



Report on Corporate Governance and Ownership 2022

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CONTRIBUTORS

ERG
EVOLVING ENERGIES

1. EXECUTIVE SUMMARY

1.1. CORPORATE BODIES AND BOARD COMMITTEES

The current corporate governance model of ERG S.p.A. (hereinafter also "ERG" and the "Company") is based on the traditional management and control system and is divided into two bodies appointed by the Shareholders' Meeting, namely the Board of Directors, which is vested with the broadest powers for the ordinary and extraordinary management of the Company, and the Board of Statutory Auditors, which is tasked with supervising management and compliance with the law and the Articles of Association.



SHAREHOLDERS' MEETING

Approves the Financial Statements, appoints the Board of Directors, the Board of Statutory Auditors and the Independent Auditors, and resolves on changes to the Articles of Association and on non-recurring transactions such as mergers, demergers and capital increases.



BOARD OF DIRECTORS

Approves the periodic financial reports, defines the strategic guidelines, the fundamental aspects of the organisational structure and the corporate governance system, resolves on significant transactions, and assesses the company's performance.

Consisting of 12 members of which 6 independent¹, it held 9 meetings were held in 2022 with an average duration of around 3 hours



BOARD OF STATUTORY AUDITORS

Oversees compliance with the law and with the Articles of Association, adherence with correct administration principles, and the adequacy of the ICRM System², and ensures the independence of the Independent Auditors.

Currently consisting of a Chairman, 2 Standing Statutory Auditors and 2 Alternate Statutory Auditors. 17 meetings were held in 2022 with an average duration of around 3 hours.



CONTROL, RISK AND SUSTAINABILITY COMMITTEE³

It performs the role and tasks envisaged by the Corporate Governance Code for the Control and Risk Committee as well in relation to Sustainability and in particular it supports the Board of Directors' evaluations and decisions relating to the ICRM System, as well as those relating to the approval of the periodic financial reports, the Consolidated Non-Financial Statement, the ESG Plan, those relating to Group Governance, the obligations pursuant to Italian Legislative Decree no. 231/01, anti-corruption, Finance and Risk Management.

Consisting of a Chairman and 2 members all independent¹, 12 meetings were held in 2022 with an average duration of around 2 hours



NOMINATIONS AND REMUNERATION COMMITTEE³

It makes recommendations for the remuneration of Directors with powers or specific duties and for the definition of remuneration policies and Group's management incentive schemes. It provides an assessment opinion on the size, composition and functioning of the Board of Directors and Board Committees.

Consisting of a Chairman and 2 members all independent¹, 9 meetings were held in 2022 with an average duration of around 1 hour.



STRATEGIC COMMITTEE

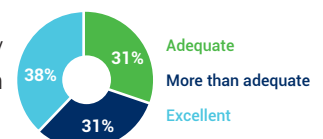
Plays a supporting role towards the Executive Deputy Chairman and the Chief Executive Officer in the performance of their role and office as part of the Board of Directors and in terms of the strategy and policies approved by the Board of Directors, by way of the prior examination of the long-term Business Plans, and the Group Investment budget, as well as Group investments and operations.

Consisting of a Chairman and 5 members, 9 meetings were held in 2022 which lasted on average about 3 hours and 30 minutes.

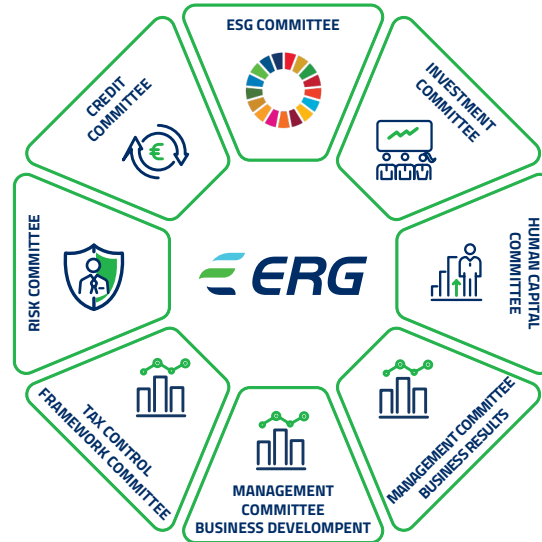


1 With reference to the provisions of Art. 148, paragraph 3 of the Consolidated Finance Act, Art. 2, recommendation 7, of the Corporate Governance Code promoted by Borsa Italiana S.p.A. (the "CGC"), as well as in the light of the "quantitative" and "qualitative" criteria defined in the Regulations for the operation of the Board of Directors, the Control, Risk and Sustainability and the Nomination and Remuneration Committee (the "Regulations")
 2 Internal Control and Risk Management System
 3 Responsible for formulating opinions for the purposes of the procedure for transactions with related parties.

The opinions, in summary form, expressed by the Directors and by the Statutory Auditors as part of the self-assessment process relating to financial year 2022 on current corporate model adopted by the Company.



1.2. INTERNAL COMMITTEES



RISK COMMITTEE

- Supports the CEO in defining strategies and policies for the management of financial and market risks;
- Provides the CEO with the information required to authorise financial and market risk management operations, and to monitor the execution of significant transactions and verify their effects.



INVESTMENT COMMITTEE

- Supports the CEO in assessing investment proposals;
- Expresses a justified technical, economic and financial opinion for the Strategic Committee at various stages in the investment process.



HUMAN CAPITAL COMMITTEE

- Defines and monitors the main Human Capital development programmes and processes;
- Provides support to the Executive Deputy Chairman and the CEO in decisions relating to strategies that determine the value of ERG's Human Capital;
- Monitors the effective implementation of the Human Rights Policy, managing the reports relating to non compliance thereof.



MANAGEMENT COMMITTEE BUSINESS RESULTS

- Monitors the Group's economic, financial and industrial results through standardised reporting and control models;
- Follows the changes in the reference institutional and regulatory framework, sharing growth trends, opportunities and risks;
- Monitors activities and projects in the context of domestic and foreign institutional relations.



MANAGEMENT COMMITTEE BUSINESS DEVELOPMENT

- Monitors the relevant projects of the Group, supporting the relative Project Leader, as well as ensuring the alignment of all Organisational Units on the priorities and ensuring consistency with the decisions of the Investment Committee;
- Analyses business development opportunities both in terms of geographic expansion and technological diversification.



ESG COMMITTEE

Directs, plans and supervises the management of issues related to the implementation of ESG/CSR and Internal and External Communication objectives, and in particular:

- Defines the Group's sustainability guidelines in the medium-long term and promotes the implementation of consistent practices and projects concerning corporate social responsibility;
- Approves the ESG Initiatives Plan as an integral part of the Group Business Plan, monitors the implementation, the achievement of the targets and the priority areas of intervention;
- Approves the Internal and External Communication Plan, also aimed at promoting the ESG initiatives plan, monitoring its implementation and enhancing its growing importance in strategic terms;
- Manages the preparation and dissemination of the "Consolidated Non-Financial Statement" (NFS) and other reporting methods related to ESG issues.
- Approve the allocation of proceeds from Green Bond issues and related annual reporting in line with the Green Control Framework.



TAX CONTROL FRAMEWORK COMMITTEE

- Performs preliminary analyses, and provides specific recommendations, on the testing, monitoring and assessment activities of the Tax Control Framework;
- Performs preliminary analyses, and provides specific recommendations, on the Annual Report of the Tax Control Framework, addressed to the Control, Risk and Sustainability Committee;
- Monitors, jointly with the Head of Process Innovation & Compliance 262, the actual implementation of the remediation plan resulting from the testing, monitoring and evaluation of the Tax Control Framework



CREDIT COMMITTEE

Has competence, for the entire Group, in matters regarding the granting of credit lines, schedule analysis and collection trends, assessment and verification of overdue recovery plans, general assessment of credit performance.

1.3. ERG GROUP - MAIN HIGHLIGHTS

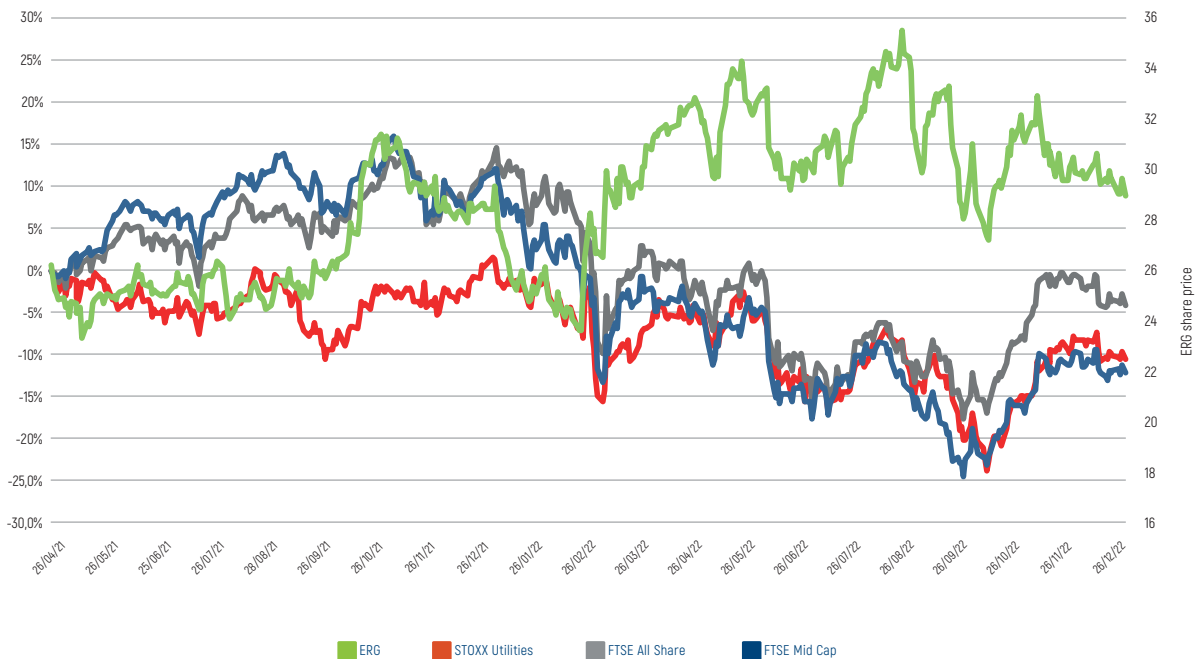
OPERATING AND FINANCIAL PERFORMANCE, 2020 - 2022

	2020	2021 (restated)	2022	Variazione % 2021-2022
Figures in EUR millions				
Revenue from sales and services ⁽¹⁾		601	749	15%
EBITDA	481	399	537	29%
EBIT		198	308	60%
Net financial indebtedness	1,439	2,051	1,434	-43%
ROI	5.7%	5.5%	8.9%	
ROE		12.7%	15%	
Capitalisation at 31/12	3,517	4,275	4,353	
Employees		553	573	
Sector	Utility			
Equity	1,770	1,559	2,050	
EBIT	183	198	308	

(1) at adjusted replacement cost

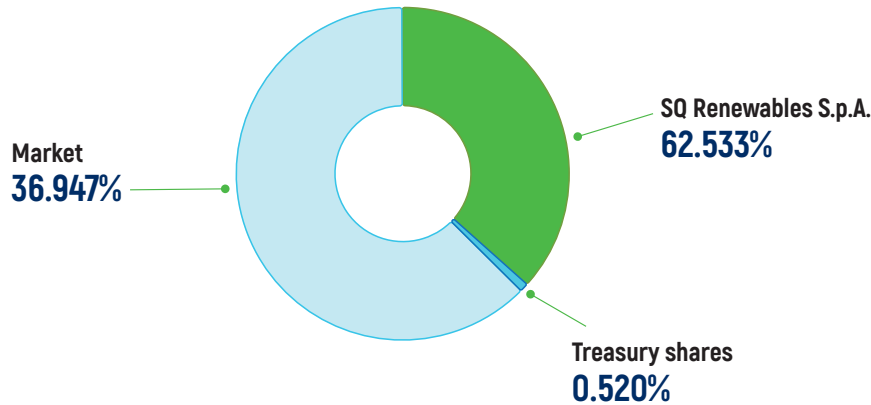
SHARE PERFORMANCE, 2021-2022

ERG vs Euro Stoxx Utilities, FTSE All Share and FTSE Mid Cap
% change from 26/04/2021 to 30/12/2022



1.4. OWNERSHIP STRUCTURE

OWNERSHIP STRUCTURE AT 31/12/2022



Following the closing of the transaction aimed at the creation of a long-term partnership between San Quirico S.p.A. and the IFM Net Zero Infrastructure Fund SCSP investment fund, which occurred on 15 September 2022, the Company is a subsidiary of SQ Renewables S.p.A. (wholly owned by San Quirico S.p.A. and NZF Bidco Luxembourg 2 S.à r.l., with holdings respectively of 65% and 35%). SQ Renewables S.p.A. exercise a limited management and coordination activity on the Company, in accordance with the provisions of the relative Regulation approved on 15 September 2022 by the Board of Directors, with the prior opinion of the Control Risk and Sustainability Committee (hereinafter also the "Limited Management and Coordination Regulation").

OTHER CHARACTERISTICS OF THE OWNERSHIP STRUCTURE AT 31/12/2022

	Yes/No	% of share capital
Shareholders' agreement in force	Yes	62.533%
Increased voting rights mechanism	Yes	0
Shareholding by Top Management ¹	Yes	0.1%
Investment threshold for the presentation of lists	Yes	1%

¹ Board of Directors and Key Management Personnel

1.5. QUALIFICATION OF THE COMPANY PURSUANT TO THE CORPORATE GOVERNANCE CODE

Pursuant to the provisions of the currently applicable Corporate Governance Code (hereinafter also the "Code"), ERG is a **large company with concentrated ownership**.

1.6. COMPOSITION OF THE BOARD OF DIRECTORS

STRUCTURE OF THE BOARD OF DIRECTORS AND THE BOARD COMMITTEES

Director	Office	Role	Independent	M/m/C ¹	CRSC ²	NRC ²	SC ²
Edoardo Garrone	Chairman	Executive	No	M			
Alessandro Garrone	Deputy Chairman	Executive	No	M			C
Giovanni Mondini	Deputy Chairman	Non-executive	No	M			X
Paolo Luigi Merli	Chief Executive Officer	Executive	No	M			X
Luca Bettonte	Director	Non-executive	No	M			X
Emanuela Bonadiman	Director	Non-executive	ICFA/Corporate Governance Code ³	M		C	
Mara Anna Rita Caverni	Director ⁴	Non-executive	ICFA/Corporate Governance Code ³	M	C		
Elena Grifoni Winters	Director	Non-executive	ICFA/Corporate Governance Code ³	M		X	
Federica Lolli	Director	Non-executive	ICFA/Corporate Governance Code ³	M	X	X	
Elisabetta Oliveri	Director	Non-executive	ICFA/Corporate Governance Code ³	M	X		X
Mario Paterlini	Director	Non-executive	ICFA/Corporate Governance Code ³	m			
Renato Pizzolla ⁵	Director	Non-executive	No	C			X

1 Drawn from the list submitted by majority (M) or minority (m) shareholders or appointed by the Board of Directors pursuant to art. 2386 of the Italian Civil Code after co-optation (C).

2 CRSC: Control, Risk and Sustainability Committee; NRC: Nominations and Remuneration Committee; SC: Strategic Committee. The CRSC and the NRC provide to the Board of Directors the opinions required by the Procedure for Transactions with Related Parties.

3 Also taking into account, pursuant to the provisions of Article 2, recommendation 7, second paragraph, of the Corporate Governance Code, the "quantitative" and "qualitative" criteria defined in the Regulations for the operations of the Board of Directors, the Control, Risk and Sustainability Committee and the Nominations and Remuneration Committee, for determining, for the purposes of assessing the independence of the members of the Board of Directors and the Board of Statutory Auditors, the significance or otherwise of any relationships they have with the Company or other parties connected to it.

4 Lead Independent Director.

5 In relation to the resignation of Marco Costaguta on 9 September 2022 from the office of Board Member of ERG and member of the Strategic Committee, on 15 September 2022, the Board of Directors, on the proposal of the Nominations and Remuneration Committee, pursuant to Art. 2386 of the Italian Civil Code and Art. 15 of the Articles of Association, appointed Renato Pizzolla as the new non-executive Director of the Company and member of the Strategic Committee. He will remain in office until the next ERG Shareholders' Meeting.

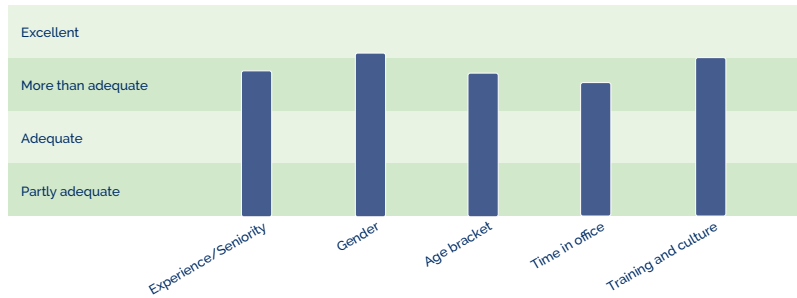
C: Chairman of the relevant Committee.

X: Member of the relevant Committee.

DIVERSITY WITHIN THE BOARD OF DIRECTORS

Average diversity score: **more than adequate (78%)**

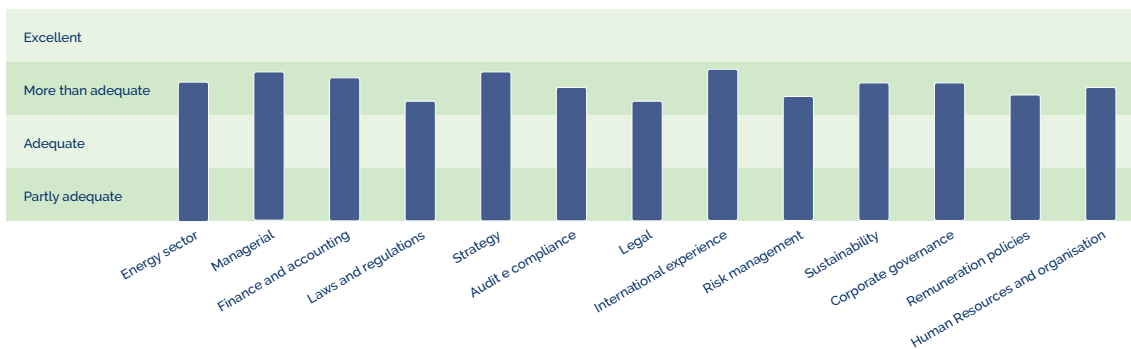
In one area, diversity was rated as **"excellent"** while in the remaining areas it was rated as **"more than adequate"**



EXPERTISE WITHIN THE BOARD OF DIRECTORS

Average expertise score: **more than adequate (72%)**

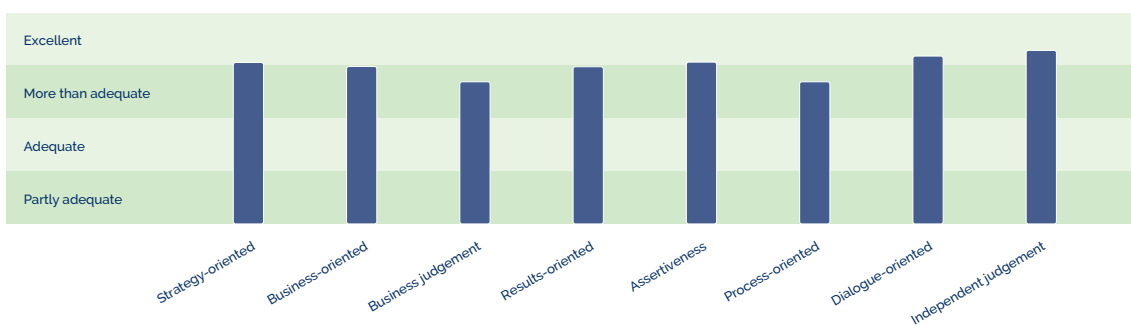
All areas of expertise were rated as **"more than adequate"**



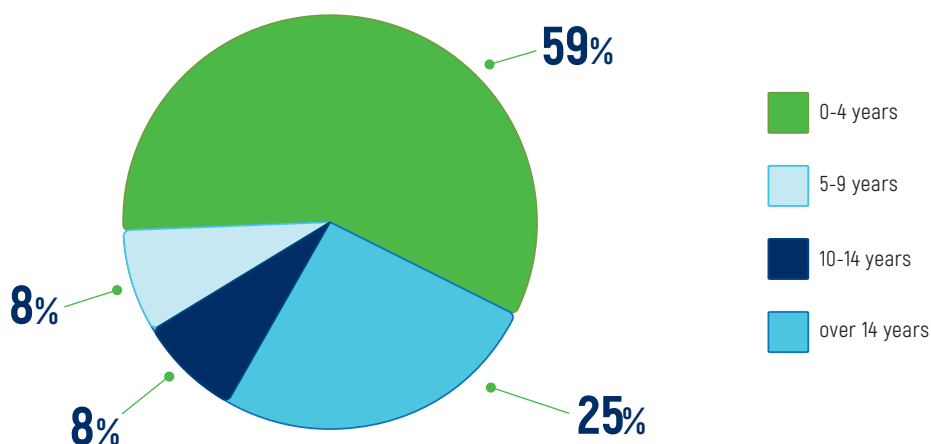
THE PROFESSIONAL AND PERSONAL CHARACTERISTICS OF THE BOARD OF DIRECTORS

Average professional and personal characteristics score: **excellent (81%)**

One personal characteristic and three personal characteristics were rated as **"excellent"** while the remaining characteristics were rated as **"more than adequate"**



DIRECTORS' TIME IN OFFICE



CHANGES COMPARED TO THE PREVIOUS MANDATE

	Previous mandate (2018-2020)	Current mandate (2021-2023)	Mid Cap (2020) ²	FTSE MIB ¹ (2020) ²	Mid Cap (2021) ²	FTSE MIB ¹ (2021) ²
Number of Directors	12	12	10.8	12.5	10.4	12.5
Directors elected from the minority list	1	1	1.63	2.50	1.50	2.60
% of the less represented gender in the BoD	33.3%	41.6%	40.2%	38.8%	42.9%	40.2%
% Independent Directors as per Italian Consolidated Finance Act (ICFA)	50%	50%	-	-	-	-
% of independent Directors as per Corporate Governance Code	41.6%	50%	52.3%	61.4%	52.4%	64.9%
Average age of Directors	57.3	55.3 ³	57.2	57.2	57.8	58.6
Executive status of Chairman	Si	Si	62.7%	15.2%	61.4%	18.2%
Existence of Lead Independent Director	No	Si	51.8%	33.3%	56.40%	39.40%

1 The FTSE MIB data is submitted below in consideration of the listing of this Company on this market from 29 November 2022.

2 Source FIN-GOV.

3. Change compared to the 2021 financial year (equal to 56.8) following the resignation of the Director Marco Costaguta and of the appointment pursuant to art. 2386 of the Italian Civil Code following co-optation of the Director Renato Pizzolla.

