation implementing the Consolidated Law on Finance adopted by CONSOB through Resolution 11971 passsed on 14 May 1999 (hereinafter the Issuer's Regulation) and amended by CONSOB through Resolution 21623 of 10 December 2020, describes and illustrates in a clear and comprehensible way the items that make up the compensation paid to the members of the administrative and supervisory bodies.

In light of the above, pursuant to Article 123-ter paragraph 3-ter of the TUF, the Shareholders Meeting is convened to resolve on Section I of the report, through a non-binding resolution.

For detailed information on the subject of this resolution, please refer to the Report on the Remuneration Policy and Compensation Paid, approved by the Board of Directors on 26 March 2024 and made available to the public within the term prescribed by law.

You are therefore kindly invited, in view of the foregoing, to adopt the following resolution:

"The Hera Spa Shareholders Meeting, in compliance with current legislation, having taken note of the items that make up the remuneration of the members of the administrative and control bodies:

**resolves**

to express a favourable opinion on Section II of the Report on the Remuneration Policy and Compensation Paid by the Hera Group."

Document approved by Hera Spa's Board of Directors on 26 March 2024,
approved by the Shareholders Meeting on 30 April 2024.

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