AMENDMENT TO THE 2023 REMUNERATION POLICY

Issuer: A2A S.P.A.
Website: www.gruppoa2a.it

Introduction

On March 31, 2023, the Board of Directors of A2A S.p.A. (hereinafter also "*A2A*" or the "*Company*"), upon proposal of the Remuneration and Appointments Committee, approved the Report on Remuneration Policy and Compensation Paid (hereinafter also "*2023 Report*") drafted:

- in compliance with Directive (EU) 2017/828 – Shareholder Rights Directive II (SHRD II);
- pursuant to Article 123-*ter* of Legislative Decree No. 58/1998, as last amended on December 22, 2021 (Consolidated Law on Finance or TUF);
- in accordance with Article 84-*quater* of the Issuers' Regulation, which incorporated the amendments set forth in Resolution No. 242144 of December 22, 2021 and the Corporate Governance Code of Borsa Italiana S.p.A.;
- in compliance with the provisions contained in CONSOB Resolution No. 21624 of December 10, 2020 (Amendments to the regulation containing provisions on related-party transactions and to the regulation containing rules for the implementation of Legislative Decree No. 58 of February 24, 1998 on markets, as amended) regarding the transparency of Directors' remuneration in listed companies;

that sets out the principles of the remuneration and incentive Policies adopted by the Company (the "Policies" or the "Policy").

The 2023 Report, divided as follows:

- First Section outlines:
    - Policy adopted by A2A and its Subsidiaries regarding the remuneration of Executive and Non-Executive members of the Board of Directors, General Manager and Managers with Strategic Responsibilities (hereinafter also "*Key Managers*") and the members of the Control Bodies, without prejudice to the provisions of Article 2402 of the Italian Civil Code;
    - Procedures adopted for the preparation, approval and implementation of the Policies as well as the bodies and entities involved;
- Second Section outlines:
    - in analytical and nominative form, the compensation paid in 2022 to Executive and Non-Executive members of the Board of Directors, members of the Board of Statutory Auditors and the General Manager, in any capacity and in any form, by the Company and its Subsidiaries/Associates;
    - in analytical and aggregated form, the compensation paid in 2022 to Key Managers, in any capacity and in any form, by A2A and its Subsidiaries/Associates,

was submitted for vote (binding on the First Section and advisory – non-binding – on the Second Section) of the Shareholders' Meeting on April 28, 2023[1].

[1] The Shareholders' Meeting approved the First Section of the 2023 Report with 95.3% of votes in favor and 4.7% against; the Second Section with 95.7% of votes in favor and 4.3% against.

Reference context

As indicated in the 2023 Report, starting in 2021, A2A has carried out an in-depth analysis of the remuneration practices and schemes that could best be applied to the Company, also taking into account the reference market and peers.

The analysis led, both in 2022 and 2023, to the decision to introduce a long-term variable remuneration component (hereinafter "*LTI*" or "*LTI Plan*") in order to:

- Align the interests of Beneficiaries with those of the Shareholders and with the A2A Strategic Plan in full;
- Link the remuneration of Beneficiaries who play a key role in the achievement of A2A objectives to the economic results achieved by the Company and the achievement of specific pre-defined medium-long term targets;
- Strengthen, consolidate and develop the key principles on remuneration already adopted, also in view of the elements highlighted with respect to the votes expressed at the Shareholders' Meeting of April 28, 2023;
- Ensure that developments on ESG (Environmental, Social, Governance) issues, also from a non-financial reporting perspective, find an instrument that stimulates management to achieve said objectives;
- As well as rebalance the pay-mix (fixed vs. variable) also by providing the Company with a useful remuneration tool for the attraction and retention of key resources.

The introduction of the LTI was discussed, approved by the Board of Directors and explained in the Report on Remuneration, for both the year 2022 and 2023, however:

- in 2022, as approved by the Board of Directors in the meeting of March 22, 2022, in view of the geopolitical context and its potential repercussions on the business, the implementation of the LTI Plan was postponed until there was more clarity, subject to approval by the Shareholders' Meeting;
- in 2023, as approved by the Board of Directors in the meeting of March 16, 2023, the Board of Directors deemed it appropriate to wait to implement it until conditions were more stable in the context of the energy market and supply which, in that specific period of the year, was still experiencing excessively high price volatility due to external and hard-to-predict variables.