1.7. OPERATION OF THE BOARD OF DIRECTORS

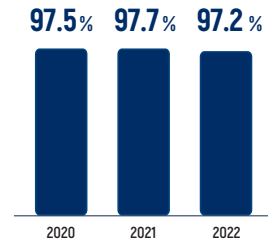
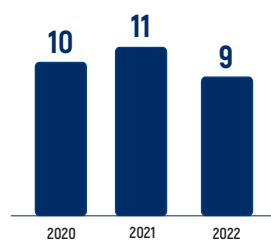
NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS AND PARTICIPATION RATE

MEETINGS

MID CAP	12.5	12.6
FTSE MIB	14.7	14.3

PARTICIPATION

MID CAP	96.0 %	95.4 %
FTSE MIB	97.6 %	97.4 %



DIRECTOR OR STATUTORY AUDITOR OFFICES HELD IN OTHER COMPANIES

	Other group companies	Other listed companies				Other unlisted companies of significant size, financial or banking	
		Executive Director	Non-Executive Director	Director	Statutory Auditor	Director	Statutory Auditor
Edoardo Garrone		1				1	
Alessandro Garrone				1		1	
Giovanni Mondini						2	
Paolo Luigi Merli							
Luca Bettonte						2	
Emanuela Bonadiman				1			
Mara Anna Rita Caverni				1		3	
Elena Grifoni Winters							
Federica Lolli						1	
Elisabetta Oliveri		1		1		2	
Mario Paterlini				1			
Renato Pizzolla						1	

BOARD EVALUATION PROCESS

Board evaluation process carried out	Yes
Evaluating party	The Board of Directors with the support of the Nominations and Remuneration Committee
Self-evaluation procedures	Anonymous online questionnaire sent to the members of the Board of Directors; the Board of Statutory Auditors is also involved in the process
Parties involved	The evaluation process was carried out with the support of the Corporate Affairs, 231 Compliance and Privacy organisational units

1.8. COMPOSITION OF THE BOARD OF STATUTORY AUDITORS

STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

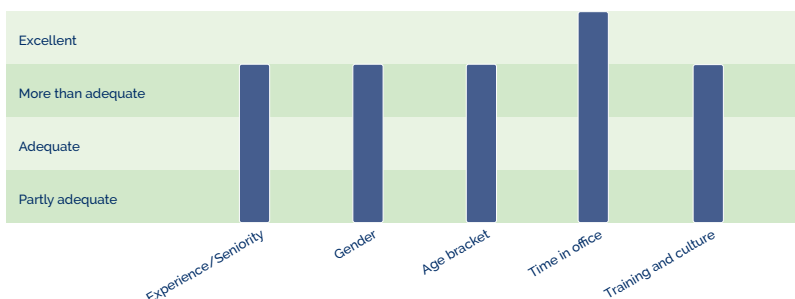
Auditors	Office	Independent	M/m ¹
Paolo Prandi ²	Chairman	ICFA/Corporate Governance Code ³	m
Fabrizio Cavalli	Standing	ICFA/Corporate Governance Code ³	M
Giulia De Martino	Standing	ICFA/Corporate Governance Code ³	M
Vincenzo Campo Antico	Alternate	ICFA/Corporate Governance Code ³	M
Luisella Bergero	Alternate	ICFA/Corporate Governance Code ³	M

- 1 Drawn from the list presented by majority (M) or minority (m) shareholders.
- 2 Took over, on 3 October 2022, the role of Standing Statutory Auditor and Chairman of the Board of Statutory Auditors of ERG, following the untimely passing, on the same date, of Elena Spagnol, Standing Statutory Auditor and Chairman of the Board of Statutory Auditors of ERG. He will remain in office until the next Shareholders' Meeting of ERG.
- 3 Also taking into account, pursuant to the provisions of Article 2, recommendation 7, second paragraph, of the Corporate Governance Code, the "quantitative" and "qualitative" criteria defined in the Regulations for the operations of the Board of Directors, the Control, Risk and Sustainability Committee and the Nominations and Remuneration Committee, for determining, for the purposes of assessing the independence of the members of the Board of Directors and of the Board of Statutory Auditors, the significance or otherwise of any relationships they have with the Company or other parties connected to it as well as the criteria provided for by the Rules of Conduct of the Board of Statutory Auditors of listed companies of 26 April 2018, drawn up by the Italian National Board of Chartered Accountants

DIVERSITY WITHIN THE CURRENT BOARD OF STATUTORY AUDITORS

Average diversity score: **more than adequate (84%)**

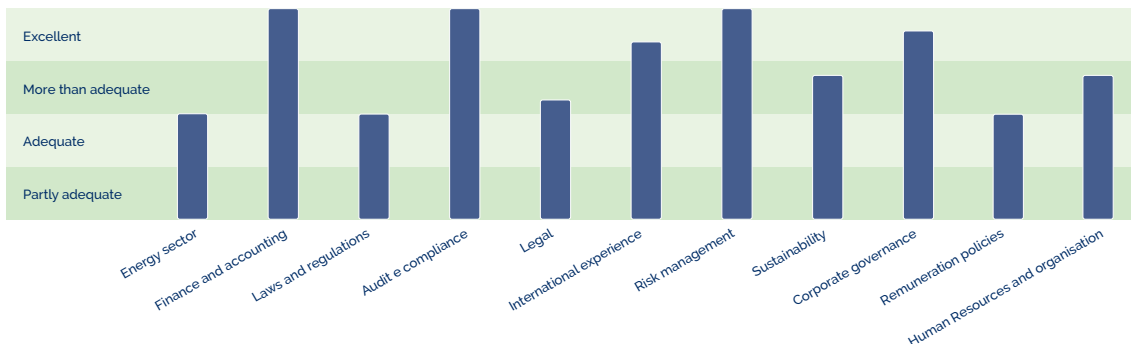
In one area, diversity was rated as **"excellent"** while in the remaining areas it was rated as **"more than adequate"**



EXPERTISE WITHIN THE CURRENT BOARD OF STATUTORY AUDITORS

Average expertise score: **more than adequate (79%)**

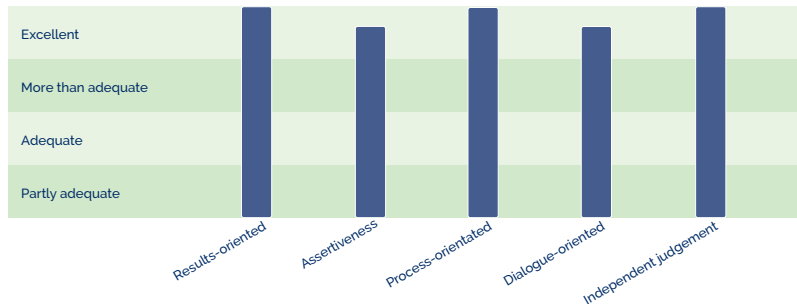
Three areas of expertise were rated as "adequate", three areas of expertise were rated as **"more than adequate"** and five areas of expertise were rated as **"excellent"**



PROFESSIONAL AND PERSONAL CHARACTERISTICS OF THE BOARD OF STATUTORY AUDITORS

Average professional and personal characteristics score: **excellent (97%)**

All the personal characteristics were rated as **"excellent"**



1.9. OPERATION OF THE BOARD OF STATUTORY AUDITORS

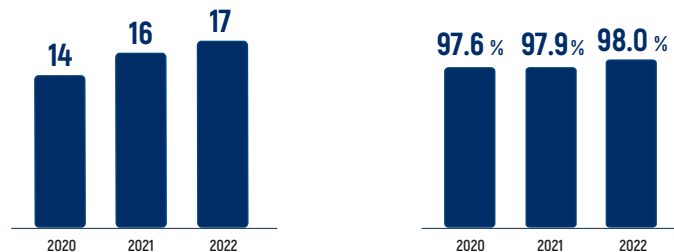
NUMBER OF MEETINGS OF THE BOARD OF STATUTORY AUDITORS AND PARTICIPATION RATE

MEETINGS

MID CAP	17	16.3
FTSE MIB	22.4	24.4

PARTICIPATION

MID CAP	98.3 %	99.0 %
FTSE MIB	98.8 %	98.2 %



DIRECTOR OR STATUTORY AUDITOR OFFICES HELD IN OTHER COMPANIES

	Other group companies	Other listed companies				Other unlisted companies of significant size, financial or banking	
		Executive Director	Non-Executive Director	Independent Director	Statutory Auditor	Director	Statutory Auditor
Paolo Prandi					2		
Fabrizio Cavalli	1					2	9
Giulia De Martino					1	1	4

STATUTORY AUDITORS' EVALUATION PROCESS

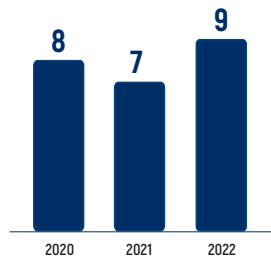
Statutory Auditors evaluation process carried out	Yes
Evaluating party	The Board of Statutory Auditors
Self-evaluation procedures	Anonymous online questionnaire to the members of the Board of Statutory Auditors
Parties involved	The evaluation process was carried out with the support of the Corporate Affairs, 231 Compliance and Privacy organisational units

1.10. REMUNERATION

NUMBER OF NOMINATIONS AND REMUNERATION COMMITTEE MEETINGS AND PARTICIPATION RATE

MEETINGS

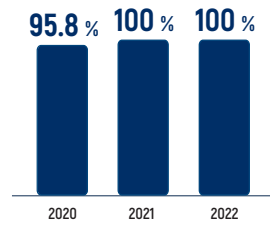
MID CAP*	6.3	6.4
FTSE MIB*	10.3	10.7



* Data referred to the Remuneration Committee

PARTICIPATION

MID CAP*	97.7 %	96.9 %
FTSE MIB*	98.4 %	98.2 %

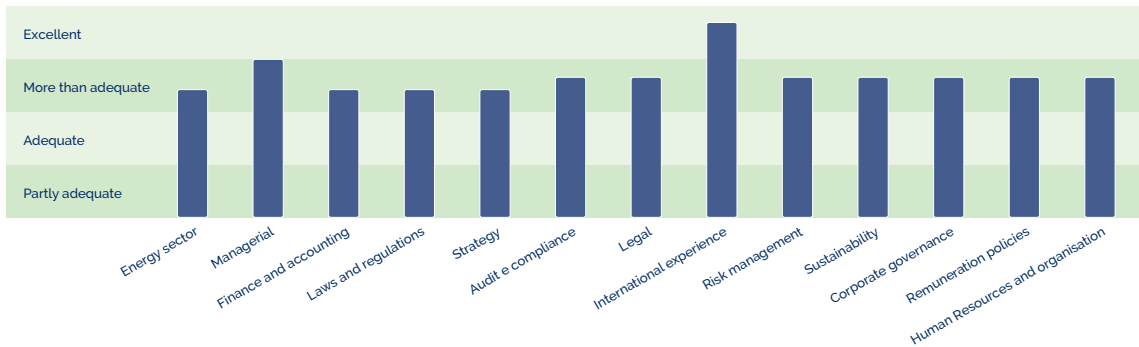


* Data referred to the Remuneration Committee

EXPERTISE WITHIN THE COMMITTEE

Average expertise score: **more than adequate (73%)**

One area of expertise was rated as **“excellent”**, the remaining areas of expertise were rated as **“more than adequate”**



REMUNERATION POLICY 2022-2023

2022-2023 REMUNERATION POLICY GUIDELINES

The Remuneration Policy planned for 2023 is unchanged from the Policy applied in 2022. The main elements of the Company's remuneration policy are set out below.

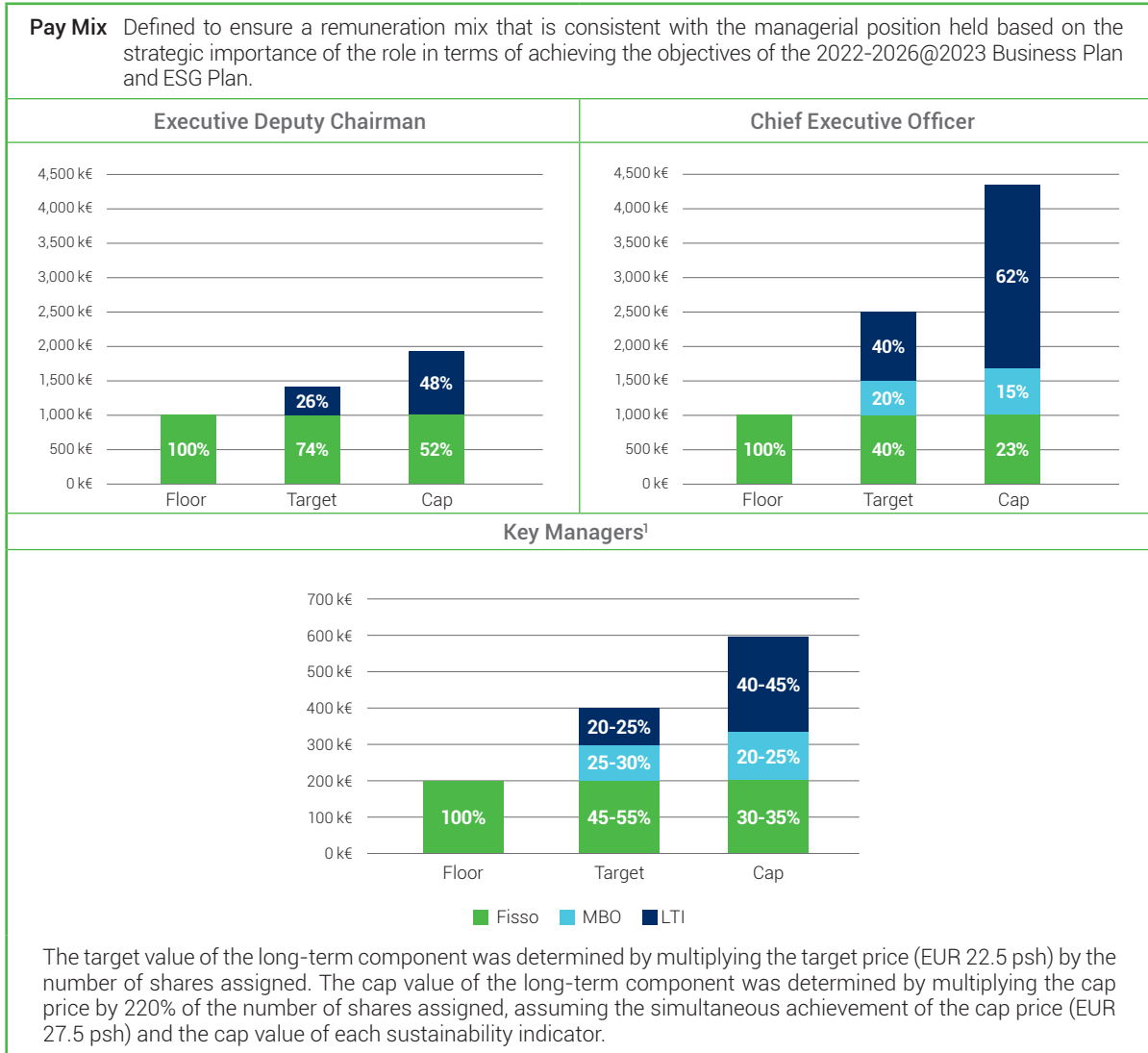
Fixed Remuneration	Enhances the responsibilities, the skills and the contribution demanded by the position. Ensures attraction and retention through continuous market benchmarking. Remunerates the activity carried out in the event that the variable component is not paid out.	
	Executive Deputy Chairman	Chief Executive Officer
Both roles receive an annual fee , as members of the Board of Directors, and an annual remuneration for their role as Executive Directors.		
The annual remuneration amount is determined by benchmarking the posts held by them against a peer group consisting of FTSE MIB and MID CAP companies in the industrial sector comparable to ERG in terms of capitalisation, shareholder structure, distribution of powers and complexity.		
Key Managers		
Annual earnings , from employment.		
Earnings are determined through specific market analyses in relation to roles with the same level of responsibility and managerial complexity with respect to the national markets in the industry sector.		

Short-Term Variable Remuneration	Aimed at the achievement of economic, financial and sustainability targets, predetermined, measurable and in line with the budget.		
Executive Deputy Chairman			
Not envisaged			
	Chief Executive Officer	Key Managers	
MBO System	100% cash	MBO System	100% cash
Clawback clause:	exercisable within 3 years	Clawback clause:	exercisable within 3 years
Corporate Objective	Floor 50% Cap 150% of the target	Corporate Objective	Floor 50% Cap 150% of the target
50% EBT	Target score <50% nothing is due Target score >150% 150% of the target bonus is due	30% EBT	Target score <50% nothing is due Target score >150% 150% of the target bonus is due
Sustainability Objective¹:	Floor 80% Cap 120% of the target	Sustainability Objective¹:	Floor 80% Cap 120% of the target
20% ESG	Target score <80% nothing is due Target score >120% 120% of the target bonus is due	10% ESG	Target score <80% nothing is due Target score >120% 120% of the target bonus is due
Growth Objective	Floor 80% Cap 120% of the target	Individual Objectives	Floor 80% Cap 120% of the target
30% Installed production capacity (MW)	Target score <80% nothing is due Target score >120% 120% of the target bonus is due	60% Various objectives (Economics, business development, sustainability and/or specific projects)	Target score <80% nothing is due Target score >120% 120% of the target bonus is due

¹ Objectives common to all beneficiaries of the MBO system




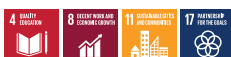




<p>Long-Term Variable Remuneration</p>	<p>Aimed at aligning the interests of the beneficiaries with the pursuit of the priority objective of the creation of sustainable value for the shareholders over the medium/long term. Contributes to the strategy of ensuring the Company's sustainability over time, incentivising management to achieve strategic results, with a view to sustainable success, consistent with the specific objectives of the 2021-2025 Business Plan and the ESG Plan.</p>	
<p>Executive Deputy Chairman</p>	<p>Chief Executive Officer</p>	<p>Managers</p>
<p>2021–2023 Performance Share System¹</p> <p>ON/OFF performance indicator: 90% expected value of the 2021-2023 three-year cumulative EBITDA.</p> <p>Single awarding at plan inception, with three-year vesting.</p> <p>Allocation strategy: the number of shares may increase up to 200% of the shares assigned according to the criteria: p/sh ERG ≤ EUR 22.5 p/sh "Target Price"; Shares allocated = 100% Shares assigned p/sh ERG ≥ EUR 27.5 "Cap Price"; Shares allocated = 200% Shares assigned p/sh ERG <-> between Target Price and Cap Price = Shares allocated with a linear incentive strategy.</p> <p>Sustainability Indicator: multiplier/demultiplier (±10%) of shares that can be allocated</p> <p>Lock Up: 8 months on 25% of any shares allocated</p> <p>Clawback clause: exercisable within 3 years</p>		

¹ The regulation implementing the 2021-2023 LTI System was approved on 13 May 2021 by the Board of Directors, at the same time as defining the 2021-2025 Business Plan and the 2021-2025 ESG Plan in order to ensure that the timeframes are fully consistent with the new mandate and the objectives of the aforementioned Business Plan.



¹ The histograms represent the average remuneration data in each scenario represented (Floor, Target and Cap)

REMUNERATION FOR SUSTAINABLE SUCCESS - ESG PLAN OF OBJECTIVES

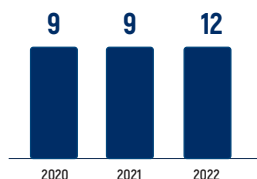
 Tackling climate change and do our part for the planet	Planet	Net zero Circular Economy Energy Efficiency Biodiversity	MBO LTI	
 Sharing benefits with local communities	Engagement	ERG Academy for Next Generation 1% for the Community Trust & Reputation	MBO LTI	
 A future-proof human capital approach	People	ERG Academy for ERG People Diversity & Inclusion Health & Safety always Employees' well-being	MBO LTI	
 Sustainable governance for long term succes	Governance	ERG objectives into MBO and LTI Enhancing Governance Model Tax Control Framework Sustainable Procurement ESG Finance	LTI MBO	

1.11. CONTROL, RISK AND SUSTAINABILITY SYSTEM

NUMBER OF CONTROL, RISK AND SUSTAINABILITY COMMITTEE MEETINGS AND PARTICIPATION RATE

MEETINGS

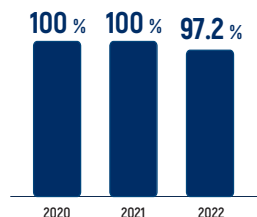
MID CAP*	10.2	9.9
FTSE MIB*	13.9	14.7



* Data referred to Control and Risk Committee

PARTICIPATION

MID CAP*	97.4 %	97.0 %
FTSE MIB*	97.8 %	98.5 %

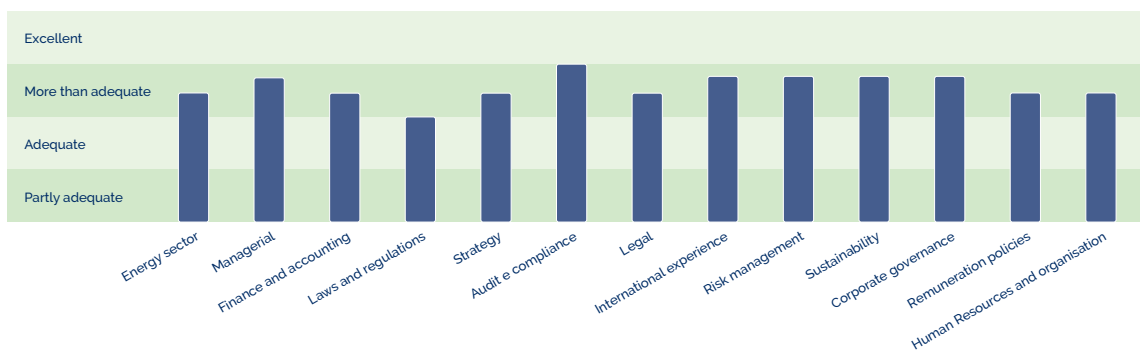


* Data referred to Control and Risk Committee

EXPERTISE WITHIN THE COMMITTEE

Average expertise score: **more than adequate** (70%)

One area of expertise was rated as **“adequate”** while the remaining areas of expertise were rated as **“more than adequate”**



MAIN ELEMENTS OF THE CONTROL AND RISK SYSTEM

	Si/No
Risk Management function	Yes
Chief Risk Officer	No
Enterprise Risk Management plan in place	Yes
If yes, has this plan been discussed with the Committee?	Yes
If so, is this plan also discussed with the Board of Directors?	Yes

MAIN RISKS









RISK	DESCRIPTION	MANAGEMENT STRATEGY IMPLEMENTED BY THE ERG GROUP
1 - Natural variability of renewable contributions	Production volumes of plants fuelled by renewable sources (wind and sun) are subject to the natural variability of these sources and, in the event of lower contributions, may adversely affect Group results.	<ul style="list-style-type: none"> • Diversification of the generation portfolio from both a technological (Wind/Solar/Thermo¹) and geographical (at European level) point of view in order to compensate for changes to contributions in the various renewable sources (wind/sun). • Use of as accurate as possible forecasting systems to define the production plan and short-term operating activities; • Scheduling of stoppages at renewable energy plants during periods of low input from renewable energy sources; • Use of industrial control systems (SCADA) for the continuous monitoring of the performance of plants – through specific KPI indicators – and of their status, which make it possible to intervene promptly in the event of accidental failure and to reduce machinery downtime; • Programmes for the continuous improvement of the processes for managing and maintaining assets in order to ensure their ever increasing efficiency; • Insurance coverage to mitigate the risks related to Business Interruption and Property Damage in the generation portfolio.
2 - Price Risk	Risk linked to unfavourable changes in prices in the commodities market (in particular EE and Gas), with possible negative impacts on Group results.	<ul style="list-style-type: none"> • Definition and regular monitoring of risk exposure limits; • Escalation process in the event that the approved limits are exceeded; • Financial instruments to hedge the price risk only if there is an underlying asset; • Contractualisation of indexed sales formulas, if possible, to transfer risks.
3 - Regulatory Risk (Market Change/Windfall taxes)	Possible hardening of the national and international legislative/regulatory context in countries in which the Group operates that may negatively impact on the achievement of strategic objectives (for example, measures aimed at reducing the price received by renewable sources and consequently lowering procurement costs for the system).	<ul style="list-style-type: none"> • Legislative and regulatory monitoring through institutional relations, related channels, comparison with operators in the sector, and the specialised press; • Active participation in consultations to protect Group interests; • Maintenance of effective and long-lasting relations with local stakeholders in the countries in which the Group operates (e.g. through territorial development and sustainability projects). • Sensitivity Analysis to assess the effect of the main regulatory changes on Group results; • Periodic reporting to Management.
4 - Rating Downgrade	Potential downgrading by the Rating Agency could limit the Group's ability to access the capital market and/or increase the cost of funding with negative effects on the Group's operating results, financial position and cash flows, and on its reputation.	<ul style="list-style-type: none"> • A production portfolio that ensures stable cash generation from its business activities, including through the geographical and technological diversification of its plants. • A financial structure that is balanced in terms of duration and composition; • The continuous monitoring of the final and expected results and of the financial balances; • Investment planning consistent with existing financial covenants and the risks associated with them;
5 - New capital expenditure	Possible uncertain events originating from various factors, for example, scenario (micro/macro-economic, political, regulatory, business-related), technical, operational, financial, organisational, etc. which may have an impact on the achievement of the Strategic Plan objectives and/or on the decision of new investments and their success.	<ul style="list-style-type: none"> • Specific Organisational Units tasked with ensuring the achievement of growth objectives through new capital expenditure (organic growth and/or M&A); • Structured processes for selecting capital expenditure that involve a set of successive levels of examination and approval of projects carried out based on, inter alia, internal and external support studies, benchmark analyses, legal-regulatory analyses, sustainability models and financial assessment/planning; • Detailed analysis for the relevant projects of all the risks associated with them: (i) potential impacts and strategy/actions to contain/eliminate the risk; (ii) follow-up items to monitor the mitigation processes; • Periodic updating of the WACC/HR, including through benchmarks, to ensure a suitable return in relation to the expected risk profile

¹ Sale process of ERG Power S.r.l. (CCGT plant) still ongoing.

RISK	DESCRIPTION	MANAGEMENT STRATEGY IMPLEMENTED BY THE ERG GROUP
6 - Cyber-attacks against production industrial systems	Potential cyber-attacks that exploit vulnerabilities may bring industrial production systems to a standstill and, subsequently, affect Group results (e.g. Revenue)	<ul style="list-style-type: none"> • Definition and implementation of a Security Program to adapt processes, systems and infrastructure to best practices aimed at increasing levels of safety; • Use of automatic tools (e.g. Intrusion Detection Systems) for prevention, detection and incident management purposes; • Carrying out of security assessments to identify critical issues in the systems and support infrastructure; • Development of security awareness and training plans for users; • Insurance to cover the risks of Cyber Crime.
7 - Failure to protect the reputational capital	Internal/external events that may have a negative impact on the ERG Group's reputation (including: financial performance, ethics and integrity, social responsibility, HSE Policies, ICT security, crisis management, etc.)	<ul style="list-style-type: none"> • Specific information and communication activities aimed at maintaining the Group's strong reputation among stakeholders, including, inter alia, a structured Corporate Social Responsibility process with specific social responsibility initiatives and the dissemination of Non-Financial Information; • Active relations with all major stakeholders and the media, and monitoring of stakeholders' perceptions; • Communication activities through the website/social media and continuous monitoring of stakeholder perceptions of the ERG brand; • Structured Reputational Crisis Management process that enables crisis effects to be promptly managed and contained in order to safeguard the reputation of the ERG Group.
8 - Anti-Corruption Compliance	The possibility that one of the Companies in the Group and/or a director, representative or employee of the same, could be involved in proceedings for offences committed in breach of anti-corruption laws that may involve the application of sanctions against the aforementioned persons (both physical and legal persons) and negative repercussions in terms of reputation	<ul style="list-style-type: none"> • Adoption of the rules of conduct system (Code of Ethics and Anti-Corruption Policy) valid for the entire Group; • Adoption of an "Integrated Anti-Corruption Model", at Group level in line with best practices; • Definition of information flows for the monitoring of the Anti-Corruption System; • Regular training on anti-corruption matters and ongoing efforts to raise awareness among management on the culture of ethics and of business integrity; • "Due Diligence on Significant Third Parties" procedure; • Definition and implementation of Compliance Programmes to verify compliance with the Anti-Corruption Policy.
9 - Industrial risks and HSE	Risks related to malfunctioning systems potentially resulting in critical issues during production processes and/or having a negative impact in terms of HSE	<ul style="list-style-type: none"> • Technological and geographical diversification of the generation portfolio in order to limit negative impacts; • Implementation of a Business Continuity Management/Asset Integrity Management process that ensures the proper maintenance of production assets, through specific risk assessment activities (e.g. risk assessment, Business Impact Analysis); • Technological development of plants and emergency management plans; specialist HSE audit and monitoring of plants; • Adoption of certified (ISO 14001 and ISO 45001) Management Systems and regular training for all staff working within the facilities; • Specific levels of insurance coverage for business interruption, property damage and any accidents involving staff.

