

HERA S.P.A.

Registered Office in Bologna at Viale Carlo Berti Pichat no. 2/4

Share capital EUR 1,489,538,745.00

Registered with the Bologna Register of Companies

Registration number 04245520376

DIRECTORS' REPORT

ITEM 1 ON THE AGENDA

EXTRAORDINARY PART

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

called in a single call on 28 April 2021 at 10 a.m.

Dear Shareholders,

The Board of Directors of HERA S.p.A., has asked you to attend the single call of this Extraordinary and Ordinary Shareholders' Meeting at the Company's Head Office - *Viale Berti Pichat no. 2/4, Bologna* - on 28 April 2021 at 10.00 to discuss and decide on the items on the following:

agenda

Extraordinary Part

1. Amendment of article 3 of the Articles of Association: related and consequent resolutions.
2. Amendment of Article 20 of the Articles of Association: related and consequent resolutions.

Ordinary Part

1. Financial statements as at 31 December 2020 of Hera S.p.A.: related and consequent resolutions. Presentation of the consolidated financial statements as at 31 December 2020 Reports of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors
Presentation of the Sustainability Report – the Non-financial consolidated Statement prepared pursuant to Legislative Decree no. 254/2016.
2. Proposed allocation of the profit for the year: related and consequent resolutions.
3. Report on the remuneration policy and fees paid: resolutions relating to Section I – Remuneration policy.
4. Report on the remuneration policy and fees paid: resolutions relating to Section II – Fees paid.
5. Renewal of the authorisation to purchase treasury shares and disposal procedure thereof: resolutions pertaining thereto and resulting therefrom.

First item on the agenda of Extraordinary Part.

Amendment of article 3 of the Articles of Association: resolutions pertaining thereto and resulting therefrom.

The Board of Directors of HERA S.p.A. (hereinafter “**HERA**” or the “**Company**”), has invited you to attend this Extraordinary Shareholders' Meeting to submit to your attention the proposed resolution concerning the amendment of article 3 of the Articles of Association (hereinafter “**Articles of Association**” or “**Articles**”).

This report is prepared in accordance with the provisions of article 72 of the Regulations adopted pursuant to Consob Resolution no. 11971 of 14 May 1999, as subsequently amended (hereinafter “**Issuers' Regulations**”) and Annex 3A, Schedule 3, attached to the Issuers' Regulations.

It should firstly be noted that the amendment to article 3 submitted for your approval consists of the addition of another paragraph in the article, describing how Hera intends to pursue its goal of being a sustainable business model.

The following are the amendments to the Articles of Association submitted for your approval, together with the reasons for the amendments.

Amendment of Article 3 of the Articles of Association

With the proposed amendment to the Articles of Association indicated below, Hera's Board of Directors intends to add the concept of “Purpose” to the concept of “Duration” provided by Article 3, thus completing the above article with the *corporate purpose* that Hera intends to achieve in the performance of its business activities.

Defining this more clearly, the Company merely confirms and outlines its commitment to developing a business model whose purpose is to create value for its shareholders by creating a shared value with its stakeholders.

In this regard Hera organises and carries out its business activities in order to promote social equity and contribute to achieving carbon neutrality, the regeneration of resources and the resilience of the services system managed for the benefit of customers, the ecosystem of its territory and future generations.

Hera therefore intends to reiterate its commitment to corporate social responsibility and sustainability, something that has always been a distinguishing characteristic of the Company with regard to all its stakeholders since it was incorporated.

This commitment has evolved and matured over the years, above all from 2016 with the introduction of a strategic approach whose purpose is to create shared value (hereinafter CsV) capable of becoming a strong distinguishing factor and reference point not only for sustainability reporting, where the traditional dimensions of *Corporate Social Responsibility* now go hand in hand with the measurement of the different items of the gross operating margin attained from business activities that comply with the objectives of the applicable UN 2030 Agenda, but also for the Business Plan and the incentive system that involves the management as a whole. Thus, the company is fully aware that the meeting points between business activities and the territorial

ecosystem are opportunities for the creation of shared value and therefore lasting prosperity for the Hera Group.