In the weeks following its establishment, the Board of Directors, appointed by the Shareholders' Meeting on April 28, 2023, aware of the importance of introducing a long-term incentive system, entrusted the Remuneration and Appointments Committee with the task of restarting the analysis and completing the preliminary investigation, with a view to submitting it to the Shareholders' Meeting for approval by the end of 2023.

In accordance with the mandate received, the Remuneration and Appointments Committee reviewed the features of the LTI Plan approved on March 16, 2023 by the previous Board of Directors, proposing limited updates to the indicators, in the context of the Performance Targets identified by the LTI Plan, as well as to the amount – in terms of percentage of the RAL (gross annual remuneration) – attributable to the Beneficiaries of the LTI Plan, with regard to the Key Managers.

The Board of Directors, considering the proposed amendments to be congruous, approved them on October 19, 2023.

The following is a description of the amendments to the Policies introduced in order to integrate the aforementioned indicators of the LTI Plan and that will be submitted for approval to the Shareholders' Meeting, convened on November 29, 2023, on first call, and, if necessary, on second call on November 30, 2023.

These updates will also be referred to and detailed in the 2024 Report on Remuneration, which will be published in accordance with the timelines set forth in the Issuers' Regulation.

Detailed description of the amendments to the 2023 Remuneration Policy

The LTI Plan approved by the Board of Directors on March 16, 2023 provided for three separate indicators:

- 2023 – 2025 Cumulative Ebitda (Earnings Before Interest, Taxes, Depreciation, and Amortization) of the A2A Group – weight 35%;
- Positioning of A2A Total Shareholder Return (hereinafter "TSR") against a peer group consisting of: Acea, Enel, Eni, Erg, Hera, Iren, Italgas, Prysmian, Saipem, Snam and Terna – weight 35%;
- Composite ESG KPI (Key Performance Indicator) – weight 30%.

Acknowledging the remarks of some proxies/investors on the presence of the Ebitda indicator both in the scope of the targets identified by the LTI Plan and in the MBO, on October 19, 2023, upon the proposal of the Remuneration and Appointments Committee and having heard the opinion of the Board of Statutory Auditors, the Board of Directors of A2A decided to replace this indicator with the 2023 – 2025 Cumulative Operating Cash Flow of the A2A Group[2], which allows, among other things, also the financial aspects of business management to be intercepted.

The Remuneration and Appointments Committee, in its preliminary work, also reviewed the Composite ESG KPI. Compared to the LTI Plan approved by the Board of Directors on March 22, 2022, as described in the 2023 Report, this KPI had already been updated from a single indicator on the increase of installed capacity from renewable sources (weight 20%) to a composite target (weight 30%) representing seven sustainability project objectives across all of A2A businesses.

[2] Operating Cash Flow: financial parameter that provides a measure of the Group's ability to generate cash, before the impact of capex/M&A and dividends. It is determined by EBITDA ("Earnings Before Interest Taxes Depreciation and Amortization") minus the change in NWC ("Net Working Capital") and other assets and liabilities, taxes, financial expenses and utilization of funds.

In particular, the Remuneration and Appointments Committee assessed the advisability of including an additional indicator with a focus on reducing emissions, envisaging that the same – for the type of business of A2A – should be envisaged exclusively with reference to the MBO.

In addition, the LTI Plan provided for a mechanism to contain the economic effects of the LTI by revising (in a 3:1 ratio) the LTI/MBO grant for certain Key Managers.

Upon proposal of the Remuneration and Appointments Committee and having heard the opinion of the Board of Statutory Auditors, the A2A Board of Directors thoroughly discussed the aforementioned mechanism as well as the management effects of its application, proposing – for Key Managers – a solution that allows for the containment of the cost of introducing the LTI not through the reduction of the MBO but through the reduction in percentage terms on the RAL (gross annual remuneration) and consequently of the amount of the LTI granted. For Key Managers, the % of the granted LTI amount was reduced from 30% to 28% of the RAL (gross annual remuneration).

As for the Chief Executive Officer – General Manager, on the other hand, an in-depth market benchmarking was carried out by selecting a panel of companies comparable with A2A in terms of qualitative characteristics (type of business and shareholder structure) and size (market cap, revenues and number of employees)[3] as a result of which, the Board of Directors resolved to:

- maintain the MBO reduction mechanism against the introduction of an LTI;
- define an overall remuneration package significantly lower than the median values of the reference panel.