1.12. ESG PLAN

2022-2026 ESG PLAN

 PLANET	 ENGAGEMENT	 PEOPLE	 GOVERNANCE
<div data-bbox="183 571 438 638">  </div> <div data-bbox="183 660 438 694" style="background-color: #4CAF50; color: white; text-align: center; padding: 5px;">2026 TARGETS</div> <ol style="list-style-type: none"> 1. Net Zero: <ul style="list-style-type: none"> - Scope 1 after Asset Rotation - Scope 2 @2025 - Scope 3 @2040 2. Circular Economy: <ul style="list-style-type: none"> - ≥ 98% Circular Wind - ≥ 90% Circular Solar - Social purpose for circular solar 3. Energy Efficiency: <ul style="list-style-type: none"> - Wind Reblading (+72 GWh) - Solar Revamping (+59 GWh) 4. Biodiversity: <ul style="list-style-type: none"> - Biodiversity assessment for 100% of RES organic projects 	<div data-bbox="486 571 742 638">  </div> <div data-bbox="486 660 742 694" style="background-color: #00BCD4; color: white; text-align: center; padding: 5px;">2026 TARGETS</div> <ol style="list-style-type: none"> 5. ERG Academy for Next Generation: <ul style="list-style-type: none"> - 20,000 students involved 6. 1% for the Community: <ul style="list-style-type: none"> - >1% revenues for social developments of local communities 7. Trust & Reputation: <ul style="list-style-type: none"> - Top performer in main ESG Ratings 	<div data-bbox="790 571 1045 638">  </div> <div data-bbox="790 660 1045 694" style="background-color: #3969AB; color: white; text-align: center; padding: 5px;">2026 TARGETS</div> <ol style="list-style-type: none"> 8. ERG Academy for our People: <ul style="list-style-type: none"> - 80% people with individual development plan - 100% people involved in learning activities 9. Diversity & Inclusion: <ul style="list-style-type: none"> - ≥ 20% women amongst the key leader (manager and senior manager) - ≥ 20% key leaders abroad - D&I Certification - ≥ 25% women in the workforce 10. Employees' well-being <ul style="list-style-type: none"> - Flexible benefit Plan - Solidarity holidays at Group level - Smart Working post pandemic 11. Health & Safety, always: <ul style="list-style-type: none"> - No fatalities, IF<4 	<div data-bbox="1093 571 1348 638">  </div> <div data-bbox="1093 660 1348 694" style="background-color: #003366; color: white; text-align: center; padding: 5px;">2026 TARGETS</div> <ol style="list-style-type: none"> 12. Sustainability Incentives: <ul style="list-style-type: none"> - 100% incentives plan integrated with ESG objectives 13. Enhancing Governance Model: <ul style="list-style-type: none"> - BoD Independence & Diversity 14. Tax Control Framework: <ul style="list-style-type: none"> - Tax Control Framework abroad (FR@2023, DE@2024) 15. Sustainable Procurement: <ul style="list-style-type: none"> - +10 pts in average strategic suppliers scoring 16. ESG Finance: <ul style="list-style-type: none"> - ≥ 90% of Green Funding

2022-2026@2023 ESG PLAN

 PLANET	 ENGAGEMENT	 PEOPLE	 GOVERNANCE
<div data-bbox="183 1406 438 1473">  </div> <div data-bbox="183 1496 438 1529" style="background-color: #4CAF50; color: white; text-align: center; padding: 5px;">2026 TARGETS</div> <ol style="list-style-type: none"> 1. Net Zero: <ul style="list-style-type: none"> - Scope 1 after Asset Rotation - Scope 2 @2025 - Scope 3 @2040 2. Circular Economy: <ul style="list-style-type: none"> - ≥ 98% Circular Wind - ≥ 90% Circular Solar 3. Energy Efficiency: <ul style="list-style-type: none"> - Wind Reblading (+72 GWh) - Solar Revamping (+55 GWh) 4. Biodiversity: <ul style="list-style-type: none"> - Biodiversity assessment for 100% of RES organic projects 	<div data-bbox="486 1406 742 1473">  </div> <div data-bbox="486 1496 742 1529" style="background-color: #00BCD4; color: white; text-align: center; padding: 5px;">2026 TARGETS</div> <ol style="list-style-type: none"> 5. ERG Academy for Next Generation: <ul style="list-style-type: none"> - 20,000 students involved@2027 6. 1% for the Community: <ul style="list-style-type: none"> - >1% revenues for social developments of local communities 7. Trust & Reputation: <ul style="list-style-type: none"> - Top performer in main ESG Ratings 8. Social Purposes for circular solar <ul style="list-style-type: none"> - Developing RES Projects with NGOs 	<div data-bbox="790 1406 1045 1473">  </div> <div data-bbox="790 1496 1045 1529" style="background-color: #3969AB; color: white; text-align: center; padding: 5px;">2026 TARGETS</div> <ol style="list-style-type: none"> 9. ERG Academy for our People: <ul style="list-style-type: none"> - 80% people with individual development plan - 100% people involved in learning activities 10. Diversity & Inclusion: <ul style="list-style-type: none"> - ≥ 20% women amongst the key leader -manager and senior manager [≥ 25% @2027] - ≥ 20% key leaders abroad [≥ 25% @2027] - 25 - 30% women in the workforce - D&I Certification @2025 11. Employees' well-being <ul style="list-style-type: none"> - Flexible benefit Plan - Solidarity holidays at Group level - Smart Working post pandemic 12. Health & Safety, always: <ul style="list-style-type: none"> - No fatalities, IF<4 	<div data-bbox="1093 1406 1348 1473">  </div> <div data-bbox="1093 1496 1348 1529" style="background-color: #003366; color: white; text-align: center; padding: 5px;">2026 TARGETS</div> <ol style="list-style-type: none"> 13. Sustainability Incentives: <ul style="list-style-type: none"> - 100% incentives plan integrated with ESG objectives 14. Enhancing Governance Model: <ul style="list-style-type: none"> - BoD Independence & Diversity 15. Tax Control Framework: <ul style="list-style-type: none"> - Tax Control Framework in Germany (by FY 2024) 16. Sustainable Procurement: <ul style="list-style-type: none"> - Average score @2026: >65% - Increase % of Suppliers with Carbon footprint and D&I (vs Baseline 2022) 17. ESG Finance: <ul style="list-style-type: none"> - ≥ 90% of Green Funding 18. Cyber Security: <ul style="list-style-type: none"> - Information Security Management System certification (@2024)

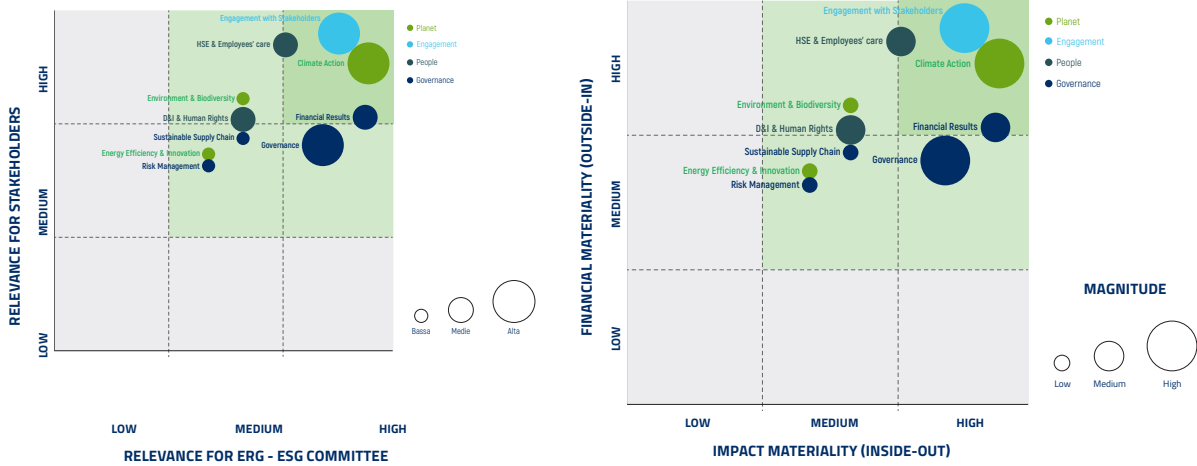
1.13. 2022 NFS¹



1 Dati restated

ANALYSIS OF MATERIALITY

Single Materiality sostanzialmente allineata alla Double Materiality

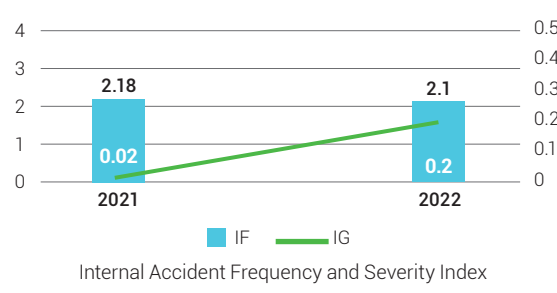


The material topics appear to be aligned with those of the DNF 2021

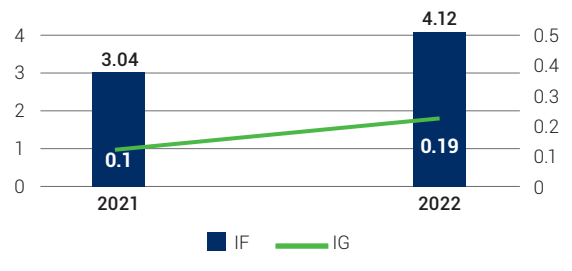
As a novelty, this year the "single materiality" (a classical approach that identifies and evaluates the issues priorities for the company and its key stakeholders) has been joined this year by a double materiality, which allows to compare the significant impact¹ generated by the company (Impact materiality) with those suffered by the company (Financial materiality).

¹ Approved, on a mandatory basis, by the Board of Directors on 14 March 2023, after prior assessment by the Control, Risks and Sustainability Committee, it will be made available to the public on the Company's website (www.erg.eu) as well as with other methods and within the terms provided for by the laws and regulations in force.

ACCIDENT FREQUENCY² INDEX AND SEVERITY INDEX³



Internal Accident Frequency and Severity Index



Overall Accident Frequency and Severity Index (internal + contractors)

Figures represented are for the ERG Group with the exclusion of the Thermo business

² No. accidents*1,000,000/hours worked
³ No. days lost*1,000/hours worked

2. OUR JOURNEY TOWARDS SUSTAINABLE SUCCESS

The current corporate governance structure of ERG has evolved over time with the gradual introduction into the corporate approach of rules of conduct that reflect the most advanced and widely recognised principles of Corporate Governance.

Even prior to the listing of the Company in October 1997, one of the key aspects of the governance structure was a focus on a proper relationship between management, shareholders and stakeholders and balanced corporate management aimed at creating medium to long-term value.

This corporate policy was implemented through:

- the coordinated delegation of powers within ERG's Board of Directors (the "Board of Directors") in such a way as to assure the clarity and completeness of executive powers and accountabilities, and the monitoring of the activities carried out and assessment of the results achieved;
- regular and adequate reporting to the Board of Directors on actions taken in the exercise of managerial powers and responsibilities;
- the use of specific procedures to determine remuneration for Directors and management.

Its presence on the stock market has accentuated the Company's propensity to base its conduct on the criteria of transparency, correctness and sustainability. It has also accelerated the process of adapting its governance to meet these criteria.

ERG today pursues its own sustainable success through the creation of value for shareholders, in the medium to long term, taking into account the interests of other stakeholders relevant to the Company and contributing positively to the socio-economic development of the areas and local communities affected by the production assets of the ERG Group and by business development projects, in order to ensure future generations are still able to meet their own needs.

To ensure management is fully in line with these objectives, the current Board of Directors:

- on 26 April 2021, in accordance with the recommendations of the Italian Corporate Governance Committee (2020 Report) and the Code, appointed a Control, Risk and Sustainability Committee⁴, which, in addition to examining in advance the process of drawing up the Consolidated Non-Financial Statement (in continuity with the Company's

⁴ Made up entirely of Independent Directors belonging to the less represented gender on the Board of Directors (**100% members of the female gender**).

governance), is called upon to evaluate the ESG Plan in advance and monitor its implementation over time with respect to the objectives of the Plan itself;

- in the meeting of 14 March 2023, (i) has approved the 2022-2026@2023 Business Plan, subject to the prior favourable opinion of the Strategic Committee, and, the 2022-2026@2023 ESG Plan, subject to the prior approval of the Control Risk and Sustainability Committee, so placing the ESG objectives at the heart of the ERG strategy and including business sustainability, as it has been the case since 2021 (with the approval of the 2021-2025 Business Plan and ESG Plan); (ii) has defined and introduced, as it has been the case with the previous Policies on remuneration, on the proposal of the Nomination and Remuneration Committee⁵, specific sustainability objectives, drawn from the 2022-2026@2023 ESG Plan, which have been taken into account in the definition of the economic and sustainable objective of the MBO system for 2023 and which will be taken into account when updating the objectives of the 2021-2023 LTI System, in accordance with the provisions of the relative regulations.

ERG's sustainable success is based on the four "pillars" set out, on a continuous basis, both within the previous ESG Plans and in the New ESG Plan:

1. **Planet:** combatting climate change;
2. **Engagement:** commitment to local areas;
3. **People:** focus on the growth and well-being of people;
4. **Governance:** management bodies and principles inspired by best practices.



These 'pillars' are strictly correlated and incorporated in ERG's business model and include 18 well-defined objectives that are measurable through constantly monitored KPIs, with a view to guaranteeing a tangible contribution to the creation of value over time for all our stakeholders and to reaching the SDGs established by the United Nations.

More generally, this journey towards the creation of shared value has been made possible thanks to the values that have always inspired our way of doing business, reflected, over time, within ERG's governance.

The main corporate governance measures adopted for this purpose include:

- the adoption of an ERG Group (hereinafter also the "Group") **Code of Ethics**, approved for the first time in December 2004 and subsequently updated to the current version of 3 August 2018 - as a tool for defining and communicating ERG's duties and responsibilities towards its stakeholders (including the local areas and communities affected by the ERG Group's production assets and business development projects), as well as being an imperative element of an **Organisation and Management Model** consistent with the requirements of Italian Legislative Decree no. 231/01 (hereinafter also the "231 Model"). The 231 Model was lastly updated on 16 December 2022 for the purpose

⁵ Made up entirely of Independent Directors belonging to the less represented gender on the Board of Directors (**100% members of the female gender**).

of including the main amendments deriving from the new risk assessment carried out in order to assess the Company's exposure to the risk relating to new offences introduced into Italian Legislative Decree no. 231/01 and, subsequently, to check, also following the new legislative provisions introduced and the organisational changes which have occurred in the meantime, the need to update the control protocols;

- endorsement of the current **Corporate Governance Code** promoted by Borsa Italiana S.p.A., published on 31 January 2020 and which is applicable from 1 January 2021⁶;
- the adoption, on 15 September 2022, following the closing of the transaction aimed at creating the long-term partnership between San Quirico S.p.A. and the investment fund IFM Net Zero Infrastructure Fund SCSp, of the **Limited Management and Coordination Regulation**;
- the adoption of a **Code of Conduct for the Directors** of the companies of the ERG Group, last updated on 16 December 2022, with the purpose of providing the same with support for better performance of the duties assigned to them through the use of all skills present in the ERG Group and uniform conduct criteria in order to allow them to perform their duties in an organic framework of reference, in compliance with the corporate governance principles of the Company and, when possible, consistent with the interest of the Group;
- the adoption of a **Policy on the remuneration of members of the Board of Directors and Key Management Personnel**, last reviewed on 14 March 2023, in order to implement the approval of the 2022-2026@2023 Business Plan and ESG Plan, which provides, as was the case for previous remuneration Policies, for the inclusion of specific sustainability targets for management in the MBO System for 2023 and increasing elements of transparency in line with best practices;
- the definition of the **Guidelines for the identification and execution of transactions of strategic significance**, last updated on 13 October 2022, with the aim of identifying transactions whose examination and approval, as recommended by the Code, remain the exclusive responsibility of the Board of Directors (hereinafter also the "Significant Transactions");
- the adoption of a **Procedure for handling and processing relevant and inside information** and for the public dissemination of statements and information, most recently updated on 20 July 2021 (hereinafter also the "Market Information Procedure"), which aims to ensure that all statements and information intended for the market, for CONSOB and for Borsa Italiana S.p.A. are the outcome of an evaluation process that guarantees both timeliness and accuracy;
- the definition of **Guidelines for the Internal Control and Risk Management System**, last updated on 3 August 2018, with the aim of identifying the set of measures, organisational structures, regulations and rules whose purpose is, by means of an appropriate process of identification, measurement, management and monitoring of the main risks, and the creation of adequate information flows to ensure the proper flow of information, to allow the company to be managed on a sound and proper basis, consistent with the company targets defined by the Board of Directors;

⁶ Up to that date, the Company has endorsed the from time to time applicable Corporate Governance Code for Listed Companies promoted by Borsa Italiana S.p.A. *(hereinafter "Corporate Governance Code") since its first edition in 1999;

- the adoption of an **integrated risk management model**, with the objective of identifying, as exhaustively as possible, the risks inherent in the Group's full range of business activities;
- the adoption of a **Procedure for Transactions with Related Parties**, lastly updated on 13 October 2022, aimed at ensuring the transparency and the substantial and procedural correctness of transactions with related parties carried out by ERG directly or through its subsidiaries;
- the adoption of the **Guidelines for compliance with Italian Legislative Decree no. 231/01 and anti-corruption laws within ERG Group companies**, approved, in their latest version, on 9 October 2017, which summarise the principles and general rules of reference with which the subsidiaries of the ERG Group⁷ (the "Subsidiaries" and, together with ERG, the "Companies of the ERG Group" or the "ERG Group") are required to comply with regard to the adoption of the Code of Ethics and the Anti-corruption Policy and the evaluation of the implementation of suitable tools for the purposes of compliance with Italian Legislative Decree no. 231/01;
- the definition of a **Code of Conduct for Internal Dealing** - updated version approved on 11 May 2017 - aimed at regulating disclosure obligations in respect of the market, the Company and CONSOB with reference to transactions involving ERG shares/debt instruments issued by ERG or derivatives or other related financial instruments carried out, directly or indirectly, by members of the Board of Directors or Board of Statutory Auditors of ERG and of significant subsidiaries, by members of top management of the Group and by persons closely connected with them;
- the adoption of the **Anti-Corruption Policy and System**, subsequently updated up to the current edition approved on 11 November 2022 following the entry of the ERG Group in two new countries (Sweden and Spain). In particular: (i) in the context of the Anti-Corruption System, the risk assessment was updated respectively with regard to: (a) the countries where the ERG Group operates, (b) third parties the Group is in contact with or through which the ERG Group operates and (c) sensitive activities; (ii) in the context of the Anti-Corruption Policy, further specific control principles and expected conduct rules have been introduced, for the purposes of anti-corruption, within the special parts of the 231 Models of the Italian companies of the Group, in accordance with the provisions of the Group guidelines and procedures. In the context of the Anti-Corruption System, a **due diligence on significant third parties Procedure** was also introduced, last updated on 26 November 2020, with the aim of helping to ensure, together with the Code of Ethics and 231 Models, compliance with the national and international anti-corruption regulations of the countries in which the Group operates;
- the adoption of a **Tax Control Framework**, i.e. a system for the recognition, management and monitoring of tax risk, with the aim of streamlining, strengthening and making more effective Tax Governance rules and procedures;
- the adoption, on 13 May 2021, of the **Regulations for the operation of the Board of Directors, the Control, Risk and Sustainability Committee and the Nominations and Remuneration Committee** (hereinafter also the "Regulation") aimed, among other things, at regulating (i) the operating rules of the body itself and its committees, the procedures for recording the minutes of the meetings and the procedures for managing the sharing of information with the

⁷ Companies directly or indirectly controlled by ERG pursuant to Article 93 of the Italian Consolidated Finance Act.

directors, (ii) the "quantitative" and "qualitative" criteria used to determine, for the purposes of assessing the independence of the members of the Board of Directors and the Board of Statutory Auditors, the significance or otherwise of any relationships they have with the Company or other persons connected to it; (iii) the maximum number of offices in the Board of Directors or in the Board of Statutory Auditors in other relevant companies that can be considered compatible with the effective performance of the office of Director and (iv) the plan for the succession of the Chief Executive Officer;

- the adoption, on 13 May 2021, of a **Policy for managing dialogue with shareholders and investors in general**, aimed at regulating and promoting the development and maintenance of an ongoing, profitable and transparent dialogue with shareholders and investors in general (hereinafter also the "Engagement Policy");
- the definition, on 30 July 2021, of the Diversity & Inclusion Policy, with the aim of promoting equal opportunities, guaranteeing respect for personal rights and freedoms and enhancing diversity as key elements for the success and sustainable development of the ERG Group as well as contributing to the achievement of the objectives of the United Nations 2030 Agenda for Sustainable Development;
- the adoption of the **Sustainability Policy**, last updated on 13 October 2022 in order to include specific commitments aimed at protecting biodiversity as well as to outline how the commitments assumed in the context of the Policy are in practical terms referable to the UN Sustainable Development Goals;
- the adoption, on 13 October 2022, of a **Policy on the management of violence, harassment and bullying in the workplace**, precisely intended to prevent, detect and combat phenomena relating to violence, harassment and bullying, as well as to provide support to those reporting such phenomena (including as witnesses or because they have been informed of the facts), protecting them from any possible retaliatory act.

3. INFORMATION ABOUT THE OWNERSHIP STRUCTURE AT 31 DECEMBER 2022 PURSUANT TO ARTICLE 123-BIS OF ITALIAN LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998 ("ITALIAN CONSOLIDATED FINANCE ACT" OR "ICFA")

Share capital structure at 31/12/2022 (pursuant to Article 123-bis, paragraph 1(a) of the ICFA)						
	Number of shares	Number of voting rights	Amount of subscribed and paid-up share capital	% with respect to share capital	Listed (market)/not listed	Rights and obligations
Ordinary shares	150,320,000	150,320,300	Euro 15,032,000	100	Euronext Milan/FTSE MIB Index ¹	–
Preferred shares	–	–	–	–	–	–
Multiple-vote shares	–	–	–	–	–	–
Other categories of shares with voting rights	–	–	–	–	–	–
Savings shares	–	–	–	–	–	–
Convertible savings shares	–	–	–	–	–	–
Other categories of shares without voting rights	–	–	–	–	–	–
Other	–	–	–	–	–	–

¹ Listing in the FTSE MIB index from 29 November 2022

Significant equity investments at 31/12/2022 (pursuant to Article 123-bis, paragraph 1(c) of the ICFA)			
Declarant	Direct shareholder	% of ordinary share capital	% of voting share capital
San Quirico S.p.A.	SQ Renewables S.p.A.	62.533	62.533

Other disclosures at 31/12/2022			
	Yes	No	No notable disclosures in this regard
Restrictions on the transfer of securities (pursuant to Article 123-bis, paragraph 1(b) of the ICFA)		X	
Securities that confer special rights (pursuant to Article 123-bis, paragraph 1(d) of the ICFA)		X	
Employee stock option (pursuant to Article 123-bis, paragraph 1(e) of the ICFA)		X	
Restrictions on the right to vote (pursuant to Article 123-bis, paragraph 1(f) of the ICFA)		X	
Agreements between shareholders (pursuant to Article 123-bis, paragraph 1(g) of the ICFA)	X		
Change of control clauses (pursuant to Article 123-bis, paragraph 1(h) of the ICFA)	X		
Statutory provisions on takeover bids (pursuant to Articles 104, paragraph 1-ter, and 104 bis, paragraph 1 of the ICFA)		X	
Agreements that provide for indemnities in the event of resignation or dismissal without just cause (pursuant to Article 123-bis, paragraph 1(i) of the ICFA)	X		
Powers to increase the share capital (pursuant to Article 123-bis, paragraph 1(m) of the ICFA)		X	
Authorisations for the purchase of treasury shares (pursuant to Article 123-bis, paragraph 1(m) of the ICFA)	X		
Management and coordination (pursuant to Article 2497 et seq. of the Italian Civil Code)	X		

In particular, it should be noted that:

- **with regard to the provisions of Article 123-bis, paragraph 1(a) of the ICFA**, the Extraordinary Shareholders' Meeting of 21 April 2020 approved the amendment to Article 10 of the Articles of Association, aimed at introducing a mechanism for increasing voting rights in accordance with the provisions of Article 127-quinquies of the ICFA. Adoption of the increased voting rights mechanism aims to incentivise – thanks to the greater weight in the shareholders' meeting decision-making process – medium/long-term investments, which may, first and foremost, support long-term strategies for the Group's development and growth as well as counteract the volatility of the stock, which can, in turn, be triggered by short-term decisions made by investors. This would lead to a more efficient price formation process and a non-speculative approach to investment being favoured, in line with international best practices on corporate governance and with Directive (EU) 2017/828, which aims to promote effective and sustainable commitment, and a long-term approach from shareholders, by increasing their involvement. In accordance with the aforementioned amendment to the Articles of Association, each share gives entitlement to double voting rights (and therefore to two votes per share) where the following two conditions are met: (a) the share is owned by the same subject, by virtue of a real legitimising right, for a continuous period of at least 24 (twenty-four) months; and (b) the fulfilment of the requirement under (a) is confirmed by the continuous inclusion, for a period of at least 24 (twenty-four) months, in the special list established for such purpose by the Company (the "Special List"). On 18 June 2020, by virtue of the authorisation given to it by the Shareholders' Meeting of 21 April 2020, the Board of Directors adopted the regulations governing the procedures for entering, maintaining and updating the Special List in compliance with the applicable legislation, the Articles of Association and the market practices. At the date of approval of the Report, 172,516 shares benefit from the increase in the voting rights.