These meeting points were updated in 2020, as part of a verification process of the *Csv framework*, the new version of which will allow Hera to further strengthen its commitment to energy transition and circular economy, through innovation and digitisation, and in the area of promoting social equity. Hera firmly believes that the creation of shared value in these areas is a way of ensuring that its “Purpose” is achieved and that it continues to be a company capable of "leaving its mark and not an imprint”, projecting the three dimensions “Planet, People and Prosperity” onto its business model’s horizon as the very reasons for its development.

It should also be noted that the proposed amendments, briefly described above and presented in more detail below, are in line with the principles and recommendations of the new Corporate Governance Code of Borsa Italiana S.p.A., where Principle I expressly states that *"the board of directors guides the company in pursuit of sustainable success"*, and that such sustainable success *"... is based on the creation of long-term value for the benefit of shareholders, taking into account the interests of other stakeholders that are important for the company"*.

Finally, it should be noted that the transposition of the above purposes at a statutory level is fully confirmed by the European framework that:

- regulates the dissemination and content of the Non-Financial Statement (NFS), which introduced specific information obligations on issues relating to the environment, social issues, personnel, respect for human rights and the fight against corruption;
- aims to create a financial system capable of supporting sustainable growth and the transition to a low-carbon economy by introducing a single European classification system of eco-sustainable economic activities (so-called Taxonomy).

Given the above, we propose to add another paragraph to Article 3, numbered as paragraph 3.2, changing the definition of Article 3 to "Duration and purpose".

The amendment submitted for the approval of this Shareholders' Meeting as indicated above is illustrated in the following synoptic table that compares the article of the Articles of Association for which the amendment is proposed, in the current and in the proposed text.

CURRENT TEXT	NEW TEXT
ART. 3 DURATION	ART. 3 DURATION AND PURPOSE
The duration of the company is	3.1 The duration of the company is

CURRENT TEXT	NEW TEXT
established as lasting until 31 December 2100, unless it is extended by resolution of the shareholders' meeting	established as lasting until 31 December 2100, unless it is extended by resolution of the shareholders' meeting
	<p>3.2 The Company's business model aims at creating long-term value for its shareholders through the creation of a shared value with its stakeholders.</p> <p>For this purpose, the Company organises and carries out its business activities also in order to promote social equity and contribute to achieving carbon neutrality, the regeneration of resources and the resilience of the services system managed for the benefit of customers, the ecosystem of its territory and future generations. (Hera for the Planet, People and Prosperity). This paragraph does not modify the provisions of Article 4 below.</p>

The proposed amendments do not entitle shareholders who do not approve the same to withdraw pursuant to section 2437 of the Italian Civil Code.

Resolution proposal

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

“Extraordinary Shareholders' Meeting of HERA S.p.A.”:

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

resolves

(i) to amend article 3 of the Articles of Association as indicated by the text hereunder, with a comparative description of the proposed amendments

CURRENT TEXT	NEW TEXT
ART. 3 DURATION	ART. 3 DURATION AND PURPOSE
The duration of the company is established as lasting until 31 December 2100, unless it is extended by resolution of the shareholders' meeting	3.1 The duration of the company is established as lasting until 31 December 2100, unless it is extended by resolution of the shareholders' meeting.
	3.2 The Company's business model aims

CURRENT TEXT	NEW TEXT
	<p>at creating long-term value for its shareholders through the creation of a shared value with its stakeholders. For this purpose, the Company organises and carries out its business activities also in order to promote social equity and contribute to achieving carbon neutrality, the regeneration of resources and the resilience of the services system managed for the benefit of customers, the ecosystem of its territory and future generations. (Hera for the Planet, People and Prosperity). This paragraph does not modify the provisions of Article 4 below.</p>

(ii) *to confer all-encompassing powers to the Chairman to arrange, even through representatives if necessary, whatever may be required, necessary or useful to pass the above resolution, including the authority to:*

- *sign and publish any document, deed and/or declaration that may be required or necessary for this purpose, including any notices that may be required by current regulations, including applicable regulations;*
- *more generally to arrange anything that may be required, necessary and useful for the passing of the above resolution, making any non-substantial changes that may be requested by the competent authorities, above all for registration with the Register of Companies”.*

Bologna, 24 March 2021

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