The following Figures highlight:

- regarding the LTI Plan metrics and annual values, as outlined in the 2023 Report (Figure 1) and as amended and approved by the current Board of Directors on October 19, 2023 (Figure 2);
- regarding the CEO – General Manager Pay-Mix at the time of the introduction of the LTI, as outlined in the 2023 Report (Figure 3) and as amended and approved by the current Board of Directors on October 19, 2023 (Figure 4).

[3] The panel of companies used for the CEO-GM remuneration comparison consists of Acea, Enel, Eni, Erg, Hera, Iren, Italgas, Prysmian, Saipem, Snam, Terna and coincides with that defined for the measurement of the relative TSR target of the LTI Plan.

	Purposes	Key Features	Values (annual in €)
Fixed Remuneration / Gross Annual Remuneration (RAL)	Remunerate the role to ensure an adequate and competitive basic remuneration	Defined **in line with the complexity and responsibilities of the role** Determined with respect to **internal equity**, in order to ensure fairness on comparable roles, and to the external market, in order to support an adequate level of **competitiveness** Takes into account **individual performance** monitored over a multi-year period	**Chief Executive Officer (CEO):** • Remuneration for the Office of Director: 120,000 • Remuneration as Director: 80,000 • **Total Remuneration: 200,000** **General Manager (GM): 500,000** **Key Managers:** defined according to role
Short-term variable remuneration (2023 MBO Plan)	Reward annual performance, based on objective and measurable indicators	Linked to predetermined annual performance targets **Performance Indicators – CEO** • Industrial Cash Flow of the A2A Group (weight 50%) • Net Debt / Ebitda A2A Group (weight 50%) **Performance Indicators – GM** • A2A Group Ebitda (weight 20%) • A2A Group Capex (weight 20%) • Strategic Projects (weight 37%): 8 projects of major strategic importance envisaged in the Business Plan, regularly monitored by the Board of Directors • Sustainability (weight 23%) regarding: - reduction of injuries - two strategic projects for the containment of emissions in the medium term - improvement of D&I Indicators (compared to the previous year: increase in the % of female managers; increase in the presence of women on the Boards of Directors of Subsidiaries and Investees; increase in the % of women hired).	An **access gate ("Gate")** is envisaged for everyone, based on A2A Group Ebitda and A2A Group Capex, and which reduces or annuls the remuneration payable if the Group's economic-financial performance is not in line with the budget For everyone, there is also a **maximum amount payable ("Cap")** **Chief Executive Officer (CEO)**: value upon 100% achievement of targets **66,667 (33.3% of Fixed Remuneration)**; maximum value 80,000 (40% of Fixed Remuneration)** **General Manager (GM):** value upon 100% achievement of targets **200,000 (40% of RAL)**; maximum value 240,000 (48% of RAL)** **Key Managers:** defined according to role **(average 35% of RAL)**

The introduction of this remuneration component was approved by the Board of Directors of A2A on March 16, 2023. However, the actual implementation was postponed until the energy scenario stabilized.

Long-term variable remuneration (2023-2025 LTI Plan)	Reward medium-term performance on the basis of three-year targets Foster the convergence of interests towards the creation of sustainable value in the medium-long term by strengthening the retention of key resources	Monetary, closed incentive plan with a time horizon of 2023-2025 with the following targets: • 2023-2025 Cumulative Ebitda of A2A Group (weight 35%) • A2A TSR positioning compared to a panel of comparable Italian companies (35%) • Sustainability, measured on indicators across the Group's businesses	**Access gate ("Gate")** based on Investment Grade maintenance There is a **maximum amount payable ("Cap")** **Chief Executive Officer (CEO) and General Manager (GM): 29%** of Fixed Remuneration received as CEO and as GM** **Key Managers: 30%** of RAL**

** As part of the approval of the long-term incentive component, the Board of Directors – in a logic of containing overall remuneration – also approved – for the Chief Executive Officer - General Manager and for Key Managers positioned at a distance of less than -15% of the median of the market considered as a reference for A2A – a revision of the amount of the short-term variable component. Specifically, at the time of the introduction of the long-term variable component, the short-term variable component will be reduced by a value equal to 1/3 of the amount of the long-term variable component, with no change in Fixed Remuneration.