List of shareholders registered in the Special List for entitlement to the benefit of increased voting rights
(Article 127-quinquies, paragraph 2, of the Italian Consolidated Finance Act) with an equity investment of more than 3% of the share capital of ERG S.p.A.

Shareholder	Registration date	Shares recorded	% of share capital
SQ Renewables S.p.A.	1 October 2022	94,000,000	62.533

- **with regard to the provisions of art. 123-bis, paragraph 1, letter h) of the ICFA**, the existence of financing relationships including the usual provisions on the change of control of the debtor which may in theory involve the reimbursement of the same financing when this change of control pertains to ERG and in particular: (i) bilateral financing issued by UBI on 26 February 2016, with an outstanding amount, on 31 December 2022, of EUR 100 million and last instalment in March 2023; (ii) bilateral financing disbursed by Mediobanca on 11 March 2016, with an outstanding amount, on 31 December 2022, of EUR 150 million and last instalment in June 2023
- **with regard to the provisions of Article 123-bis, paragraph 1(i) of the ICFA**, the Board of Directors, in its meeting held on 13 May 2021, at the proposal of the Nominations and Remuneration Committee and having consulted the Board of Statutory Auditors, in full compliance with the values and the medium/long-term interests of the ERG Group, recognised for the Chief Executive Officer the right to receive an indemnity for termination of office

of EUR 3,000,000, payable in the event of resignation for just cause or revocation without just cause, as well as in certain cases of supervening impossibility of performance, non-renewal or modification of mandate, also due to changes in ownership. The indemnity shall not be due when the termination, dismissal or non-renewal result from just cause. The indemnity for the termination of office is not paid if the termination of the employment is due to the achievement of results less than 1/3 of the target set in the 2021-2023 Performance Share System, except for extraordinary events not due to the actions of the Chief Executive Officer. There are no additional agreements providing for an indemnity to the Executive Directors in the event of termination of office or discontinuation of the employment relationship.

- **with regard to the provisions of Article 123-bis, paragraph 1(l) of the ICFA**, the rules applicable to the appointment and replacement of the members of the Board of Directors and of the Board of Statutory Auditors, and to amendments to the Articles of Association, are described in detail in the relevant sections of this report (hereinafter also the "Report");
- **with regard to the provisions of Article 123-bis, paragraph 1(m) of the ICFA**, the Shareholders' Meeting of 26 April 2022 authorised the Board of Directors
 - pursuant to Article 2357 of the Italian Civil Code – upon annulment, for the period still remaining, of the previous authorisation resolved by the Shareholders' Meeting on 26 April 2021 – for a period of 18 months from 26 April 2022, to repurchase treasury shares up to a revolving maximum (i.e. the maximum amount of treasury shares held in the portfolio at any time) of 30,064,000 ordinary ERG shares with a par value of EUR 0.10 each, at a unit price, including ancillary purchase charges, not lower than 30% below and not higher than 10% above the closing price of the stock on the day immediately preceding each individual transaction;
 - pursuant to Article 2357-ter of the Italian Civil Code – upon annulment, for the period still remaining, of the previous authorisation resolved by the Shareholders' Meeting on 26 April 2021 – for a period of 18 months as from 26 April 2022, to sell, all at once or in several steps, and with any procedures deemed appropriate in relation to the purposes which the disposal is attempting to achieve, treasury shares at a unit price no lower than 10% below the closing price of the share on the day immediately preceding each individual disposal.

Other financial instruments (granting the right to subscribe newly issued shares)				
	Listed (market)/not listed	Number of instruments outstanding	Category of shares for conversion/exercise	Number of shares for conversion/exercise
Convertible bonds	–	–	–	–
Warrants	–	–	–	–

- **with regard to the provisions of art. 2497 et seq. of the Italian Civil Code**, following the closing of the transaction aimed at the creation of a long-term partnership between San Quirico S.p.A. and the IFM Net Zero Infrastructure Fund SCSP investment fund, which occurred on 15 September 2022, the Company is a subsidiary of SQ Renewables

S.p.A. (wholly owned by San Quirico S.p.A. and NZF Bidco Luxembourg 2 S.à r.l., with holdings respectively of 65% and 35%). SQ Renewables S.p.A. exercise a limited management and coordination activity on the Company, in accordance with the provisions of the Limited Management and Coordination Regulation approved on 15 September 2022 by the Board of Directors, with the prior opinion of the Control Risk and Sustainability Committee. This circumstance was evaluated by the Board of Directors, in the meeting of 16 December 2022, also on the basis of a preliminary review carried out by the Control, Risk and Sustainability Committee.

Please note that from 15 September 2022 to 31 December 2022, **the only operation subject to the coordination activities of SQ Renewables S.p.A. was the adoption, by the Board of Directors, of the Limited Management Regulation.**

ERG in turn performs management and coordination in respect of direct or indirect Company Subsidiaries. The scope of the companies concerned and the content of any activity carried out on each of them are periodically reviewed by the Board of Directors, also on the basis of a preliminary review carried out by the Control, Risk and Sustainability Committee.

In particular, the Board of Directors, in the meeting of 16 December 2022, acknowledged that:

- SQ Renewables S.p.A. exercises limited management and coordination activity in respect of the Company, in accordance with the definitions in the Limited Management and Coordination Regulation;
- ERG carries out management and coordination activities with respect to the Subsidiaries; such companies benefit from the advantages, synergies and economies of scale deriving from inclusion in the Group. These activities are carried out in compliance with the managerial and operational independence of said Company Subsidiaries, and involve
 - the definition of business strategies, the corporate governance system and the corporate structures;
 - the determination of shared general policies pertaining to human resources, information & communication technology, accounting, financial statements, taxation, procurement, finance, investments, risk management, legal and corporate affairs, communication, institutional relations, corporate social responsibility, business and engineering development and M&A and engineering development.

Please also note that during 2022 **no bonds were issued.**

Outstanding Bonds - Green Bond 2021

ISIN	Issue amount	Coupon	Issue date	Expiry date	Issue price	Gross yield to maturity	Rating
XS2386650274	EUR 500,000,000	0.875%	15/09/2021	15/09/2031	99.752%	0.901%	Fitch: BBB-

Outstanding Bonds - Green Bond 2020

ISIN	Issue amount	Coupon	Issue date	Expiry date	Issue price	Gross yield to maturity	Rating
XS2229434852	EUR 500,000,000	0.50%	11/09/2020	11/09/2027	99.208%	0.616%	Fitch: BBB-
XS2274549034	EUR 100,000,000	0.50%	23/12/2020	11/09/2027	101.102%	0.334%	Fitch: BBB-

Outstanding Bonds - Green Bond 2019

ISIN	Issue amount	Coupon	Issue date	Expiry date	Issue price	Gross yield to maturity	Rating
XS1981060624	EUR 500,000,000	1.875%	11/04/2019	11/04/2025	99.674%	1.933%	Fitch: BBB-

4. COMPLIANCE

In order to adapt its governance to best practices, the Company has endorsed the Corporate Governance Code since its first edition in 1999.

The Corporate Governance Code promoted by Borsa Italiana S.p.A. was published on 31 January 2020. Issuers are required to endorse the recommendations of the Code as from 1 January 2021, and to inform the market of this by means of the report on corporate governance and ownership.

On 15 October 2020, ERG's Board of Directors unanimously resolved to endorse the above Code, giving the Chairman the mandate to implement what is necessary or appropriate to execute the resolution adopted. The Code is accessible to the public on the website of the Corporate Governance Committee at <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>

Below are the main milestones of the ERG Group's process of adapting to the recommendations of the Code:

- approval, on 11 March 2021, of the Remuneration Policy which provides for the inclusion of specific sustainability objectives for management in the MBO System and in the 2021-2023 LTI System and increasing elements of transparency in line with best practices;
- appointment, on 21 April 2021, of a Control, Risk and Sustainability Committee, which, in addition to examining in advance the process of drawing up the Consolidated Non-financial Statement (in continuity with the Company's governance), is called upon to evaluate in advance the ESG Plan and to monitor its implementation over time with respect to the objectives of the Plan itself;
- approval, on 13 May 2021, together with the 2021-2025 Business Plan, subject to the favourable opinion of the Control, Risk and Sustainability Committee, of the 2021-2025 ESG Plan, thus placing ESG objectives at the centre of ERG's strategy and integrating sustainability into the business;
- definition, on 13 May 2021, at the proposal of the Nominations and Remuneration Committee, of specific sustainability objectives, taken from the ESG Plan, within the 2021-2023 LTI System and the MBO System, in accordance with the provisions of the Remuneration Policy, approved by the Shareholders' Meeting of 21 April 2021;
- adoption, on 13 May 2021, of the Regulations aimed, among other things, at regulating (i) the operating rules of the body itself and its committees, the procedures for recording the minutes of the meetings and the procedures for managing the sharing of information with the directors, (ii) the "quantitative" and "qualitative" criteria used to determine, for the purposes of assessing the independence of the members of the Board of Directors and the Board of Statutory Auditors, the relevance or otherwise of any relationships they have with the Company or other persons connected to it; (iii) the maximum number of offices in the Board of Directors or in the Board of Statutory Auditors

in other relevant companies that can be considered compatible with the effective performance of the office of Director and (iv) the plan for the succession of the Chief Executive Officer;

- adoption, on 13 May 2021, of a Policy for managing dialogue with shareholders and investors in general, aimed at regulating and promoting the development and maintenance of an ongoing, profitable and transparent dialogue with shareholders and investors in general;
- definition, on 30 July 2021, of the Diversity & Inclusion Policy, with the aim of promoting equal opportunities, guaranteeing respect for personal rights and freedoms and enhancing diversity as key elements for the success and sustainable development of the ERG Group and contributing to the achievement of the objectives of the United Nations 2030 Agenda for Sustainable Development;
- the adoption of a Sustainability Policy, last updated on 13 October 2022 in order to include specific commitments aimed at protecting biodiversity as well as to outline how the commitments assumed in the context of the Policy are in practical terms referable to the UN Sustainable Development Goals;
- the adoption, on 13 October 2022, of a Policy on the management of violence, harassment and bullying in the workplace, precisely intended to prevent, detect and combat phenomena relating to violence, harassment and bullying, as well as to provide support to those reporting such phenomena (including as witnesses or because they have been informed of the facts), protecting them from any possible retaliatory act.

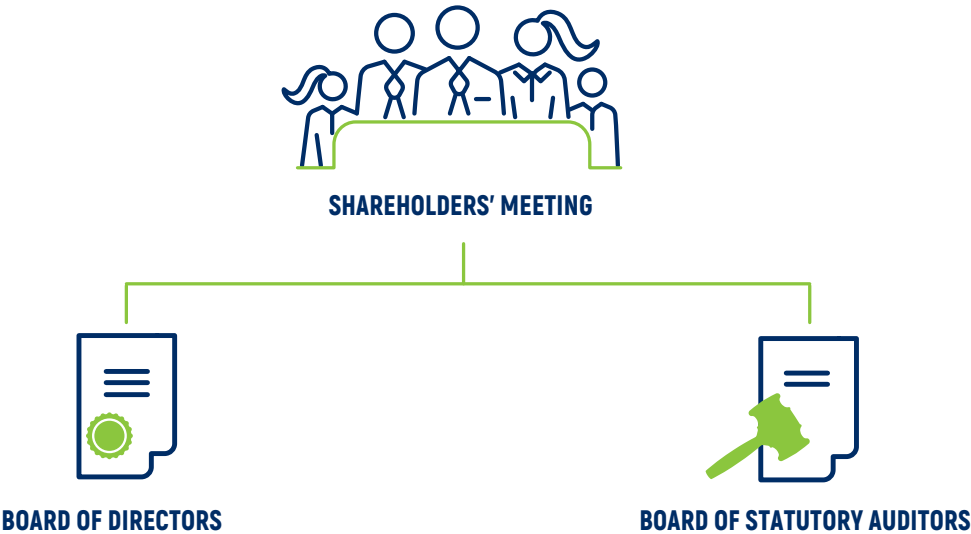
5. CORPORATE GOVERNANCE

ERG's corporate governance complies with the provisions of the Italian Civil Code and other laws and regulations relating to companies, particularly those contained in the ICFA, and, overall, reflects compliance with the Code.

Corporate governance encompasses **company bodies**, **board committees** and the **corporate governance documents** that regulate their operation.



5.1. COMPANY BODIES



Board of Directors



Edoardo Garrone
Chairman



Alessandro Garrone
Deputy Chairman



Giovanni Mondini
Deputy Chairman



Paolo Luigi Merli
Chief Executive Officer



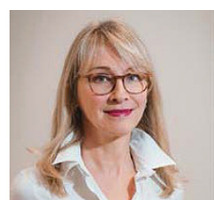
Luca Bettonte
Director



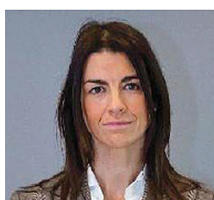
Emanuela Bonadiman
Director



Mara Anna Rita Caverni
Director



Elena Grifoni Winters
Director



Federica Lolli
Director



Elisabetta Oliveri
Director



Mario Paterlini
Director



Renato Pizzolla
Director

The current Board of Directors, comprising twelve members, was appointed by the Shareholders' Meeting of 26 April 2021⁸; consequently, the appointment to the Board of Directors shall expire at the date of the Shareholders' Meeting convened to approve the financial statements at 31 December 2023.

In relation to the resignation of Marco Costaguta on 9 September 2022 from the office of Board Member of ERG S.p.A. and member of the Strategic Committee, on 15 September 2022, the Board of Directors, on the proposal of the Nominations and Remuneration Committee, pursuant to Art. 2386 of the Italian Civil Code and Art. 15 of the Articles of Association, appointed Renato Pizzolla as the new non-executive Director of the Company and member of the Strategic Committee. Director Renato Pizzolla will remain in office until the next ERG S.p.A. Shareholders' Meeting.

⁸ The Shareholders' Meeting has not generally and preventively authorised exceptions to the competition prohibition set out in Article 2390 of the Italian Civil Code.

The Shareholders' Meeting which will be convened for the approval of the Financial Statements at 31 December 2022 will, therefore, be called to resolve, among other things, on the integration of the Board of Director, which will be done pursuant to the law, without a voting list procedure

Appointment

Two lists of candidates were presented for the appointment of the current Board of Directors, one by the then shareholder San Quirico S.p.A. and the other by a number of institutional investors, as follows⁹:

San Quirico S.p.A. List (majority list)

- | | |
|-----------------------|-----------------------------|
| 1. Edoardo Garrone | 7. Elisabetta Oliveri* |
| 2. Alessandro Garrone | 8. Mara Anna Rita Caverni* |
| 3. Giovanni Mondini | 9. Federica Lolli* |
| 4. Paolo Luigi Merli | 10. Emanuela Bonadiman* |
| 5. Luca Bettonte | 11. Elena Grifoni Winters* |
| 6. Marco Costaguta | 12. Paolo Francesco Lanzoni |

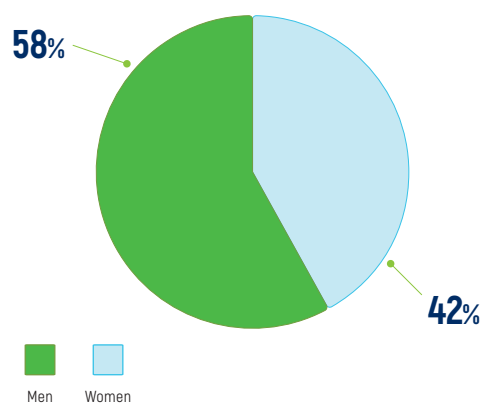
Investors list(minority list)

1. Mario Paterlini*

Pursuant to the Articles of Association, the Company is managed by a Board of Directors, which, i prescribed by current law and regulatory provisions¹⁰, consists of no fewer than 5 and no more than 15 members.

Directors are appointed on the basis of lists presented by shareholders – in which the candidates shall be listed with a progressive number – which, accompanied by information on the personal and professional characteristics of the candidates and a declaration as to whether they meet the independence requirements prescribed by the ICFA, must be filed, in compliance with Article 147-ter, paragraph 1-bis of the ICFA, at least twenty-five days prior to the date of the Shareholders' Meeting and shall be made available to the public at least twenty-one days prior to said Meeting. The lists may only be presented by shareholders who, either individually or with other shareholders, represent the minimum percentage of share capital (currently 1%) established in accordance with Article 144-quater of

BOARD OF DIRECTORS COMPOSITION BY GENDER



⁹ For the percentage of votes obtained by the lists in relation to the voting capital, please refer to the Summary Report of the voting on the items on the agenda of the Shareholders' Meeting of 26 April 2021, available on the Company's website (www.erg.eu) in the section **"Corporate Governance/2021 Shareholders' Meeting"**.

¹⁰ Pursuant to Article 147-ter, paragraph 1-ter, of the Italian Consolidated Finance Act, as amended by Italian Law no. 160 of 27 December 2019, the articles of association of listed companies must reserve at least two fifths of the membership of Board of Directors to the less represented gender, for six consecutive terms. This division criterion applies as from the first renewal of the Board of Directors of listed companies subsequent to 1 January 2020.

* Candidate indicated in the list as fulfilling the independence requirements in accordance with the Italian Consolidated Finance Act and eligible for qualification as independent in accordance with the Corporate Governance Code.

the Regulations implementing the Italian Consolidated Finance Act, adopted by CONSOB with Resolution no. 11971 of 14 May 1999 ("Issuers' Regulation")¹¹. This share capital percentage is the same as that required for the presentation of lists for the appointment of the Board of Directors in office¹². The Articles of Association do not provide for the possibility that the outgoing Board of Directors may present a list.

Each shareholder may present or contribute to presenting only one list and each candidate may be included in only one list, under penalty of ineligibility. Each list shall contain a number of candidates not exceeding the maximum number of directors set out in the first paragraph of Article 15 of the Articles of Association and, with the exception of those that present fewer than three candidates, it shall comply with the gender balance criterion prescribed by current laws and regulations.

Pursuant to Article 147-ter, paragraph 1-ter, of the Italian Consolidated Finance Act, at least two fifths of the Directors elected must be reserved to the less represented gender.

The lists indicate which Directors fulfil the independence requirements set by Article 147-ter, paragraph 4 of the Italian Consolidated Finance Act. At least one candidate for each list, or two candidates if the list has more than seven members, must fulfil the aforesaid independence requirements. It will therefore be possible to submit lists (i) with a single candidate, who must fulfil the independence requirements set by Article 147-ter, paragraph 4, of the Italian Consolidated Finance Act or (ii) with more than one candidate, within the maximum limit envisaged by Article 15, paragraph 1 (15 members), it being understood that in lists with more than seven candidates, at least two of them must fulfil the independence requirements set by Article 147-ter, paragraph 4 of the Italian Consolidated Finance Act.

All candidates must fulfil the integrity requirements set out by current regulations for members of the Supervisory Bodies, as well as adequate professionalism requirements for the office to be held.

Together with each list, by the deadline indicated above, each candidate must file the statement accepting his/her candidacy and declaring under his/her own responsibility that there are no causes for ineligibility and incompatibility and that the requirements prescribed by applicable regulations are met, and indicating whether (s)he qualifies as independent director.

In terms of the balance of the Directors to be elected, no consideration shall be given to lists that did not obtain a number of votes representing a percentage of share capital equal to at least half of the percentage required for the presentation of the lists.

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

The election of the Directors takes place as follows:

- a) from the list that received the majority of the votes cast are drawn, in the progressive order in which they are listed, a number of Directors equal to the number of members to be elected minus one, subject to the provisions of Article 15, paragraphs 5 and 5-bis of the Articles of Association respectively for the appointment of independent Directors and with respect to compliance with the gender balance criterion in the composition of the Board of Directors;

¹¹ Pursuant to CONSOB Resolution no. 76 of 30 January 2023.

¹² Pursuant to CONSOB Resolution no. 44 of 29 January 2021.

- b) the remaining Director is drawn from the minority list that received the highest number of votes;
- c) if a single list is presented, or if the required quorum is not reached by the other lists, all Directors shall be elected from the presented list or from the list that reached the quorum, subject to the provisions of Article 15, paragraph 5-bis, of the Articles of Association with respect to compliance with the gender balance criterion in the composition of the Board of Directors..

In any case, the election will be won by the candidate or, if the list has more than seven members, the first two candidates from the list that received the highest number of votes, who fulfil the independence requirements, in the progressive order in which they were entered in the list¹³.

Replacement

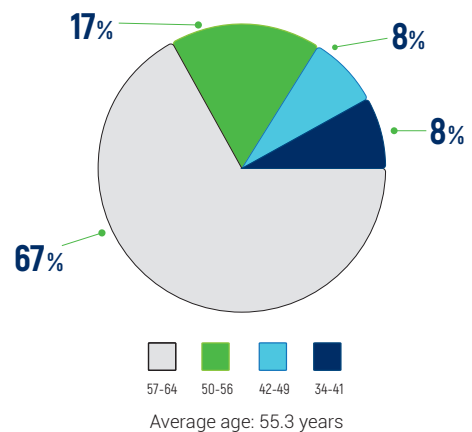
Should one or more Directorships fall vacant, measures shall be taken as provided by law. Pursuant to the Regulations, the Board of Directors is supported by the Nominations and Remuneration Committee in identifying candidates for the office of director in the event of appointment by the Board of Directors pursuant to art. 2386 of the Italian Civil Code through co-optation. If, however, during the mandate, the majority of Directors appointed by the Shareholders' Meeting should for any reason cease to fill their offices, the entire Board of Directors will be considered to have resigned, and the Shareholders' Meeting shall be called urgently by the Directors remaining in office in order to elect a new Board. The Board shall, however, remain in office solely for the purposes of carrying out ordinary administration activities until the Shareholders' Meeting has decided on the new Directors and the majority of the new Directors have accepted their appointment.

Composition

The Directors in office at the date of approval of the Report are¹⁴:

Edoardo Garrone	<i>Chairman</i>
Alessandro Garrone	<i>Deputy Chairman</i>
Giovanni Mondini	<i>Deputy Chairman</i>
Paolo Luigi Merli	<i>Chief Executive Officer</i>
Luca Bettonte	<i>Director</i>
Emanuela Bonadiman	<i>Director</i>
Mara Anna Rita Caverni	<i>Director</i>
Elena Grifoni Winters	<i>Director</i>
Federica Lolli	<i>Director</i>
Elisabetta Oliveri	<i>Director</i>
Mario Paterlini	<i>Director</i>
Renato Pizzolla	<i>Director</i> ¹⁵

BOARD OF DIRECTORS COMPOSITION BY AGE



¹³ For more information, including information about the provisions aimed at assuring compliance with the gender balance criterion in the composition of the Board of Directors, please refer to the Articles of Association, available on the Company's website (www.erg.eu) in the "Corporate Governance/Ethics and Governance" section.

¹⁴ For the personal and professional qualifications of current members of the Board of Directors, please refer to the relevant curricula vitae available on the Company's website (www.erg.eu) in the "Corporate Governance/Board of Directors" section

¹⁵ Appointed on 15 September 2022, pursuant to art. 2386 of the Italian Civil Code and art. 15 of the Articles of Association, he will remain in office until the next Shareholders' Meeting.

Executive Directors

Edoardo Garrone

Alessandro Garrone¹⁶

Paolo Luigi Merli

Non-Executive Directors

Luca Bettonte

Giovanni Mondini

Renato Pizzolla

Directors who are independent pursuant to the Italian Consolidated Finance Act and the Code

Emanuela Bonadiman

Mara Anna Rita Caverni¹⁷

Elena Grifoni Winters

Federica Lolli

Elisabetta Oliveri

Mario Paterlini

Secretary

Giovanni Marco Scollo

Independence assessment

At its first meeting after being appointed, held on 26 April 2021, the Board of Directors confirmed the independence of the Directors Emanuela Bonadiman, Mara Anna Rita Caverni, Elena Grifoni Winters, Federica Lolli, Elisabetta Oliveri and Mario Paterlini, based on the information provided by them or in any case available to the Company, both with reference to the provisions of Article 148, third paragraph, of the Italian Consolidated Finance Act and with reference to the information contained in the Code.

Pursuant to the provisions of Article 2, recommendation 7, paragraph 2, of the Code, the Board of Directors, in the meeting of 13 May 2021, defined in paragraph 1.4.1 of the Regulations the "quantitative" and "qualitative" criteria for determining, for the purposes of assessing the independence of the members of the Board of Directors and of the Board of Statutory Auditors, the significance or otherwise of any relationships they have with the Company or other parties connected to it.

¹⁶ Director in charge of the Internal Control and Risk Management System.

¹⁷ Lead Independent Director.

The Board of Directors, in particular, considers as significant (i.e. as a circumstance potentially capable of compromising the independence of a Director, to be assessed in concrete terms by the Board of Directors):

- a) a **commercial or financial relationship**, in existence or entertained in the previous three financial years, with the Company, the Subsidiaries, the Parent or with the relevant Executive Directors or Key Management Personnel whose total annual remuneration in favour of the Director (or of the company or entity over which the Director has control or is an executive director) exceeds (i) 5% of the total annual turnover of the Director (if an individual entrepreneur) or (ii) 5% of the total annual turnover of the company or entity over which the Director has control or is an executive director;
- b) a **professional relationship**, in existence or entertained in the previous three financial years, with the Company, the Subsidiaries, the Parent or with the relevant Executive Directors or Key Management Personnel whose total annual remuneration in favour of the Director (or the professional firm or the consulting company of which the Director is a partner) exceeds (i) 5% of the total annual turnover of the Director (if an individual consultant) or (ii) 5% of the total annual turnover of the professional firm or the consulting company of which the Director is a partner;
- c) **additional remuneration**, existing or received by the Director in the previous three financial years, from the Company, Subsidiaries or the Parent which is, in total and on an annual basis, higher than 45% with respect to (i) the fixed remuneration for the office of Director approved by the Shareholders' Meeting and (ii) the remuneration envisaged for participation in the Board Committees (including the Strategic Committee which is called upon to carry out the functions envisaged by Article 1, letter A) of the Code and in other committees/bodies envisaged by current legislation, excluding the remuneration deriving from participation in any executive committees.

The fact of being a Close Family Member¹⁸ of a person in one of the above situations also constitutes a circumstance likely to compromise the independence of a Director.

For the purposes of recommendation 9 of the Code, the above criteria are also used to assess the independence of the members of the Board of Statutory Auditors. For this purpose, the additional remuneration provided for participation in the Boards of Statutory Auditors of Subsidiaries will not be considered as significant.

The Board of Directors, with the opinion of the Nominations and Remuneration Committee, shall in any case be called upon to assess each individual case, giving precedence to substance over form, with the right therefore to (i) grant any exceptions (even temporary) to the above parameters or (ii) consider a relationship as significant regardless of the above parameters.

The Board of Directors shall provide information on such assessments in the annual report on corporate governance and ownership..

The Board of Directors, in the meeting of 30 July 2021 and of 13 October 2022, confirmed its positive assessment made on 26 April 2021 regarding the independence of the Directors Emanuela Bonadiman, Mara Anna Rita Caverni,

¹⁸ Close family members of a person are those family members who are expected to influence, or be influenced by, that person in their dealings with the company, including: (a) that person's children and spouse or cohabitant; (b) children of that person's spouse or cohabitant; and (c) dependants of that person or spouse or cohabitant.

Elena Grifoni Winters, Federica Lolli, Elisabetta Oliveri and Mario Paterlini also on the basis of the "quantitative" and "qualitative" criteria defined in paragraph 1.4.1 of the Regulations.

The Board of Statutory Auditors verified the correct application of the criteria and verification procedures adopted by the Board of Directors to assess the independence of its members.

Maximum number of offices held in other companies

Pursuant to the provisions of Article 3, recommendation 15 of the Code, the Board of Directors has defined, in paragraph 1.4.2 of the Regulations, after prior assessment by the Nominations and Remuneration Committee, recommendations regarding the maximum number of offices held in the Board of Directors and Board of Statutory Auditors of companies other than (i) Italian or foreign Group Companies, with shares listed on regulated markets; (ii) Italian or foreign Group Companies, with shares not listed on regulated markets and operating in the insurance, banking or financial sectors; (iii) Italian or foreign Group Companies, with shares not listed on regulated markets and which, although operating in sectors other than those indicated under (ii), qualify as "large companies" pursuant to the provisions of Article 144-duodecies(1)(f) of the Issuers' Regulations ("Relevant Companies"). In particular, in this sense:

- the Chief Executive Officer should not hold any office of executive director or member of the Board of statutory auditors and more than two offices of non-executive director;
- an Executive Director, other than the Chief Executive Officer, should not hold more than two offices of executive director (with management powers) or member of the Board of Statutory Auditors, it being understood that in any case the number of offices cannot exceed five in total;
- a Non-executive Director should not hold more than six offices in total.

The Board of Directors in any case called upon to evaluate each individual case, giving precedence to substance over form, with the right therefore, having consulted the Nominations and Remuneration Committee, to grant any exceptions (even temporary) to the above parameters.

The Board of Directors shall provide information on such assessments in the annual report on corporate governance and ownership.

Positions of director or statutory auditor held by the Directors in Relevant Companies¹⁹ at 31 December 2022²⁰:

Edoardo Garrone	<i>Chairman of the Board of Directors of San Quirico S.p.A. (non-executive)</i> <i>Chairman of the Board of Directors of Il Sole 24 Ore S.p.A. (executive)</i>
Alessandro Garrone	<i>Director of Banca Passadore e C. S.p.A. (non-executive)</i> <i>Director of Industrie De Nora S.p.A. (non-executive – independent)</i>
Giovanni Mondini	<i>Deputy Chairman of the Board of Directors of San Quirico S.p.A. (non-executive)</i> <i>Chairman of the Board of Directors of SQ Renewables S.p.A. (non-executive)</i>
Luca Bettonte	<i>Director and Chief Executive Officer of San Quirico S.p.A. (executive)</i> <i>Director and Chief Executive Officer of SQ Renewables S.p.A. (executive)</i>
Emanuela Bonadiman	<i>Director of Brunello Cucinelli S.p.A. (non-executive - independent)</i>
Mara Anna Rita Caverni	<i>Director of Arcturus S.r.l. (non-executive – independent)</i> <i>Chair of the Board of Directors of Italcanditi S.p.A. (non-executive - independent)</i> <i>Chair and Director of La Doria S.p.A. (non-executive - independent)</i> <i>Director of Unipol Sai Assicurazioni S.p.A. (non-executive – independent)</i>
Federica Lollo	<i>Director of Basell Poliolefine Italia S.r.l. (non-executive)</i>
Elisabetta Oliveri	<i>Chair of the Board of Directors of Autostrade per l'Italia S.p.A. (executive)</i> <i>Director of Industrie De Nora S.p.A. (non-executive – independent)</i> <i>Chair of the Board of Directors of SAGAT S.p.A. (non-executive)</i> <i>Director of TREVI - Finanziaria Industriale S.p.A. (non-executive - independent)</i>
Mario Paterlini	<i>Director of Buzzi Unicem S.p.A. (non-executive - independent)</i>
Renato Pizzolla	<i>Director of SQ Renewables S.p.A. (executive)</i>

Succession plan for the Chief Executive Officer

Pursuant to the provisions of principle XIII and recommendation 19 of article 4 of the Code, the Board of Directors has defined, in paragraph 1.4.3 of the Regulations, a plan for the succession of the Chief Executive Officer.

In the event of the early termination of the Chief Executive Officer's office, or permanent impediment to the performance of his/her functions: :

- the Chairman of the Board of Directors urgently convenes (with two clear days' notice) the Board of Directors;
- the Board of Directors, having taken note of the early termination of the Chief Executive Officer or of the permanent impediment to the performance of his/her duties:
 - temporarily assigns the powers for the ordinary management of the Company to the Executive Deputy Chairman or to another Director;

¹⁹ Pursuant to the provisions of Article 144-duodecies (f), of the Issuers' Regulations

²⁰ Other than offices held in Group companies.

- instructs the Nominations and Remuneration Committee to promptly initiate the process for the identification (also through consulting companies specialised in the sector) of possible candidates for the position of Director and Chief Executive Officer;
- the Board of Directors, upon the Nominations and Remuneration Committee's proposal, shall co-opt a Director and identify the new Chief Executive Officer, granting him/her the relevant powers.

In the event of the Chief Executive Officer's temporary inability to perform his/her duties:

- the Chairman of the Board of Directors urgently convenes (with two clear days' notice) the Board of Directors;
- the Board of Directors, having acknowledged the Chief Executive Officer's temporary inability to perform his/her duties, assigns, for as long as the temporary inability to perform his/her duties continues, the powers for the ordinary management of the Company to the Executive Deputy Chairman or to another Director.

Furthermore, pursuant to the provisions of recommendation 19 of article 4 of the Code, it should be noted that the Nominations and Remuneration Committee, in the meeting of 9 May 2022, shared the process followed for the purpose of defining the 2022 succession plan for the top management of the ERG Group, reporting to the Board of Directors in the first board meeting.

Directors' fees and remuneration - Development path of the Remuneration Policy

On 20 December 2011, at the proposal of the Nominations and Remuneration Committee, the Board of Directors approved for the first time its Policy for the remuneration of members of the Board of Directors and of Key Management Personnel (hereinafter also the "Remuneration Policy"), taking into account in particular:

- of Article 6 of the Corporate Governance Code;
- the provisions of the Italian Consolidated Finance Act and the Issuers' Regulations on the transparency of the remuneration of the directors of listed companies and of key management personnel;
- the Procedure for Transactions with Related Parties and the principles expressed in the Group's Code of Ethics

Over the years, the Remuneration Policy has undergone several revisions aimed at incorporating, in particular, (i) organisational changes, (ii) new laws and regulations, (iii) the recommendations of the Corporate Governance Code, and (iv) best practices in general.

The most recent revisions of the Remuneration Policy include those approved by the Board of Directors, at the proposal of the Nominations and Remuneration Committee:

- on 11 March 2021, in order to take into account (i) the amendments introduced by CONSOB, with resolution no. 21623 of 10 December 2020, to the Issuers' Regulation and to format 7-bis of the Annex 3 to the Issuers' Regulation, in implementation of the mandate assigned to it by the aforementioned Article 123-ter of the Italian Consolidated Finance Act; (ii) effective from year 2021, the general principles of the 2021-2023 LTI

System; (iii) the recommendations of the Code and the Italian Committee for Corporate Governance in terms of sustainability.

- on 14 March 2022, in order to incorporate (i) the changes that took place following the appointment of the new Board of Directors, the appointment of the new Chief Executive Officer and the loss of the figure of the General Manager (ii) the resolution of the Board of Directors, on 13 May 2021, with which the conditions necessary to implement the 2021-2023 LTI System were defined, in line with the current Remuneration Policy and in light of the 2021-2025 Business Plan and ESG Plan as well as (iii) the approval of the 2022-2026 Business Plan and ESG Plan following the transfer of the entire quota capital of ERG Hydro S.r.l. to Enel Produzione S.p.A. which occurred on 3 January 2022 (hereinafter also "Hydro transfer"), and of the signature of the agreement, again with Enel Produzione S.p.A., for the transfer of the entire quota capital of ERG Power S.r.l., which occurred on 9 February 2022 (hereinafter also the "Thermo Agreement"), a transaction not authorised by the Italian Antitrust Authority (AGCM) with provision of 23 September 2022 (the asset transfer process is still pending);
- on 14 March 2023, in order to implement the intervening approval of the 2022-2026@2023 Business Plan and ESG Plan. Also on the same date, the Report on Remuneration Policy and Compensation Paid were updated in order to (a) graphically represent the overall pay mix of the Chief Executive Officer accrued in 2022; (b) further clarify the relationship between the remuneration of the Chief Executive Officer and the remuneration of the ERG Group employees, (c) provide additional information both on gender equality in matters of equal pay, in line with the Diversity and Inclusion policies promoted by the Nominations and Remuneration Committee, and on the issue of minimum pay, (d) explain the engagement plan with shareholders and the financial community.

During 2022, the members of the Nominations and Remuneration Committee submitted to the Board of Directors proposals on the remuneration of Directors (appointed by the Shareholders' Meeting of 26 April 2021) who are executive or vested with particular roles or called to be part of the Strategic Committee²¹, in accordance with the provisions of the current Remuneration Policy²².

Powers

At the meeting held on 26 April 2021, the Board of Directors assigned the following powers for three years and therefore until the date of the Shareholders' Meeting called to approve the Financial Statements at 31 December 2023:

- al to the **Chairman, Edoardo Garrone**
 - the authority to manage corporate affairs, through the tasks of supervision, direction and control, taking into

²¹ As long as not Group employees and with no seat on the Board of Directors.

²² For detailed information on this matter, please refer to the Report on the remuneration policy and the fees paid out referred to in Article 123-ter of the Italian Consolidated Finance Act, which will be made available to the public for the purposes of approval by the Shareholders' Meeting of 26 April 2023.

account his role as Chairman of the Board of Directors and that stated in this regard in the Code²³;

- to the **Deputy Chairman, Alessandro Garrone**
 - the authority to oversee preliminary and functional activities to define the strategic objectives of the Company and the Group and the preparation of the Business Plan to be submitted to the Board of Directors for consideration and possible approval; additionally, to provide strategic coordination of the Subsidiaries;
 - the authority to oversee and control activities for the preparation of draft Budgets to be submitted for review and possible approval by the Board of Directors;
 - the authority to provide guidance and supervision for research, development and negotiation with third parties in mergers and acquisitions transactions and structured finance transactions, which, due to their importance, are subject to the approval of the Board of Directors;
 - the authority to oversee the definition of the Company's organisational structure up to the second level reporting directly to the Chief Executive Officer, contributing with the latter to the taking of decisions regarding the appointment of directors and executives, employee terminations, and remuneration policies and incentives;
 - the authority to oversee internal audit, risk management and compliance activities and processes, through the tasks of supervision, direction and control;
 - the office of Director in charge of the internal control and risk management system, with powers and responsibilities as outlined in the Code in line with the Guidelines for the Internal Control and Risk Management System approved by the Company;
- to the **Chief Executive Officer Paolo Luigi Merli**
 - the powers necessary to perform all actions pertaining to the company's business, except for those reserved to the Board of Directors (by law or by the Articles of Association) or delegated to other Board Members;
 - the task of identifying the main business risks, taking into account the characteristics of the activities carried out by the Company and by the Subsidiaries;
 - the powers and responsibilities for the protection of health, safety in the workplace and the environment;
 - the authority to protect persons and other subjects with regard to the processing of personal data.

In accordance with the Articles of Association, the Chairman has the power to represent the Company pursuant to Article 2384 of the Italian Civil Code. The Chief Executive Officer(s) has/have also such powers, within the limits of the authority vested in them.

²³ Recommendation 12 of the Code "The Chairman of the administrative body, with the assistance of the secretary of the same body, ensures: a) that the pre-meeting information and the additional information provided during the meetings are suitable to allow directors to act in an informed manner in the performance of their office; b) that the activity of the board committees with inquiry, proposition and consulting functions is carried out in coordination with that of the administrative body; c) that, with the agreement of the chief executive officer, the directors of the company and those of companies of the group it heads and managers of the corporate functions with relevant competence depending on the topic participate to the board meetings, also on the request of individual directors, to provide the necessary further analyses on the topics on the agenda; d) that all the members of the Board of Directors or Board of Statutory Auditors are able to participate, after their appointment and during their term in office, to initiatives aimed at providing them with an adequate knowledge of the business segments in which the company operates, of the corporate dynamics and their development also from the point of view of the sustainable success of the company itself as well as of the principles of correct risk management and of the regulatory and self-regulatory reference frameworks; e) the adequacy and transparency of the self-assessment process of the administrative body, with the support of the Nominations Committee."

Moreover, the Board of Directors, in accordance with the recommendations of the Code, has specified that the powers vested in the Executive Deputy Chairman and in the Chief Executive Officer shall be exercised within the scope of the directives and instructions imparted to them by the Board of Directors, which shall retain, in addition to the powers that may not be delegated as prescribed by law or by the Articles of Association, the authority to review and approve significant transactions identified on the basis of the criteria set out in the Guidelines for identifying and carrying out transactions of strategic significance, approved by the Board of Directors.

The delegated bodies report to the Board of Directors, on a quarterly basis, on the activities carried out within the scope of the powers vested in them.

Lead Independent Director

The Board of Directors, in the meeting of 30 July 2021, although the conditions set forth in Article 3, recommendation 13, of the Code had not been met, at the proposal of the Chairman, appointed the independent Director Mara Anna Rita Caverni Lead Independent Director so that, through the skills and experience gained within the Group, she can (i) serve as a point of reference and coordinate the requests and contributions of non-executive directors (with particular reference to those who are independent), (ii) coordinate the meetings of the independent directors only and (iii) work with the Chairman to ensure that directors receive full and timely information.

During the meeting of 24 February 2023, the Lead Independent Director informed the Directors and Statutory Auditors of the outcome of the independent Directors' meeting, held on 16 December 2022.

The following was noted in particular:

- that the points highlighted in the previous meeting of the independent Directors of 18 October 2021 as well as the further points identified following the meeting of the Lead Independent Director with the Chairman and Executive Deputy Chairman, analysed in the meeting of the Board of Directors of 11 November 2021, have been implemented;
- the opportunity to receive
 - on a half-yearly basis, a broader update on international scenarios, not limited to that of the energy industry;
 - before the approval of the 2022-2026@2023 Business Plan, an update of the regulatory system and on market trends;
 - specific induction on the issue of cyber security,
- in consideration of the expansion of the Group's presence abroad, the opportunity to provide a training course aimed at enhancing the ERG Group culture especially with regard to employees abroad.

No particular governance issues were reported, including in view of the process of adaptation to the Code carried out during 2021.

Secretary of the Board of Directors

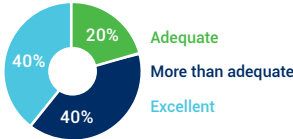
At the meeting of 26 April 2021, at the proposal of the Chairman, the Board of Directors confirmed Giovanni Marco Scollo, Head of Corporate Affairs, 231 Compliance and Privacy of ERG, as Secretary of the Board of Directors, being

in possession, as required by the Regulations, of adequate legal skills in corporate law and corporate governance, with particular reference to listed issuers. The Secretary is called upon to support the activities of the Chairman and provide impartial assistance and advice to the Board of Directors on all important aspects for the correct functioning of ERG Group's corporate governance system. The Chairman ensures that the Secretary has adequate powers, tools, organisational structure and personnel to perform his/her duties.

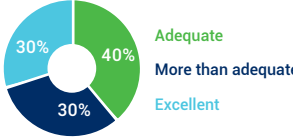
In particular, in 2022 the Secretary supported the Chairman in the following activities envisaged by the Articles of Association and the Code::

- a) organising and taking minutes at the meetings of the Board of Directors and at the Shareholders' Meeting, where the preparation of minutes is not entrusted to a notary; with reference to this activity, it should be noted that the Secretary supported the Chairman of the Board of Directors in organising and taking minutes at all the meetings of the Board of Directors (9 meetings) and in organising the Shareholders' Meeting (1 meeting), at which minutes were taken by a notary;
- b) ensuring that the pre-Board and Board information provided, in agreement with the Chief Executive Officer, including through the intervention of Key Management Personnel and Managers competent in the field, is suitable to enable Directors to act in an informed manner when carrying out their role; with reference to such activity, it is noted that
 - **at all the board meetings**, the Chief Executive Officer reported to the Board of Directors with regard to the exercise of the mandate and the performance of the Company and the Group;
 - **managers took part in all the meetings** of the Board of Directors, in several cases in support of the discussion of more than one topic on the agenda;
- c) ensuring that the activity of the Committees is coordinated with the activity of the Board of Directors; in relation to this task, it should be noted that the Chairmen of the Control, Risk and Sustainability Committee and of the Nominations and Remuneration Committee, with the support of the Secretary, reported to the Board of Directors, in the first board meeting, on the meetings held by the Committee in the intervening period; the opinions expressed by the Directors and Statutory Auditors as part of the self-assessment process are shown below

How would you rate the direct information flows to the Board of Directors from the Control, Risk and Sustainability Committee in terms of timeliness and completeness/clarity?



How would you rate the direct information flows to the Board of Directors from the Nominations and Remuneration Committee in terms of timeliness and completeness/clarity?



- d) ensuring that all the members of the Board of Directors and the Board of Statutory Auditors can participate, after their appointment and during their mandate, in initiatives aimed at providing them with adequate knowledge of the business sectors in which the Company operates, of the business dynamics and of their evolution also with a view to the sustainable success of the Company itself as well as the principles of correct risk management and the reference regulatory and self-regulatory framework; in relation to this activity, reference should be made to (i) the on-boarding process of the new Directors, of the Director appointed on 15 September 2022, pursuant to art. 2386 of the Italian Civil Code and of Art. 15 of the Articles of Association and of the Alternate Statutory Auditor appointed on 3 October 2022, to the role of Standing Statutory Auditor and Chairman of the Board of Statutory Auditors pursuant to art. 22 of the Articles of Association, (ii) the periodic in-depth analyses performed by the Chief Executive Officer as part of his reporting to the Directors and Statutory Auditors as well as (iii) the further induction activities carried out with the support of external qualified parties.

The continuous training activity of the members of ERG's Board of Directors and Board of Statutory Auditors represents a priority for the Group in order to foster adequate knowledge of the business sector in which the ERG Group operates, of corporate dynamics and their evolution, of the principles of proper risk management and of the regulatory and self-regulatory framework of reference, which is constantly evolving. For this reason, it is expressly recognised that Directors and Statutory Auditors may be reimbursed for expenses incurred by them in order to better perform their assigned duties or for training and refresher courses, participation in seminars and conventions or and/or membership of associations, including trade associations.

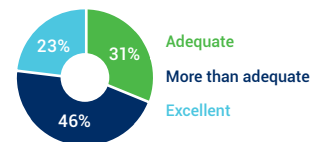
The main topics covered in the induction activities carried out during 2022 for Directors and Statutory Auditors (for a total of **52 training hours**) are reported below:

Induction session	Type of induction
Dialogue between the company and investors	External induction
The 'digital' board member between theory and practice	
Institutional investors and corporate communications	
Evolution of ownership	

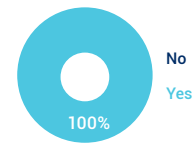
The evolution of the legislative/regulatory framework in our sector	Internal induction
International Affairs & Regulatory activities	
Auction operation mechanism	
Group history and organisational structure	
Energy Management's activities	
Asset production cycle	
Forward, future and PPA hedging	
ESG approach in the ERG Group	
Financial structure and strategy of the ERG Group	
Risk management policy: focus on energy risk management	

The opinions expressed by the Directors and Statutory Auditors as part of the self-assessment process are shown below.

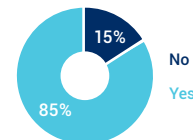
How do you rate, also during Board meetings, the Company's initiatives aimed at providing an in-depth understanding of the activity sector in which the Group operates and of the reference regulatory framework?



Do you consider that the ongoing induction plans are effectively aimed at all the members of the Board with objectives for the growth of the understanding and competencies related to operational development and of the corporate environment and of the objectives and evolutions of the Business Plan and of the ESG plan of the Company?



Do you consider it opportune to participate in training and refreshers courses organised by qualified external bodies?



e) ensuring the adequacy and transparency of the Board of Directors self-assessment process, with the support of the Nominations and Remuneration Committee; with reference to this task, please refer to the Board of Directors self-assessment process described in detail in the Board Performance Review section.

Operation of the Board of Directors

The Board of Directors, in the meeting of 13 May 2021, with the support of the Control, Risk and Sustainability Committee and the Nominations and Remuneration Committee, insofar as each is concerned, adopted the Regulations aimed at defining (i) the operating rules of the body itself and its committees, the procedures for recording the minutes of the meetings and the procedures for managing reporting to the directors, the requirements of professionalism and the duties of the secretary of the Board of Directors appointed by the same; (ii) the "quantitative" and "qualitative" criteria used to determine, for the purposes of assessing the independence of the members of the Board of Directors and the Board of Statutory Auditors, the relevance or otherwise of any relationships they have with the Company or other parties connected to it; (iii) the maximum number of offices in Board of Directors or Board of Statutory Auditors in other relevant companies that can be considered compatible

with the effective performance of the office of Director, taking into account the commitment required of the role; and (iv) a plan for the succession of the Chief Executive Officer.

In accordance with the provisions of the Articles of Association, the Regulations prescribe that the Board of Directors meet at least quarterly, according to a calendar set sufficiently in advance, to report to the Board of Statutory Auditors, possibly also through the Chief Executive Officer, on the activities carried out and on the most important economic, financial and asset operations carried out by the Company or by the Group Companies.

All members of the Board of Statutory Auditors participate in the works of the Board of Directors, as well as, at the invitation of the Chairman, in agreement with the Chief Executive Officer, the Key Management Personnel and the competent Managers, in order to provide the appropriate clarifications on the items on the agenda and, in general, the persons whose presence is deemed necessary or appropriate for the purposes of the discussion of the items on the agenda.

The Chairman, with the support of the Secretary, having consulted the Chief Executive Officer, ensures that the Board Members are provided at least 48 hours before the Board meeting, other than in exceptional cases, with the documentation and information necessary to enable the Board of Directors to resolve in an informed manner on the matters submitted to it. This documentation is made available through the use of specific computer systems suitable for protecting confidentiality. Directors and Statutory Auditors are required to maintain the confidentiality of the documents and information acquired in the performance of their duties and to comply with the rules adopted by the Company for the management and processing of relevant and inside information and for the dissemination of statements and information to the public as set out in detail in the Procedure for handling and processing relevant and privileged information and for the public dissemination of statements and information.

In the event that it is not possible to send the relevant documentation in advance for some of the topics dealt with, the Chairman, with the support of the Secretary, after consulting the Chief Executive Officer, shall ensure that specific and prompt in-depth analyses are in any case guaranteed and/or carried out, also with the support of the Key Management Personnel or Managers invited to participate for this purpose.

The opinions expressed by the Directors and Statutory Auditors as part of the self-assessment process are shown below.

How would you rate the notice with which the documentation to support the meetings of the Board of Directors is made available to directors?



The Board of Directors is chaired by the Chairman, or in his/her place by one of the two Vice Chairmen (if appointed), or in the place of one of them by the Chief Executive Officer (if appointed) in the same order as indicated in the convocation. If all the above persons are absent, the Board of Directors is chaired by the oldest member present at the meeting.

For meetings to be valid, a majority of the members in office must be present. The Board of Directors resolves by an absolute majority of those present; in the event of a tie, the vote of the person chairing the meeting shall prevail.

Minute taking criteria

The minutes of the meetings are signed by the Chairman and the Secretary.

The minutes of the meetings provide in general terms:

- a summary explanation of the subject matter and, where provided, supporting documentation;
- a summary reference to the debate held and the statements made;
- the reference to the proposal submitted at the end of the discussion;
- the formulation, analytically and by points, of the resolution passed;
- the transcript at the foot of the minutes of the consolidated financial statements, the draft separate financial statements, the condensed interim consolidated financial statements, the interim financial reports and the merger/division plans;
- the reference, in other cases, to the document kept in the Company's records digitally signed by the Chairman and the Secretary.

Following the meeting, the draft minutes are sent to all Directors and Statutory Auditors for further comments and observations. The final text of the minutes is normally submitted to the Board of Directors for formal approval at its first meeting. The opinions expressed by the Directors and Statutory Auditors as part of the self-assessment process are shown below.

How would you rate the organisation, management and minutes of the meetings of the Board of Directors?