Figure 1

	Purposes	Key Features	Values (annual in €)
Fixed Remuneration / Gross Annual Remuneration (RAL)	Remunerate the role to ensure an adequate and competitive basic remuneration	Defined **in line with the complexity and responsibilities of the role** Determined with respect to **internal equity**, in order to ensure fairness on comparable roles, and to the external market, in order to support an adequate level of **competitiveness** Takes into account **individual performance** monitored over a multi-year period	**Chief Executive Officer (CEO):** • Remuneration for the Office of Director: 120,000 • Remuneration as Director: 80,000 **Total Remuneration: 200,000** **General Manager (GM): 500,000** **Key Managers:** defined according to role
Short-term variable remuneration (2023 MBO Plan)	Reward annual performance, based on objective and measurable indicators	Linked to predetermined annual performance targets **Performance Indicators – CEO** • Industrial Cash Flow of the A2A Group (weight 50%) • Net Debt / Ebitda A2A Group (weight 50%) **Performance Indicators – GM** • A2A Group EBITDA (weight 20%) • A2A Group Capex (weight 20%) • Strategic Projects (weight 37%): 8 projects of major strategic importance envisaged in the Business Plan, regularly monitored by the Board of Directors • Sustainability (weight 23%) regarding: - reduction of injuries - two strategic projects for the containment of emissions in the medium term - improvement of D&I Indicators (compared to the previous year: increase in the % of female managers; increase in the presence of women on the Boards of Directors of Subsidiaries and Investees; increase in the % of women hired).	An **access gate ("Gate")** is envisaged for everyone, based on A2A Group Ebitda and A2A Group Capex, and which reduces or annuls the remuneration payable if the Group's economic-financial performance is not in line with the budget For everyone, there is also a **maximum amount payable ("Cap")** **Chief Executive Officer (CEO)**: value upon 100% achievement of targets 45,000 **(22.5 % of Fixed Remuneration)**; maximum value 54,000 (27% of Fixed Remuneration) **General Manager (GM):** value upon 100% achievement of targets **200,000 (40% of RAL)**; maximum value 240,000 (48% of RAL)** **Key Managers**: defined according to role **(average 35% of RAL)**
Long-term variable remuneration (2023-2025 LTI Plan)	Reward medium-term performance on the basis of three-year targets Foster the convergence of interests towards the creation of sustainable value in the medium-long term by strengthening the retention of key resources	Monetary, closed incentive plan with a time horizon of 2023-2025 with the following targets: • 2023 – 2025 Operating Cash Flow of the A2A Group (weight 35%) • A2A TSR positioning compared to a panel of comparable Italian companies (35%) • Sustainability, measured on indicators across the Group's businesses	**Access gate ("Gate")** based on maintaining the Investment Grade There is a **maximum amount payable ("Cap")** **Chief Executive Officer (CEO) and General Manager (GM): 35%** of Fixed Remuneration received as CEO and as GM** **Key Managers: 28%** of RAL

** As part of the approval of the long-term incentive component, the Board of Directors – with a view to containing the overall remuneration – also approved – for the Chief Executive Officer - General Manager – a revision of the amount of the short-term variable component. Specifically, the short-term variable component will be reduced from 266,687 euro to 245,000 euro.

Figure 2

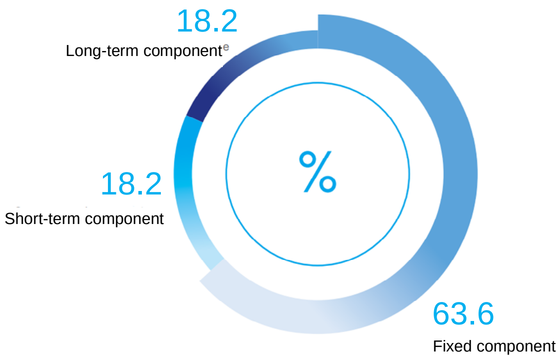

Figure 3

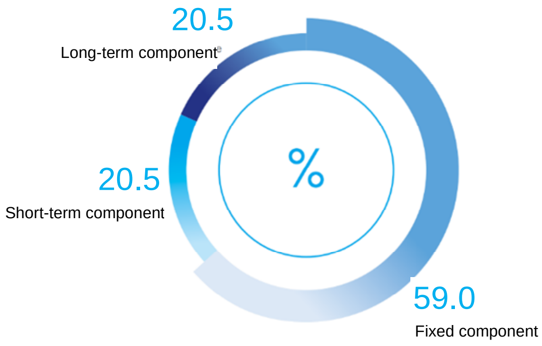

Figure 4