Responsibilities

In the course of 2022, the Board of Directors performed the activities and responsibilities referred to in Article 1, recommendation 1 of the Code in accordance with the role that the Code attributes to the Board of a listed company. In particular, the Board of Directors:

- a) examines and approves the business plan of the Company and of the ERG Group (the "Business Plan"), including on the basis of the analysis of the issues relevant to the generation of long-term value carried out with the support of the Strategic Committee; with reference to this matter, it is noted that
 - the Board of Directors, in the meeting of 14 March 2022, following the Hydro Sale and the Thermo Agreement²⁴, approved the 2022-2026 Business Plan, after prior assessment by the Strategic Committee, and the 2022-2026 ESG Plan, after prior assessment by the Control, Risk and Sustainability Committee;

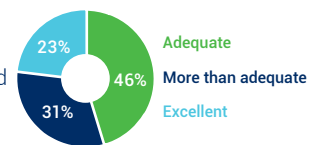
²⁴ Please note that the Italian Antitrust Authority (AGCM), with provision of 23 September 2022, did not authorise the aforementioned transaction. The asset sale process is still ongoing.

- the Board of Directors, in the meeting of 14 March 2023, approved the 2022-2026@2023 Business Plan, after prior assessment by the Strategic Committee, and the 2022-2026@2023 ESG Plan, after prior assessment by the Control, Risk and Sustainability Committee;

b) periodically monitors the implementation of the Business Plan and assesses the general performance of operations, periodically comparing the results achieved with those planned; with reference to this matter, it is noted that

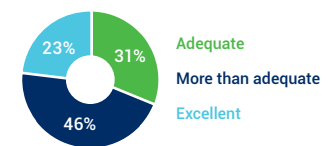
- upon the approval of the periodic financial reports, the Chief Executive Officer provided the Board of Directors with information on the progress of the objectives of the 2022-2026 Business Plan and on the general performance of operations;
- the Control, Risk and Sustainability Committee analysed the progress of the objectives of the 2022-2026 ESG Plan on a half-yearly basis, reporting to the Board of Directors at the first board meeting thereafter; the opinions expressed by the Directors and Statutory Auditors as part of the self-assessment process are shown below

Directors are able to periodically monitor the implementation of the Business Plan and of the ESG Plan and to assess the general performance of operations with respect to planned objectives in a manner that is ...



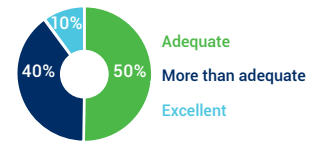
c) defines the nature and level of risk compatible with the strategic objectives of the Company, including in its assessments all the elements that may be relevant in view of the Company's sustainable success; with reference to this matter, it should be noted that the Board of Directors analysed the Risk Report on the 2022-2026 Business Plan on a half-yearly basis, subject to prior assessment by the Control, Risk and Sustainability Committee; the opinions expressed by the Directors and Statutory Auditors as part of the self-assessment process are shown below

Do you find the manner in which the Board of Directors, within the scope of the decisions made in relation to the strategic, business and financial plans of the Company and its subsidiaries, has defined the nature and level of risk compatible with the achievement of the aforementioned objectives to be...



d) defines the Company's corporate governance system and the structure of the ERG Group and assesses the adequacy of the organisational, administrative and accounting structure of the Company and its strategically important Subsidiaries, with particular reference to the Internal Control and Risk Management System; (the "ICRM System"); reference is made in this regard to the details provided in the section "The Internal Control and Risk Management System of the ERG Group"; the Chief Executive Officer informed the Directors and Statutory Auditors of the main organisational changes that occurred, so that they could assess the adequacy of the organisational, administrative and accounting structure of the Company and of its strategically important Subsidiaries; the opinions expressed by the Directors and Statutory Auditors as part of the self-assessment process are shown below

How would you rate the information provided during the meeting of the Board of Directors with reference to the adequacy of the organisational, administrative and accounting structure of the Company and of its subsidiaries?

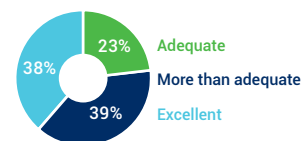


Do you find the role that the Board of Directors has played in defining strategies and monitoring operating performance and the adequacy of the internal control and risk management system to be...



- e) resolution with regard to Significant Transactions; with reference to this area, please note that the Board of Directors, in the meeting of 13 October 2022, with the prior preliminary assessment of the Control, Risk and Sustainability Committee, approved the updates proposed to the Guidelines for the identification and implementation of transactions of significant strategic relevance aimed, in particular, at expressly including under Significant Transactions those in relation to which SQ Renewables S.p.A. exercises management and coordination activities with regard to ERG. In this regard, it should be noted that all the Significant Transactions carried out during 2022 were resolved upon by the Board of Directors, subject to prior assessment by the Strategic Committee;
- f) ensures the correct management of corporate communications through the Market Information Procedure; with reference to this matter, it should be noted that the Board of Directors, in the meeting of 20 July 2021, after prior assessment by the Control, Risk and Sustainability Committee, approved the proposed updates to the Market Information Procedure aimed, in particular, at implementing the organisational changes that occurred following the appointment, on 26 April 2021, of the new Board of Directors and the new Chief Executive Officer. The opinions expressed by the Directors and Statutory Auditors as part of the self-assessment process are shown below

How would you rate the management of corporate information, with particular reference to relevant and inside information, including as regards protecting its confidentiality?



- g) ensures the correct management of the dialogue with stakeholders through the Engagement Policy; with reference to this matter, it should be noted that the Board of Directors, in the meeting of 13 May 2021, after prior assessment by the Control, Risk and Sustainability Committee, approved the Policy for managing the dialogue with shareholders and the investors in general; the Chief Executive Officer reported to the Board of Directors, on a half-yearly basis, on the meetings held in the intervening period; the assessment expressed by the Directors and Statutory Auditors in the context of the self-assessment process are reported below

How would you rate the information provided during the meetings of the Board of Directors with reference to the meetings with shareholders and other stakeholders relevant for the Company?



- h) approves the periodic financial and non-financial reports; with reference to this competence, refer to the list of resolutions passed by the Board of Directors during 2022 given in this section;
- i) assesses the independence of each non-executive Director and of the members of the Board of Statutory Auditors immediately after their appointment and during their term of office if circumstances relevant to independence arise, and in any case at least once a year; reference is made in this regard to the details provided in the relevant paragraph of the section "Independence assessment";
- j) having consulted the Nominations and Remuneration Committee, expresses its recommendations on the maximum number of offices in Board of Directors or Board of Statutory Auditors in other Relevant Companies that can be considered compatible with the effective performance of the office of Director, taking into account the commitment required of the role; it should be noted in this regard that the Board of Directors has defined in paragraph 1.4.2 of the Regulations, after prior assessment by the Nominations and Remuneration Committee, its recommendations regarding the maximum number of offices in the Board of Directors or Board of Statutory Auditors of Relevant Companies;
- k) carries out, on an annual basis, a self-assessment of the size, composition and effective operation of the Board of Directors and of the Committees, on the basis of a document prepared for this purpose by the Nominations and Remuneration Committee which oversees the process; reference should be made in this regard to the Board of Directors self-assessment process described in detail in the relevant paragraph of the Board Performance Review section;
- l) expresses, in view of each renewal, a recommendation on the quantitative and qualitative composition considered optimal, taking into account the results of the self-assessment; reference should be made in this regard to the Board of Directors self-assessment process described in detail in the relevant paragraph of the Board Performance Review section;
- m) defines, with the support of the Nominations and Remuneration Committee, a plan for the succession of the Chief Executive Officer and, where appropriate, of the Executive Directors through which the procedures to be followed in the event of early termination of office are identified; in relation to this task, it should be noted that the Board of Directors has defined a plan for the succession of the Chief Executive Officer in paragraph 1.4.3 of the Regulations;
- n) ascertains the existence of adequate procedures for the succession of Key Management Personnel and of Management; it should be noted in this regard that the Nominations and Remuneration Committee, in the meeting of 9 May 2022, shared the process followed for the purpose of defining the 2022 succession plan for the top management of the ERG Group, reporting to the Board of Directors, in the first board meeting thereafter; the assessments expressed by Directors and Statutory Auditors in the context of the self-assessment process are reported below

How would you rate the succession procedure relative to the Chief Executive Officer and Top Management?

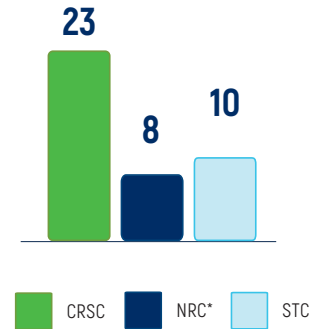


Activities carried out

During 2022, the Board of Directors held **9 meetings** (8 of which scheduled in advance), and also for 2023 there are expected to be no fewer than **9 meetings**.

In the 2022 meetings, the Board of Directors passed **66 resolutions** pertaining to as many issues (**41²⁵** of which were adopted on the basis of a proposal or of an opinion provided by the Board Committees, also pursuant to the Procedure for Transactions with Related Parties, or following a prior assessment by them) and for **62** of them the related documentation was sent to Directors and Statutory Auditors beforehand (at least 48 hours before the meeting, barring exceptions), said advance notice being deemed suitable to enable Directors and Statutory Auditors to acquire adequate knowledge of the items on the agenda.

BOARD OF DIRECTORS RESOLUTIONS BASED ON A PROPOSAL OR OPINION PROVIDED BY A BOARD COMMITTEE



* In relation to 2 resolutions, in addition to formulate its own proposal to the Board of Directors, the NRC has issued a specific opinion pursuant to the Procedure for Transactions with Related Parties

Resolutions adopted by the Board of Directors in 2022

DATE	ITEM ON THE AGENDA
2/2022	<ul style="list-style-type: none"> Minutes of previous BoD meeting Assessment of the size, composition and functioning of the Board of Directors Examination of the impairment test procedure pursuant to IAS 36 Information from the Chairman of the Board of Statutory Auditors regarding the results of the Board of Statutory Auditors' self-assessment
3/2022	<ul style="list-style-type: none"> Minutes of previous BoD meeting 2022-2026 Business Plan and ESG Plan Consolidated Financial Statements at 31 December 2021 Draft Financial Statements at 31 December 2021 Consolidated Non-Financial Statement at 31 December 2021 Objectives of the 2021 MBO System Objectives of the 2022 MBO System Policy and Report on the remuneration policy and fees paid out Multi-year electricity supply contract Loan agreement Calling of the Shareholders' Meeting Report of the Board of Directors on the items on the agenda of the Shareholders' Meeting Minutes of BoD meeting
5/2022	<ul style="list-style-type: none"> Examination of financial disclosures at 31 March 2022 Quarterly forecast for the annual investments budget of ERG S.p.A. and its operating subsidiaries Remuneration of directors holding offices Remuneration of the Chief Audit Officer Integration of the Supervisory Body and Chairman remuneration Verification that the members of the Board of Statutory Auditors meet the independence requirements set forth by law, by the Code of Corporate Governance and by the Board of Directors regulation New transaction in the renewable energy sector

²⁵ In relation to 2 resolutions, in addition to formulating its own proposal to the Board of Directors, the Nomination and Remuneration Committee has issued a specific opinion pursuant to the Procedure for Transactions with Related Parties.

7/2022	<ul style="list-style-type: none"> • Minutes of previous BoD meeting • New transaction in the renewable energy sector
8/2022	<ul style="list-style-type: none"> • Minutes of previous BoD meeting • Interim Financial Report at 30 June 2022 • Quarterly forecast for the annual investments budget of ERG S.p.A. and its operating subsidiaries
9/2022	<ul style="list-style-type: none"> • Minutes of previous BoD meeting • Appointment of a Board Member pursuant to Art. 2386 of the Civil Code • Appointment of a member of the Strategic Committee • Limited Management and Coordination Regulation of ERG S.p.A. by SQ Renewables S.p.A. • Procurement of natural gas
10/2022	<ul style="list-style-type: none"> • Minutes of previous BoD meeting • Loan agreement • Verification of the existence of the requirements envisaged by the law, the Code of Corporate Governance and the regulations of the Board of Directors for the independent directors • Updating of the Procedure for transactions with Related Parties • Update to the Guidelines for the identification and execution of significant transactions • Update of the Sustainability Policy • Adoption of the Policy for the Prevention of Violence, Harassment and Bullying in the Workplace • Minutes of BoD meeting
11/2022	<ul style="list-style-type: none"> • Examination of financial disclosures at 30 September 2022 • Quarterly forecast for the annual investments budget of ERG S.p.A. and its operating subsidiaries • Domestic Tax Consolidation • Capital injection • Internal Audit activity plan and budget for the year 2023 • Update of the Anti-Corruption System and Policy
12/2022	<ul style="list-style-type: none"> • Minutes of previous BoD meeting • New transaction in the renewable energy sector • Long-term electricity supply contracts • Investments budget for 2023 • Calendar of meetings of company bodies for 2023 • Verification of the application of Articles 2497 et seq. of the Italian Civil Code • Update of the Code of Conduct for Directors • Update of the Organisation and Management Model pursuant to Italian Legislative Decree no. 231/01 • Budget of the Supervisory Body for the year 2023 • Remuneration of the Chairman of the Supervisory Body for the year 2023

In the event that it was not possible, within the aforementioned deadlines, to send the relevant documentation in advance for some of the topics dealt with, the Chairman, with the support of the Secretary, after consulting the Chief Executive Officer, ensured that specific and prompt in-depth analyses were in any case guaranteed and/or carried out, also with the support of the Key Management Personnel or Managers invited to participate for this purpose.

The Chairman of the Board of Directors ensured that during the meetings of the Board of Directors and of the Committees within the Board, in relation to the topics discussed, the Chief Executive Officer and representatives of Group management provided all directors with the information necessary to provide adequate knowledge of the sector in which the Group operates, of corporate dynamics and its trends and of the reference regulatory framework. In 2022, managers took part in **all of the meetings** of the Board of Directors, in several cases in support of the discussion of more than one topic on the agenda.

At all the board meetings, the Chief Executive Officer reported to the Board of Directors with regard to the exercise of the mandate and the performance of the Company and the Group.



The average duration of the meetings held by the Board of Directors was **around 3 hours**.

At the date of approval of this document, the Board of Directors had met **twice**.

All the meetings of the Board of Directors, held during 2022, were attended by management representatives to help explain specific items on the agenda²⁶

DATE	ITEM ON THE AGENDA	MANAGERS TAKING ACTION*
2/2022	<ul style="list-style-type: none"> Assessment of the size, composition and functioning of the Board of Directors Examination of the impairment test procedure pursuant to IAS 36 Internal Audit Report on the activities carried out in 2021 Supervisory Body Report on the activities carried out in 2021 Information from the Chairman of the Board of Statutory Auditors regarding the results of the Board of Statutory Auditors' self-assessment 	<ul style="list-style-type: none"> HC CF/HG CA HC/ CA HC
3/2022	<ul style="list-style-type: none"> 2022-2026 Business Plan and ESG Plan Consolidated Financial Statements at 31 December 2021 Draft Financial Statements at 31 December 2021 Consolidated Non-Financial Statement at 31 December 2021 Objectives of the 2021 MBO System Objectives of the 2022 MBO System Policy and Report on the remuneration policy and fees paid out Multi-year electricity supply contract Loan agreement Calling of the Shareholders' Meeting Report of the Board of Directors on the items on the agenda of the Shareholders' Meeting 	<ul style="list-style-type: none"> CA/CF/CB/CED/GC/CH/CE/CO/HC/HG/HF CF/HG CF/HG CE CH CH CH CO CF HC HC
5/2022	<ul style="list-style-type: none"> Examination of financial disclosures at 31 March 2022 Quarterly forecast for the annual investments budget of ERG S.p.A. and its operating subsidiaries Remuneration of directors holding offices Remuneration of the Chief Audit Officer Integration of the Supervisory Body and Chairman remuneration Verification that the members of the Board of Statutory Auditors meet the independence requirements set forth by law, by the Code of Corporate Governance and by the Board of Directors regulation New transaction in the renewable energy sector 	<ul style="list-style-type: none"> CF/HG CF CH HC HC HC CB/GC
7/2022	<ul style="list-style-type: none"> New transaction in the renewable energy sector Risk Report on the Business Plan 	<ul style="list-style-type: none"> CF/CB/GC CF/HF
8/2022	<ul style="list-style-type: none"> Interim Financial Report at 30 June 2022 Quarterly forecast for the annual investments budget of ERG S.p.A. and its operating subsidiaries Supervisory Body Report on the first half of the year 	<ul style="list-style-type: none"> CF/HG CF HC

²⁶ Also with reference to the secretary of the Board of Directors in relation to the specific matters within their competence in their role of Head of Corporate Affairs, 231 Compliance & Privacy as well as secretary of the Control, Risk and Sustainability Committee and of the Nomination and Remuneration Committee

9/2022	<ul style="list-style-type: none"> • Appointment of a Board Member pursuant to Art. 2386 of the Civil Code • Appointment of a member of the Strategic Committee • Limited Management and Coordination Regulation of ERG S.p.A. by SQ Renewables S.p.A. • Procurement of natural gas 	<ul style="list-style-type: none"> • GC/HC • GC/HC • GC/HC • GC
10/2022	<ul style="list-style-type: none"> • Loan agreement • Verification of the existence of the requirements envisaged by the law, the Code of Corporate Governance and the regulations of the Board of Directors for the independent directors • Updating of the Procedure for transactions with Related Parties • Update to the Guidelines for the identification and execution of significant transactions • Update of the Sustainability Policy • Adoption of the Policy for the Prevention of Violence, Harassment and Bullying in the Workplace 	<ul style="list-style-type: none"> • CF/HF • HC • HC • HC • HC • HC
11/2022	<ul style="list-style-type: none"> • Examination of financial disclosures at 30 September 2022 • Quarterly forecast for the annual investments budget of ERG S.p.A. and its operating subsidiaries • Domestic Tax Consolidation • Capital injection • Internal Audit activity plan and budget for the year 2023 • Update of the Anti-Corruption System and Policy 	<ul style="list-style-type: none"> • CF/HG • CF • CF • CF • CA • HC
12/2022	<ul style="list-style-type: none"> • New transaction in the renewable energy sector • Long-term electricity supply contracts • Investments budget for 2023 • Calendar of meetings of company bodies for 2023 • Verification of the application of Articles 2497 et seq. of the Italian Civil Code • Update of the Code of Conduct for Directors • Update of the Organisation and Management Model pursuant to Italian Legislative Decree no. 231/01 • Budget of the Supervisory Body for the year 2023 • Remuneration of the Chairman of the Supervisory Body for the year 2023 	<ul style="list-style-type: none"> • CB/GC • GC • CF • HC • HC • HC • HC • HC • HC

*** Key** Chief Audit Officer ("CA")
 Chief Financial Officer ("CF")
 Chief Business Development and Merger & Acquisitions Officer ("CB")
 Chief Engineering Development Officer ("CED")
 General Counsel ("GC")
 Chief Human Capital & ICT Officer ("CH")
 Chief ESG, IR & Communication Officer ("CE")
 Chief Operating Officer ("CO")
 Head of Corporate Affairs, 231 Compliance & Privacy ("HC")
 Head of Group Administration ("HG")
 Head of Finance & Group Risk Management ("HF")

Diversity policy in relation to the composition of the administration, management and control bodies

1.1 Goals

The Board of Directors considers that the presence, within the Board of Directors itself and the Board of Statutory Auditors, of skills, values and points of view that are different yet complementary to each other may in fact be a strength since it makes it possible to analyse the various matters under discussion from different perspectives, it encourages debate and it serves as a basis for well-thought-out, informed and balanced board decisions.

The presence of varying skills and expertise is also deemed essential and necessary for the purposes of fully understanding and adequately appreciating the different aspects that must be taken into account in the context of the business in which the Company operates.

1.2 Implementation methods

Since the Company's Board of Directors or Board of Statutory Auditors, in accordance with the provisions of Articles 147-ter and 148 of the Italian Consolidated Finance Act and Articles 15 and 22 of the Articles of Association, are appointed on the basis of lists of candidates submitted by shareholders, the composition of said bodies depends on the decisions made from time to time by the latter during the Shareholders' Meeting, in compliance with the applicable laws and regulations.

Without prejudice to the foregoing, the Board of Directors considers that the Company's policy on diversity in relation to the composition of its Board of Directors or Board of Statutory Auditors (the "Policy"), in accordance with the provisions of the Code (even though ERG S.p.A. can be described as a company with concentrated ownership), can be expressed through **specific recommendations or guidelines** made to the shareholders, from time to time, before the appointment of the Board of Directors and the Board of Statutory Auditors, and reported on the company website sufficiently in advance with respect to the publication of the notice convening the shareholders' meetings for renewal and in the report on corporate governance and the ownership in accordance with Article 123-bis of the Italian Consolidated Finance Act.

1.3 Composition of the Board of Directors

The Policy proposed by the Board of Directors prescribes, in particular, that each Director, within the scope of the self-assessment process on the functioning of the Board of Directors itself and its Committees, expresses, before the appointment of the new Board, **his/her recommendations**, in the matter of diversity, on the managerial and professional figures that should be included in the Board, also taking into account factors such as training and professional characteristics, experience, including managerial, gender and age.

Since the current Board of Directors, made up of 12 members, was appointed by the Shareholders' Meeting of 26 April 2021 and consequently the mandate given to the same will expire on the date of the Shareholders' Meeting

called to approve the Financial Statements at 31 December 2023, it is envisaged that this assessment process will be carried out once again in the first quarter of 2024 in such a way that its outcome will constitute an integral and substantial part of the recommendations to the Shareholders' Meeting, convened to appoint the new Board of Directors.

1.4 Board Performance Review

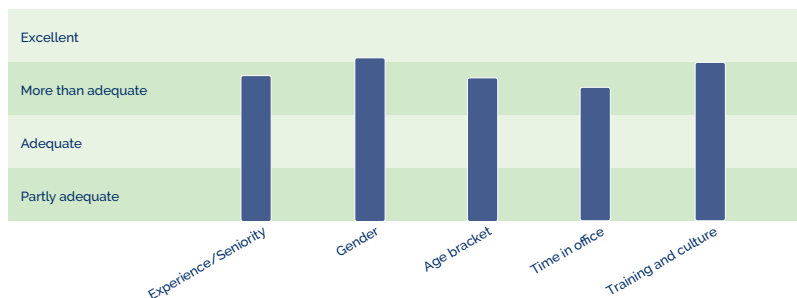
With regard in particular to the provisions of recommendations 21, 22 and 23 of Article 4 of the Code, the Board of Directors, at its meeting of 24 February 2023, carried out, with the support of the Nominations and Remuneration Committee, which oversees the process, and Corporate Affairs, an assessment of the size, composition and functioning of the Board of Directors and its Committees during 2022, expressing, in this regard, an overall favourable opinion accompanied by specific indications with respect to the operation of the Board of Directors and of its Committees. The assessment process was performed on the basis of the assessment criteria previously used in the past which require, among other things, the use of a self-assessment questionnaire which allowed the individual Directors and Statutory Auditors to report on any issues worthy of being looked into further.

The findings of the self-assessment performed by the Board of Directors are set out below.

Diversity within the current Board of Directors

Average diversity score: **more than adequate (78%)**

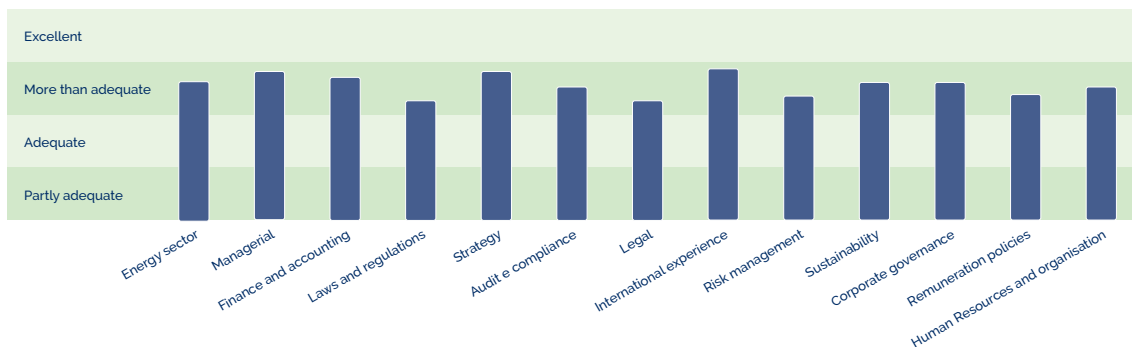
In one area, diversity was rated as **"excellent"** while in the remaining areas it was rated as **"more than adequate"**



Expertise within the current Board of Directors

Average expertise score: **more than adequate (72%)**

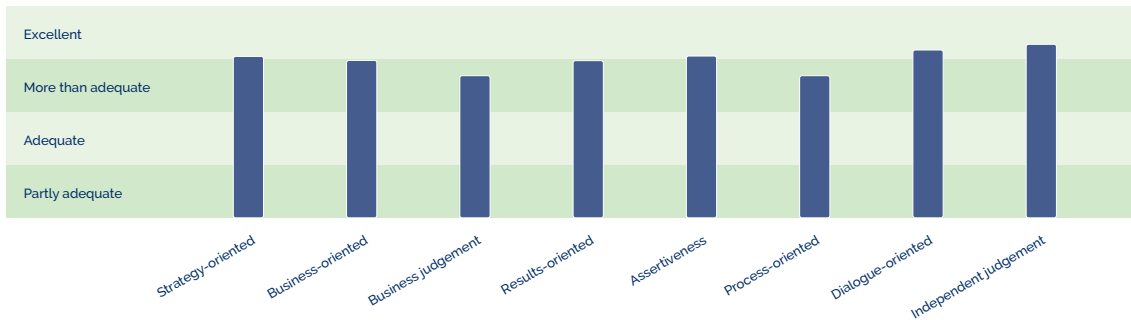
All areas of expertise were rated as **"more than adequate"**



The professional and personal characteristics present within the current Board of Directors

Average professional and personal characteristics score: **excellent (81%)**

One personal characteristic and three personal characteristics were rated as **"excellent"** while the remaining characteristics were rated as **"more than adequate"**



1.5 Composition of the Board of Statutory Auditors

The Policy prescribes, in particular, that the Board of Directors take on board the information provided by the Board of Statutory Auditors in relation to the self-assessment process on the functioning of the Board itself, in order to express, before the appointment of the new Board of Statutory Auditors, **any recommendations**, in the matter of diversity, on the professional figures that should be included in the Board, also taking into account factors such as training and professional characteristics, experience, including managerial, gender and age.

Since the current Board of Statutory Auditors was appointed by the Shareholders' Meeting of 26 April 2022 and consequently the mandate given to the same will expire on the date of the Shareholders' Meeting called to approve the Financial Statements at 31 December 2024, it is expected that this assessment process will be once again carried out in the first quarter of 2025 in such a way that its outcome will constitute an integral and substantial part of the **recommendations** to the Shareholders' Meeting that will be called to appoint the new Board of Statutory Auditors.

1.6 Statutory Auditors Performance Review

The Chairman of the Board of Statutory Auditors, again in the board meeting held on 24 February 2023, informed the Board of Directors on the results of the self-assessment carried out with regard to the size, composition and functioning of the Board of Statutory Auditors in the course of 2022. This assessment was carried out using, inter alia, the findings of a self-assessment questionnaire drawn up by Corporate Affairs at the request of the Board of Statutory Auditors.

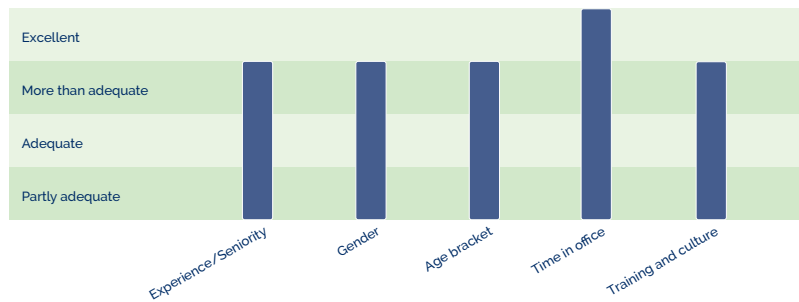
The assessment process was performed on the basis of the assessment criteria previously used in the past which require, among other things, the use of a self-assessment questionnaire which allowed the individual Auditors to report on any issues worthy of being looked into further.

The findings of the self-assessment performed by the Board of Statutory Auditors are set out below.

Diversity within the current Board of Statutory Auditors

Average diversity score: **more than adequate (84%)**

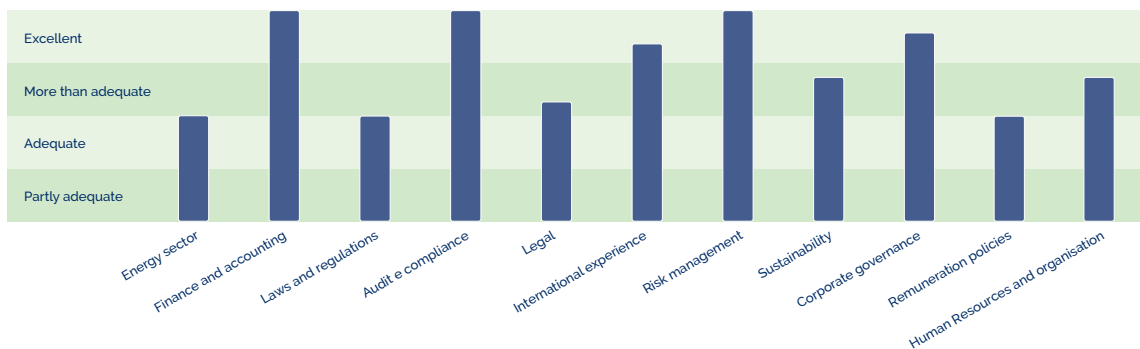
In one area, diversity was rated as **“excellent”** while in the remaining areas it was rated as **“more than adequate”**



Expertise within the current Board of Statutory Auditors

Average expertise score: **more than adequate (79%)**

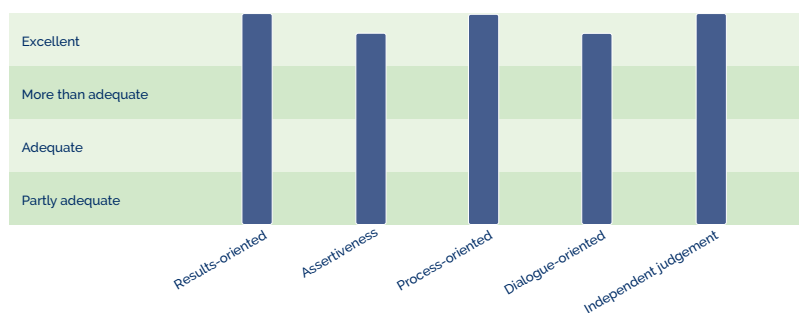
Three areas of expertise were rated as “adequate”, three areas of expertise were rated as **“more than adequate”** and five areas of expertise were rated as **“excellent”**



Professional and personal characteristics present within the current Board of Statutory Auditors

Average professional and personal characteristics score: **excellent (97%)**

All the personal characteristics were rated as **“excellent”**



Recommendations of the Italian Corporate Governance Committee

The Board of Directors, in its meeting of 24 February 2023, analysed the recommendations made in the letter sent by the Italian Committee for Corporate Governance to the chairpersons of the Board of Directors or Board of Statutory Auditors of all listed companies, in which it is recommended that::

- i. with reference to **dialogue with shareholders**
 - a) to adopt a policy that also includes the opportunity for dialogue to be initiated by investors, defining the methods and procedures designed, on the basis of the principle of proportionality, as a function of the company characteristics in terms of size and ownership structure; and
 - b) to assess the opportunity to provide information, in the report on corporate governance, on the most relevant topics that have been object of dialogue with shareholders and on any initiatives adopted to take into account the indications identified;
- ii. with reference to the **dialogue with other significant stakeholders**, to provide, in the report on corporate governance, adequate information on the criteria and methods used by the Board of Directors to promote this dialogue;
- iii. with reference to the **assignment of management powers to the Chairman**, where applicable, to provide adequate reasons for this choice, also in the event that the Chairman does not act as Chief Executive Officer;
- iv. with reference to **pre-meeting information**
 - a) to provide **procedures for the management of pre-meeting information** which do not contemplate waivers with regard to the timeliness of the information for reasons of due to the confidentiality of data and of information; and
 - b) in the report on corporate governance, to provide detailed information on any failure to comply with the notice term indicated in the procedures for the despatch of pre-meeting information, providing justification and explaining how adequate in-depth information is guaranteed to be provided during the meeting;
- v. with reference to the **participation of managers to the meetings of the Board of Directors**
 - a) to define, in the regulations adopted for the operation of the Board of Directors and its committees, the **procedures for these bodies to access the competent corporate functions** depending on the topic in question, under the coordination of the Chairman of the Board of Directors or of the committee, respectively in accordance with or with notification to the Chief Executive Officer;
 - b) to provide, in the report on corporate governance, information on the actual participations of managers to board and committee meetings, indicating the functions involved and the frequency of involvement;
- vi. with reference to the **composition of the Board of Directors**, that the Board of Directors, at least in companies others than those with a concentrated ownership
 - a) expresses, in view of its renewal, **guidelines on the optimal composition of the body**; and
 - b) publishes these guideline sufficiently in advance, so as to allow those submitting candidate lists to take them into account for the purposes of the composition of the list;

- vii. with reference to the assessment criteria for the **significance of relations that may influence the independence** of a director
 - a) to define such criteria in advance, assessing the opportunity to provide quantitative parameters, also defined in monetary terms or percentage of remuneration recognised for the office and for the participation to committees recommended by the Code
 - b) to communicate these parameters in the report on corporate governance;
- viii. with reference to the transparency of remuneration policies on the **weighting of variable components**, to include in the policy for the remuneration of the Chief Executive Officer and of other executive directors a summary, in table form, indicating the breakdown of the remuneration package, with indications of the characteristics and of the weighting of fixed, short-term and long-term variable components with respect to the overall remuneration, at least with reference to the achievement of the target objective of variable components;
- ix. with reference **to remuneration policies**, to provide within the remuneration policies a long-term variable component, consistent with the company's strategic objectives and the pursuit of sustainable success;
- x. with reference to companies that provide an **incentive mechanism** for the Chief Executive Officer and other executive directors **linked to sustainability targets**, to provide a clear indication of the specific performance target to be achieved.

In light of the contents of the Report on Corporate Governance and ownership and the Remuneration Policy, it is specified in particular that:

- in relation to the **recommendation referred to in point (i), letter a)**, the Policy for the management of the dialogue with shareholders and investors in general, approved by the Board of Directors on 13 May 2021, provides for dialogue that may be initiated by investors. To this end the Company may be contacted regarding engagement activities through the Investor Relator, at the relevant addresses published on the Company's website. Requests to establish a dialogue with the Company must indicate:
 - the matters to be discussed during the dialogue and the purposes of the dialogue;
 - the proposed methods for the dialogue;
 - the representatives of the shareholder or stakeholder that intend to participate in the dialogue; and
 - the Company representatives with whom they would like to meet.

The Chief Executive Officer, informed by the Chief ESG, IR & Communication Officer, assesses whether the dialogue requested is in the interests of the Company, whether it complies with the principles set out in this Policy for the management of dialogue with shareholders and investors in general or in any case deserving of consideration, giving instructions to the Chief ESG, IR & Communication Officer to inform the requesting party of the outcome of this assessment.

If a director receives a request for a meeting or for information from shareholders or stakeholders, he/she is required to promptly inform the Chief Executive Officer and/or the Chief ESG, IR & Communication Officer, so that this dialogue can, where appropriate, take place in compliance with the Policy;

- in relation to the **recommendation referred in point (i), letter b)**, the most relevant topics that have been object of dialogue with shareholders and investors in general are reported below:
 - 2022-2026 Business Plan, geographical diversification, pipeline growth and visibility;
 - permitting and any considerations on acceleration prospects;
 - green inflation;
 - windfall taxes;
 - renewable scenario (e.g. excess-profit tax) and impact on the Guidance of the BP;
 - asset rotation (sale of ERG Power S.r.l.) and RES @2026 growth objectives;
 - ERG's "Net Zero" strategy and focus on actions to achieve it @2040;
 - ESG governance structure and ESG targets in the incentive Systems (MBO/LTI);
 - attention to the ERG green funding strategy;
 - alignment of taxonomy with revenue, opex and capex;
- in relation to the **recommendation referred to in point (ii)**, the dialogue with other relevant stakeholders (suppliers, financial community, next generation, partners, local community, institutions and associations) has been promoted, in particular, through the ESG O.U., IR & Communication Officer, as part of the process to define the materiality matrix for the purposes of preparing the Consolidated Non-Financial Statement at 31 December 2022. Among the methods through which dialogue occurred, email, social channels and participation to public events are noted;
- in relation to the **recommendation referred to in point (iii)**, the Chairman of the Board of Directors was qualified as executive as a function of the specific authority assigned to them to manage corporate affairs, through the tasks of supervision, direction and control, taking into account his role as Chairman of the Board of Directors and that stated in this regard in the Code²⁷
- in relation to the **recommendation referred to in point (iv), letter a)**, it should be noted that Regulation, approved by the Board of Directors on 13 May 2021, prescribes that (i) Directors be provided with, at least 48 hours before the Board meeting, except in exceptional cases, the documentation and information necessary to allow the Board of Directors to resolve in an informed manner on the matters submitted to it and (ii) the members of the Control, Risk and Sustainability Committee and the Nominations and Remuneration Committee be provided with, at least 48 hours before the meeting, except in exceptional cases, the documentation and information necessary to allow members to express an informed opinion on the matters under consideration; the Regulation does not contemplate waivers with regard to the timeliness of the information for reasons due to the confidentiality of data and of information;
- in relation to the **recommendation referred to in point (iv), letter b)**, it is noted that in the 2022 meetings, the Board of Directors passed **66 resolutions** pertaining to as many issues (**41 of which** were adopted on the basis of a proposal or of an opinion provided by the Board Committees or following a prior assessment by them) and

²⁷ Recommendation 12 of the New Code.

for **62** of them the related documentation was sent to Directors and Statutory Auditors beforehand (at least 48 hours before the meeting, barring exceptions), said advance notice being deemed suitable to enable Directors and Statutory Auditors to acquire adequate knowledge of the items on the agenda. In the event that it was not possible to send in advance, within the aforementioned deadlines, the relevant documentation for some of the topics dealt with, the Chairman, with the support of the Secretary, after consulting the Chief Executive Officer, ensured that specific and prompt in-depth analyses were in any case guaranteed and/or carried out, also with the support of the Key Management Personnel or Managers invited to participate for this purpose. In 2022, managers took part in **all the meetings** of the Board of Directors, in several cases in support of the discussion of various topics on the agenda; the assessment expressed by the Directors and Statutory Auditors as part of the self-assessment process are reported below

How would you rate the advance notice with which documentation supporting board meetings is made available to directors?



- in relation to the **recommendation referred to in point (v), letter a)**, it should be noted that the Regulation, approved by the Board of Directors on 13 May 2021, prescribes that (i) Key Management and Managers with relevant expertise, attend the meetings of the Board of Directors, by invitation of the Chairman, in agreement with the Chief Executive Officer, to provide opportune analyses on the topics on the agenda and, generally, that this applies to parties whose presence is considered to be necessary or opportune for the purposes of the discussion of topics on the agenda; (ii) for the purposes of the correct operation of board works, in the event that it has not been possible to send the relative documentation in advance, the Chairman, with the support of the Secretary, having heard the opinion of the Chief Executive Officer, in any case ensures that specific and timely analyses are in any case guaranteed and/or provided, also with the support of Key Management and of the Managers invited to attend for this purpose; (iii) for the purposes of the correct operation of the board committees as recommended by the Code, in the event that it has been not been possible to send the relevant documentation in advance, the Chairmen of the aforementioned committees, with the support of the secretary, in any case ensure that specific and timely analyses are in any case guaranteed and/or provided, also with the support of Key Management and of the Managers with competence in the matter invited to attend for this purpose;
- in relation to the **recommendation referred to in point (v), letter b)**, it should be noted that **all the meetings** of the Board of Directors were attended by managers in several cases in support of the discussion of various topics on the agenda; among the managers involved, please note in particular:
 - the Chief Audit Officer
 - the Chief Financial Officer
 - the Chief Business Development and Merger & Acquisitions Officer
 - the General Counsel

- the Chief Human Capital & ICT Officer
- the Chief ESG, IR & Communication Officer
- the Chief Operating Officer
- the Chief Engineering Development Officer
- the Chief Regulatory & Public Affairs Officer
- the Head of Corporate Affairs, 231 Compliance & Privacy
- the Head of Group Administration
- the Head of Finance & Group Risk Management

lastly, the opinions expressed by the Directors and Statutory Auditors as part of the self-assessment process are shown below:

In your role of Director, how would you rate top management's degree of understanding and competencies in relation to ESG?



You consider that the involvement of top management in relation to meetings of the Board of Directors is ...



- in relation to the **recommendation referred to in point (vi), letter a) and b)**, although the Code recommends that the Board of Directors (taking into account the qualification of the same as company with concentrated ownership) carries out, at least every three years and in view of the renewal of the board of directors, an assessment with regard to the composition, size and operation of the Board and of its committees, it is specified that (i) the Company, for the purpose of good governance practice, has in any case decided to continue to perform this self-assessment process on an annual basis; (ii) the outgoing Board of Directors, in view of its renewal, has in any case expressed and published its guidelines on its optimal composition, taking into account the outcomes of the self-assessment performed on 23 February 2021, before the publication of the notice for the convening of the shareholders' meeting relative to its renewal;
- in relation to the **recommendation referred to in point (vii), letter a) and b)**, it should be noted that pursuant to the provisions of Article 2, recommendation 7, paragraph 2, of the Code, the Board of Directors, in the meeting of 13 May 2021, defined in paragraph 1.4.1 of the Regulations the "quantitative" and "qualitative" criteria for determining, for the purposes of assessing the independence of the members of the Board of Directors and of the Board of Statutory Auditors, the significance or otherwise of any relationships they have with the Company or other parties connected to it.

The Board of Directors, in particular, considers as significant (i.e. as a circumstance potentially capable of compromising the independence of a Director, to be assessed in concrete terms by the Board of Directors):

- a **commercial or financial relationship**, in existence or entertained in the previous three financial years, with the Company, the Subsidiaries, the Parent or with the relevant Executive Directors or Key Management Personnel whose total annual remuneration in favour of the Director (or of the company or entity over which the Director has control or is an executive director) exceeds (i) 5% of the total annual turnover of the Director (if an individual entrepreneur) or (ii) 5% of the total annual turnover of the company or entity over which the Director has control or is an executive director;
- a **professional relationship**, in existence or entertained in the previous three financial years, with the Company, the Subsidiaries, the Parent or with the relevant Executive Directors or Key Management Personnel whose total annual remuneration in favour of the Director (or the professional firm or the consulting company of which the Director is a partner) exceeds (i) 5% of the total annual turnover of the Director (if an individual consultant) or (ii) 5% of the total annual turnover of the professional firm or the consulting company of which the Director is a partner;
- **additional remuneration**, existing or received by the Director in the previous three financial years, from the Company, Subsidiaries or the Parent which is, in total and on an annual basis, higher than 45% with respect to (i) the fixed remuneration for the office of Director approved by the Shareholders' Meeting and (ii) the remuneration envisaged for participation in the Board Committees (including the Strategic Committee which is called upon to carry out the functions envisaged by Article 1, letter A) of the Code and in other committees/bodies envisaged by current legislation, excluding the remuneration deriving from participation in any executive committees.

The fact of being a Close Family Member²⁸ of a person in one of the above situations also constitutes a circumstance likely to compromise the independence of a Director.

For the purposes of recommendation 9 of the Code, the above criteria are also used to assess the independence of the members of the Board of Statutory Auditors. For this purpose, the additional remuneration provided for participation participation in the Boards of statutory auditors of Subsidiaries will not be considered as significant.

The Board of Directors, with the opinion of the Nominations and Remuneration Committee, shall in any case be called upon to assess each individual case, giving precedence to substance over form, with the right therefore to (i) grant any exceptions (even temporary) to the above parameters or (ii) consider a relationship as significant regardless of the above parameters.

- in relation to the **recommendation referred to in point (viii)**, it should be noted that the Report on remuneration and on the fees paid have for some years included an executive summary of the requested information.

²⁸ Close family members of a person are those family members who are expected to influence, or be influenced by, that person in their dealings with the company, including: (a) that person's children and spouse or cohabitant; (b) children of that person's spouse or cohabitant; (c) dependants of that person or spouse or cohabitant.

EXECUTIVE SUMMARY

2023 REMUNERATION POLICY GUIDELINES

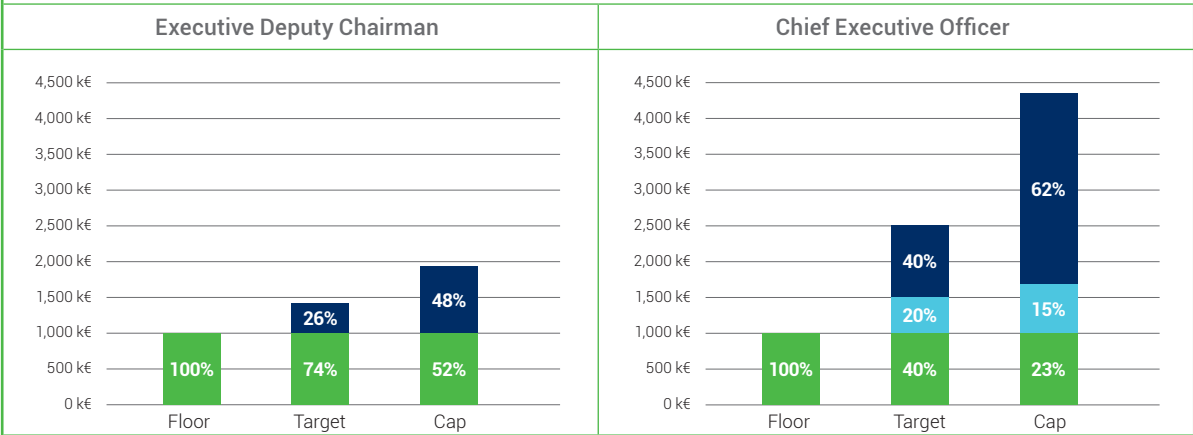
Fixed Remuneration	Enhances the responsibilities, the skills and the contribution demanded by the position. Ensures attraction and retention through continuous market benchmarking. Remunerates the activity carried out in the event that the variable component is not paid out.	
	Executive Deputy Chairman	Chief Executive Officer
	Both roles receive an annual fee , as members of the Board of Directors, and an annual remuneration for their role as Executive Directors.	
	The annual remuneration amount is determined by benchmarking the posts held by them against a peer group consisting of FTSE MIB and MID CAP companies in the industrial sector comparable to ERG in terms of capitalisation, shareholder structure, distribution of powers and complexity.	
	Key Managers	
	Annual earnings , from employment.	
	Earnings are determined through specific market analyses in relation to roles with the same level of responsibility and managerial complexity with respect to the national markets in the industry sector.	

Short-Term Variable Remuneration	Aimed at the achievement of economic, financial and sustainability targets, predetermined, measurable and in line with the budget.		
	Executive Deputy Chairman		
	Not envisaged		
	Chief Executive Officer	Key Managers	
MBO System	100% cash	MBO System	100% cash
Clawback clause:	exercisable within 3 years	Clawback clause:	exercisable within 3 years
Corporate Objective	Floor 50% Cap 150% of the target	Corporate Objective	Floor 50% Cap 150% of the target
50% EBT	Target score <50% nothing is due Target score >150% 150% of the target bonus is due	30% EBT	Target score <50% nothing is due Target score >150% 150% of the target bonus is due
Sustainability Objective¹:	Floor 80% Cap 120% of the target	Sustainability Objective¹:	Floor 80% Cap 120% of the target
20% ESG	Target score <80% nothing is due Target score >120% 120% of the target bonus is due	10% ESG	Target score <80% nothing is due Target score >120% 120% of the target bonus is due
Growth Objective	Floor 80% Cap 120% of the target	Individual Objectives	Floor 80% Cap 120% of the target
30% Installed production capacity (MW)	Target score <80% nothing is due Target score >120% 120% of the target bonus is due	60% Various objectives (Economics, business development, sustainability and/or specific projects)	Target score <80% nothing is due Target score >120% 120% of the target bonus is due

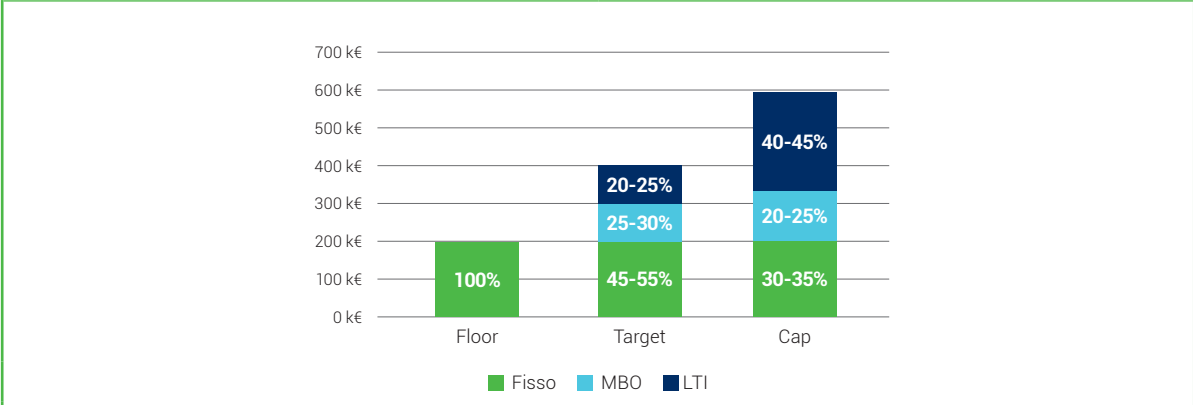
¹ Objectives common to all beneficiaries of the MBO system

Long-Term Variable Remuneration	Aimed at aligning the interests of the beneficiaries with the pursuit of the priority objective of the creation of sustainable value for the shareholders over the medium/long term. Contributes to the strategy of ensuring the Company's sustainability over time, incentivising management to achieve strategic results, with a view to sustainable success, consistent with the specific objectives of the 2021-2025 Business Plan and the ESG Plan.	
Executive Deputy Chairman	Chief Executive Officer	Managers
<p>2021–2023 Performance Share System¹</p> <p>ON/OFF performance indicator: 90% expected value of the 2021-2023 three-year cumulative EBITDA.</p> <p>Single awarding at plan inception, with three-year vesting.</p> <p>Allocation strategy: the number of shares may increase up to 200% of the shares assigned according to the criteria: p/sh ERG ≤ EUR 22.5 p/sh "Target Price"; Shares allocated = 100% Shares assigned p/sh ERG ≥ EUR 27.5 "Cap Price"; Shares allocated = 200% Shares assigned p/sh ERG <> between Target Price and Cap Price = Shares allocated with a linear incentive strategy.</p> <p>Sustainability Indicator: multiplier/demultiplier (±10%) of shares that can be allocated</p> <p>Lock Up: 8 months on 25% of any shares allocated</p> <p>Clawback clause: exercisable within 3 years</p>		

Pay Mix Defined to ensure a remuneration mix that is consistent with the managerial position held based on the strategic importance of the role in terms of achieving the objectives of the 2022-2026@2023 Business Plan and ESG Plan.



Key Managers²























The target value of the long-term component was determined by multiplying the target price (EUR 22.5 psh) by the number of shares assigned. The cap value of the long-term component was determined by multiplying the cap price by 220% of the number of shares assigned, assuming the simultaneous achievement of the cap price (EUR 27.5 psh) and the cap value of each sustainability

¹ The regulation implementing the 2021-2023 LTI System was approved on 13 May 2021 by the Board of Directors, at the same time as defining the 2021-2025 Business Plan and the 2021-2025 ESG Plan in order to ensure that the timeframes are fully consistent with the new mandate and the objectives of the aforementioned Business Plan.
² The histograms represent the average remuneration data in each scenario represented (Floor, Target and Cap)

- in relation to the **recommendations referred to in point (ix) and (x)**, it should be noted that the Company has already started a process to incorporate the sustainability of business activities when defining its strategies and the Remuneration Policy that has resulted in the Board of Directors approving, from 2021, five-year ESG plans integrated into the Business Plan. The Company has also incorporated specific sustainability objectives for management in its short-term incentive system (MBO System) and in the long-term incentive system (LTI System), as defined in the Remuneration Policy.

REMUNERATION FOR SUSTAINABLE SUCCESS - ESG PLAN OF OBJECTIVES

 Tackling climate change and do our part for the planet	Planet	Net zero Circular Economy Energy Efficiency Biodiversity	MBO LTI	   
 Sharing benefits with local communities	Engagement	ERG Academy for Next Generation 1% for the Community Trust & Reputation	MBO LTI	   
 A future-proof human capital approach	People	ERG Academy for ERG People Diversity & Inclusion Health & Safety always Employees' well-being	MBO LTI	   
 Sustainable governance for long term success	Governance	ERG objectives into MBO and LTI Enhancing Governance Model Tax Control Framework Sustainable Procurement ESG Finance	LTI MBO	   

Board of Statutory Auditors



Paolo Prandi
Presidente



Fabrizio Cavalli
Sindaco effettivo



Giulia De Martino
Sindaco Effettivo

The Board of Statutory Auditors, appointed by the Shareholders' Meeting of 26 April 2022 with a three-year mandate until the date of the Shareholders' Meeting convened for the approval of the Financial Statements at 31 December 2024, was composed of 3 Standing Statutory Auditors and 3 Alternate Statutory Auditors.

On 3 October 2022, following the untimely passing of the then Chairman of the Board of Statutory Auditors Elena Spagnol, elected from the minority list, the Alternate Statutory Auditor Paolo Prandi, also elected from the minority list, pursuant to the provisions of art. 22 of the Articles of Association, took over the office of Standing Statutory Auditor and Chairman of the Board of Statutory Auditors and will remain in office until the next Shareholders' Meeting.

Therefore, the Board of Statutory Auditors is currently composed of 3 Standing Statutory Auditors and 2 Alternate Statutory Auditors.

The Shareholders' Meeting which will be convened for the approval of the Financial Statements as at 31 December 2022 will, therefore, called to resolve, among other things, on the integration of the Board of Statutory Auditors, which will be done pursuant to the law, with a voting list procedure, but majority shareholders will be not able to submit their own list.

Appointment

For the appointment of the Board of Statutory Auditors, two lists of candidates were presented, one by the shareholder San Quirico S.p.A. and the other by a number of investors as follows²⁹:

San Quirico S.p.A. List (majority list)

1. Fabrizio Cavalli
2. Giulia De Martino
3. Sara Antonelli
4. Vincenzo Campo Antico
5. Giuseppe Paolo Fornaroli
6. Luisella Bergero

Investors list (minority list)

1. Elena Spagnol
2. Paolo Prandi

²⁹ For the percentage of votes obtained by the lists in relation to the voting capital, please refer to the Summary Report of the voting on the items on the agenda of the Shareholders' Meeting of 17 April 2019, available on the Company's website (www.erg.eu) in the "**Corporate Governance/2022 Shareholders' Meeting**" section.

In accordance with the Articles of Association, the Board of Statutory Auditors consists of three standing statutory auditors and two alternate statutory auditors in compliance with the gender balance criterion prescribed by current laws and regulations³⁰.

The Board of Statutory Auditors is appointed on the basis of lists presented by shareholders, which, in compliance with Article 147-ter, paragraph 1, of the Italian Consolidated Finance Act (referenced by Article 148, paragraph 2 of the ICFA), must be filed at least twenty-five days prior to the date of the Shareholders' Meeting and shall be made available to the public at least twenty-one days prior to the Meeting.

Each list is made up of two sections: one for candidates for the office of Standing Statutory Auditor and the other for candidates for the office of Alternate Statutory Auditor.

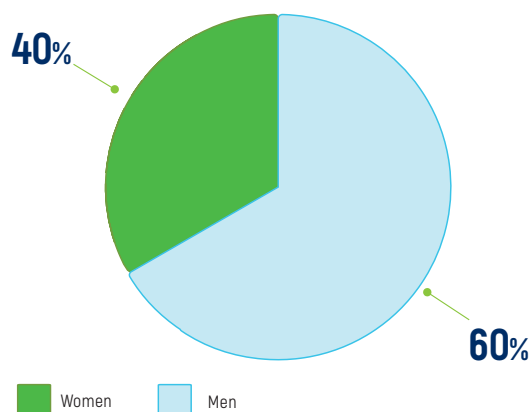
Each list shall contain a number of candidates, listed with a progressive number, not exceeding the maximum number of statutory auditors to be elected and, with the exception of those presenting fewer than three candidates, it shall comply, for each section, with the gender balance criterion prescribed by current laws and regulations.

In accordance with Article 148, paragraph 1-bis, of the Italian Consolidated Finance Act, as amended by Italian Law no. 160 of 27 December 2019, in the election of the Board of Statutory Auditors the least represented gender must, therefore, include at least two fifths of the elected Statutory Auditors³¹. Lists may only be presented by shareholders who, at the time of presenting the list, are in possession of a shareholding equal to that required for the presentation of lists for the election of Directors, currently equal to 1%³². This share capital percentage is the same as that required for the presentation of lists for the appointment of the Board of Statutory Auditors in office³³. Each shareholder may present or contribute to presenting only one list and each candidate may appear in only one list, under penalty of ineligibility.

The lists contain not only information about the shareholders who submitted them and the statements made by them pursuant to the applicable regulations, but also exhaustive information about the candidates' personal and professional characteristics and their statements pursuant to the Articles of Association.

Candidates cannot be elected to the office of Statutory Auditor unless they satisfy the requirements of

BOARD OF STATUTORY AUDITORS COMPOSITION BY GENDER



³⁰ Pursuant to Article 148, paragraph 1-bis, of the Consolidated Finance Act, as amended by Italian Law no. 160 of 27 December 2019, the articles of association of listed companies must reserve at least two fifths of the membership of Board of Statutory Auditors to the less represented gender, for six consecutive terms. This division criterion applies as from the first renewal of the Board of Statutory Auditors of listed companies subsequent to 1 January 2020. Article 144-undecies.1 of the Issuers' Regulation provides that if the application of the gender allocation criterion does not result in a whole number of members of the Board of Directors or Board of Statutory Auditors belonging to the less represented gender, this number is rounded up to the next integer, with the exception of the company bodies formed by three members for which the number should be rounded down to the lower integer.

³¹ Si richiama quanto precisato nella nota 1 di pagina 72.

³² Ai sensi della Delibera CONSOB n. 76 del 30 gennaio 2023.

³³ Ai sensi della Delibera CONSOB n. 60 del 28 gennaio 2022.

independence, professionalism and integrity as provided by Article 148, paragraph 3, of the Consolidated Finance Act or if they already serve as Standing Statutory Auditor in five listed companies³⁴.

If, at the expiration of the term for the presentation of the lists as indicated above, only one list has been filed, or only lists presented by mutually connected shareholders, according to the definition set out in the applicable regulations, have been filed, then lists may be presented until the third day following that date, in accordance with Article 144-sexies, paragraph 5, of the Issuers' Regulation. In this case, the thresholds provided for the presentation of lists are halved.

Any list presented that does not comply with the required prescriptions³⁵ shall be considered not to have been presented. If no list is presented in spite of the completion of the aforesaid procedure, a majority vote shall be taken in such a way as to ensure that the composition of the Board of Statutory Auditors complies with current laws and regulations and with the Articles of Association. The Shareholders' Meeting appoints the Chairman.

If no second list is presented or voted, the entire Board of Statutory Auditors shall comprise, in the order of presentation, the candidates of the single list voted. The first person on the list is elected Chairman.

In the event that several lists are presented, election takes place as follows: from the list that received the highest number of votes are drawn, in the progressive order in which they are listed, two standing statutory auditors and two alternate statutory auditors; the third standing statutory auditor and the third alternate statutory auditor are elected choosing the candidates to the respective offices indicated at the top of the list that obtained the second-highest number of votes after the first one, among those presented and voted by minority shareholders who are not connected – even indirectly – with the shareholders who presented or voted the list that received the highest number of votes, according to current regulations and subject to the provisions of Article 22, paragraph 13-bis, of the Articles of Association pertaining to compliance with the gender balance criterion in the composition of the Board of Statutory Auditors. The standing statutory auditor drawn from the minority list is appointed Chairman. If the lists receive equal numbers of votes, the candidate of the list that was presented by the shareholders owning the largest share or, subordinately, by the higher number of shareholders is elected.

Replacement

Should a standing statutory auditor need to be replaced, an alternate statutory auditor belonging to the same list shall take his/her place in the order defined in Article 22, paragraph 12, of the Articles of Association, without prejudice to compliance with the gender balance criterion envisaged by current legislative and regulatory provisions.

The Shareholders' Meeting shall appoint the standing and/or alternate statutory auditors necessary to reconstitute the Board of Statutory Auditors as follows:

- a) should the Board of Statutory Auditors need to be reconstituted in order to replace statutory auditors belonging to

³⁴ It is noted in this regard that the disclosure obligations as per Article 144-quaterdecies of the Issuers' Regulations do not apply to those who serve as members of the board of statutory auditors of a single issuer.

³⁵ For further information, including information about the provisions aimed at assuring compliance with the gender balance criterion in the composition of the Board of Statutory Auditors, please refer to the Articles of Association, available on the Company's website (www.erg.eu) in the "Corporate Governance/Ethics and Governance" section.

both the majority list and the minority list, voting shall be carried out using the same list-voting methods envisaged for the appointment of the Board of Statutory Auditors;

- b) should the Board of Statutory Auditors need to be reconstituted in order to replace an auditor or auditors chosen from the majority list, voting shall be carried out in the same way as provided for in Article 22, paragraph 10, of the Articles of Association;
- c) should the Board of Statutory Auditors need to be reconstituted in order to replace a statutory auditor or auditors chosen from the minority list, voting shall be carried out in the same way as for the appointment of the Board, but the majority Shareholders cannot present their own list.

In the event that it is not possible to reconstitute the Board of Statutory Auditors by following the procedure referred to in Article 22, paragraph 16, of the Articles of Association, the Shareholders' Meeting may proceed to replace Statutory Auditors who have ceased to hold office for any reason, choosing the new members from among those belonging to the same list to which the outgoing Statutory Auditors belonged, according to their progressive order in the list, after verifying that they are still eligible and willing to accept the office, notwithstanding the possibility, for the replacement of minority auditors, and in the absence of candidates as identified above, that the replacement appointed may be the first candidate on the minority list that received the second highest number of votes, without prejudice to compliance with the gender balance criterion envisaged by current legislative and regulatory provisions.

In the event that the Shareholders' Meeting is called upon to fill a vacancy within the Board of Statutory Auditors and no list of candidates has been promptly and duly presented, and it is not possible to proceed with the replacement pursuant to the previous paragraph, the vacancy shall be filled on the basis of proposals presented by one or more Shareholders at the meeting and resolved by the latter with the legal majorities and in compliance with the applicable legislation.

Composition

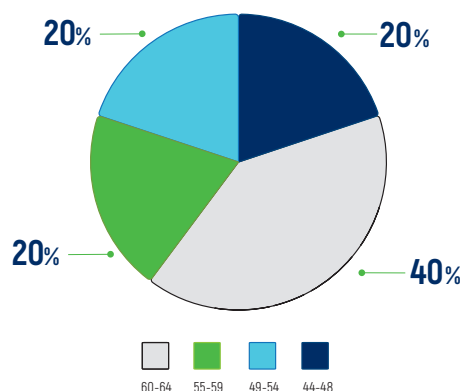
The Statutory Auditors in office at the date of approval of the Report are³⁶:

Paolo Prandi	Chairman
Fabrizio Cavalli	Standing Statutory Auditor
Giulia De Martino	Standing Statutory Auditor
Vincenzo Campo Antico	Alternate Statutory Auditor
Luisella Bergero	Alternate Statutory Auditor

Independence assessment

In the first meeting after appointment, which took place on 4 May 2022, the Board of Statutory Auditors assessed the personal and professional characteristics of each statutory auditor and concluded that all its members can be qualified as independent with reference not

BOARD OF STATUTORY AUDITORS - COMPOSITION BY AGE



³⁶ For the personal and professional qualifications of current members of the Board of Statutory Auditors, please refer to the relevant curriculum vitae available on the Company's website (www.erg.eu) in the "Corporate Governance/Board of Statutory Auditors" section.

only to the provisions of Article 148, third paragraph, of the ICFA, but also with reference to the rules of conduct of the Board of Statutory Auditors drawn up by the Italian National Board of Chartered Accountants and to the Corporate Governance Code, also taking into account the "quantitative" and "qualitative" criteria, defined in paragraph 1.4.1 of the Regulations, used to determine, for the purposes of assessing the independence of the members of the Board of Statutory Auditors, the relevance or otherwise of any relationships they have with the Company or other parties connected to it.

The Board of Directors, in the light of the information provided in this regard by the members of the Board of Statutory Auditors and the statement by the Chairman of the Board himself, during the meeting of 13 May 2022, positively assessed the independence of the members of the Board of Statutory Auditors not only with reference to the provisions of Article 148, third paragraph, of the ICFA, but also with reference to the rules of conduct of the Board of Statutory Auditors drawn up by the Italian National Board of Chartered Accountants and the Code, also taking into account the "quantitative" and "qualitative" criteria, defined in paragraph 1.4.1 of the Regulations, used to determine, for the purposes of assessing the independence of the members of the Board of Statutory Auditors, the relevance or otherwise of any relationships they have with the Company or other parties connected to it, in relation to which reference is made to what is illustrated in the "Independence Assessment" paragraph of the section "Statutory Auditors Performance Review".

Expertise and Activities carried out

The Board of Statutory Auditors verified and monitored the independence of the Independent Auditors verifying both compliance with the regulatory provisions on the matter, and the nature and extent of services, other than auditing, performed for the Company and for its subsidiaries by the Independent Auditors and by entities belonging to its network.

The Board of Statutory Auditors also monitored the process of financial disclosure, checked the effectiveness of the internal control, internal audit and risk management systems and monitored the statutory audit of the separate financial statements and of the consolidated financial statements.

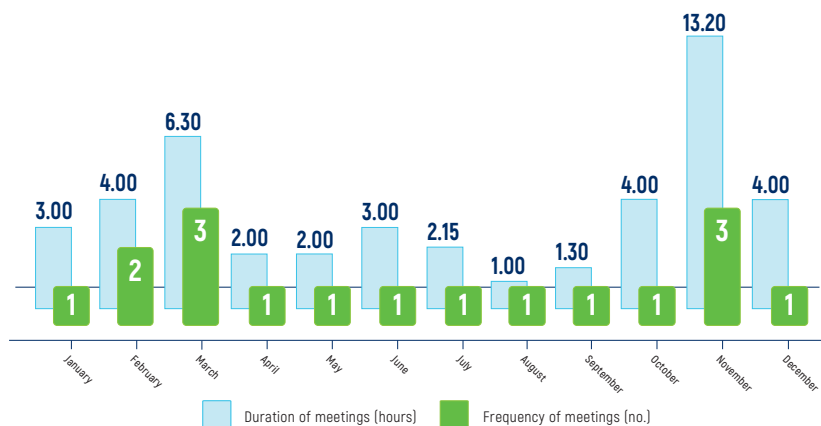
The Board of Statutory Auditors, in the performance of its activities, was supported by the Internal Audit Division, coordinating with the Control, Risk and Sustainability Committee.

The Board of Statutory Auditors, at its meeting of 23 February 2023, proceeded to carry out, including through the use of a self-assessment questionnaire designed for such purpose by Corporate Affairs, an assessment with regard to the size, composition and functioning of the Board of Statutory Auditors in the course of 2022. In line with the results of the process carried out in 2022, the self-assessment showed a **balanced allocation of expertise** within the Board of Statutory Auditors, gained mainly through **professional experience**. The findings of this process were communicated to the Board of Directors in the meeting of 24 February 2023.

During 2022, the Board of Statutory Auditors held **17 meetings**, while for 2023 there are expected to be no fewer than **10 meetings**.

The average duration of the meetings held by the Board of Statutory Auditors was around **3 hours**.

At the date of approval of this document, the Board of Statutory Auditors had met **7 times**.



Appointments as director or statutory auditor held by Statutory Auditors in other companies listed in regulated markets, including abroad, in finance, banking and insurance companies or companies of significant size³⁷ at 31 December 2022³⁸:

Paolo Prandi	Chairman of the Board of Statutory Auditors of Brunello Cucinelli S.p.A. Chairman of the Board of Statutory Auditors of Carel Industries S.p.A.
Fabrizio Cavalli	Chairman of the Board of Statutory Auditors of Battaglio S.p.A. Chairman of the Board of Statutory Auditors of Cosiarma S.p.A. Chairman of the Board of Statutory Auditors of MARES S.p.A. Chairman of the Board of Statutory Auditors of Sews Cabind S.p.A. Chairman of the Board of Statutory Auditors of Spazio S.p.A. Chairman of the Board of Statutory Auditors of SFK Seals Italy S.p.A. Chairman of the Board of Statutory Auditors of Palazzo Antinori S.r.l. Standing Statutory Auditor of SKF Industrie S.p.A. Standing Statutory Auditor of Sumiriko Italy S.p.A. Director of Studio Tributario e Societario Deloitte società tra Professionisti S.r.l. Director of Deloitte Italy Fin - Equity Partner Srl
Giulia De Martino	Standing Statutory Auditor of SAIPEM S.p.A. Standing Statutory Auditor of Floaters S.p.A. Standing Statutory Auditor of Società Italiana Traforo Monte Bianco Standing Statutory Auditor of ETB S.p.A. Chairman of the Board of Statutory Auditors of WIDIB S.p.A. Director of INPS Servizi S.p.A.

³⁷ Pursuant to the provisions of Article 144-duodecies, subsection f), of the Issuers' Regulations.

³⁸ Other than offices held in Group companies.

Shareholders' Meetings

Article 10 of the Articles of Association states that, in compliance with laws and regulations, holders of voting rights who have obtained a suitable certification issued in accordance with current regulations by the broker and notified to the Company according to the procedures and within the term set by current laws and regulations, are entitled to attend Shareholders' Meetings. Holders of voting rights may be represented by written proxy in the Shareholders' Meeting, within the limits and according to the procedures prescribed by current laws and regulations. The proxy may be notified via certified electronic mail in accordance with the procedures indicated in the convening notice or using a different instrument, which may be indicated in the notice.

Article 11 of the Articles of Association states that the Shareholders' Meeting must be convened by the Board of directors at least once a year, no later than one hundred and twenty days from the closing date of the year or, if the Company must prepare Consolidated Financial Statements and if required by specific provisions related to the organisation or the purpose of the Company, no later than one hundred and eighty days.

Article 12 of the Articles of Association states that the Shareholders' Meeting is convened by means of notice to be prepared and published within the terms and according to the procedures prescribed by current laws and regulations.

Article 13 of the Articles of Association states that the provisions of law shall apply for the quorum of both Ordinary and Extraordinary Shareholders' Meetings and for the validity of their resolutions.

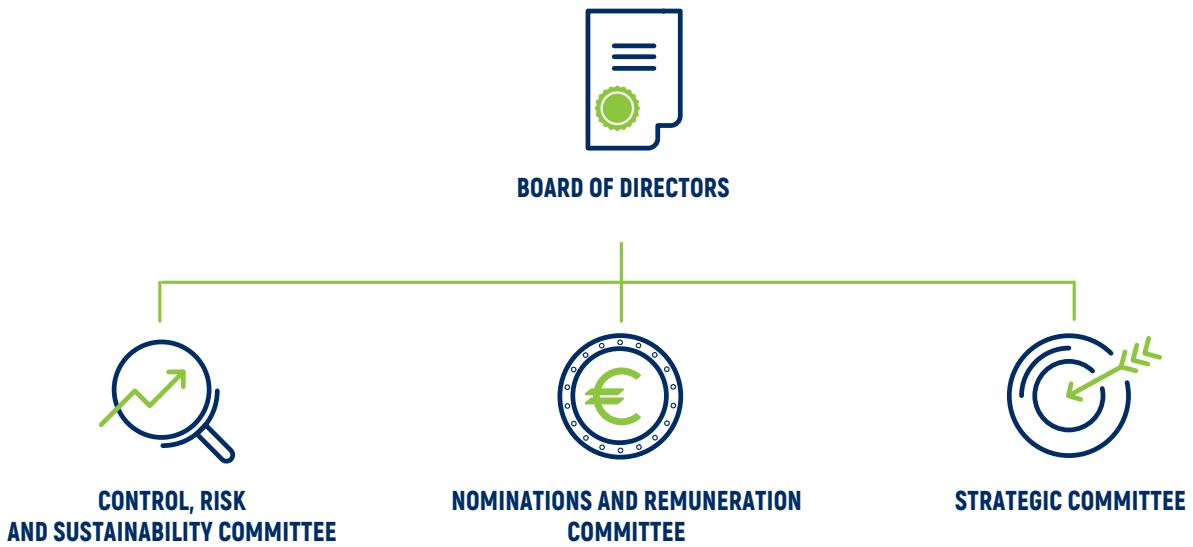
Meeting Regulations

At the Ordinary Shareholders' Meeting, shareholders approved Regulations governing the proceedings of Ordinary and Extraordinary Shareholders' Meetings.

Article 14 of the Articles of Association expressly gives the Ordinary Shareholders' Meeting the possibility of adopting Meeting Regulations.

5.2. BOARD COMMITTEES

The Board of Directors has set up the Control, Risk and Sustainability Committee, the Nominations and Remuneration Committee and the Strategic Committee to advise it and issue recommendations





Control, Risk and Sustainability Committee



Mara Anna Rita Caverni
Chair



Federica Lolli
Member



Elisabetta Oliveri
Member

Composition:

Mara Anna Rita Caverni - *Chair*

Federica Lolli

Elisabetta Oliveri

Giovanni Marco Scollo - *Secretary*

The current Control, Risk and Sustainability Committee is comprised of three non-executive Directors, all independent as per the Consolidated Finance Act and the Code, appointed by the Board of Directors in the meeting of 26 April 2021. In the first meeting of the Committee, held on 6 May 2021, the Director Mara Anna Rita Caverni, taking into account the experience gained by her over the previous three-year period, was appointed Chair of the Control, Risk and Sustainability Committee.

During the same meeting on 6 May 2021, the Committee appointed a Secretary from outside of its members. Together with the Secretary, the Chairman coordinates the activities of the Committee and chairs its meetings.

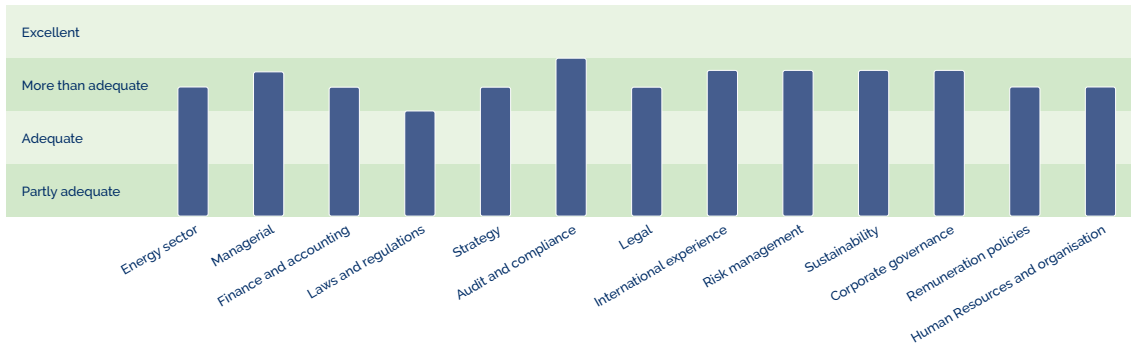
The members of the Committee have adequate experience in accounting, finance and risk management, as well as in governance and sustainability³⁹.

³⁹ These characteristics were assessed by the Board of Directors at the meeting of 26 April 2021 and during the self-assessment process on 24 February 2022 and 24 February 2023..

Expertise within the Committee as a result of the self-assessment process carried out on 24 February 2023.

Average expertise score: **more than adequate (70%)**

One area of expertise was rated as **"adequate"** while the remaining areas of expertise were rated as **"more than adequate"**



The Control, Risk and Sustainability Committee meetings are attended by the Chairman of the Board of Statutory Auditors or another auditor designated by her or, depending on the topics to be discussed, by all members of the Board of Statutory Auditors. Meetings may also be attended by the Chairman of the Board of Directors, the Executive Deputy Chairman, the Director in charge of the ICRM system, and the Chief Executive Officer, who are entitled to participate in the discussion of the agenda items and to identify adequate actions to confront critical or potentially critical situations, as well as (also depending on the topics to be discussed), the Chief Financial Officer and Manager responsible for preparing the Company's financial reports, the Chief Audit Officer, the Head of Group Administration, the Head of Group Finance & Risk Management, the Head of Corporate Affairs, 231 Compliance and Privacy, the Chief ESG, IR & Communication Officer, and the Chief Human Capital & ICT Officer.

Employees of ERG Group Companies, representatives of the Independent Auditors and, in general, persons whose presence is believed to be necessary or advisable for the discussion of the items on the agenda may also be invited to attend meetings of the Control, Risk and Sustainability Committee.

The Chief Audit Officer, in particular, is invited to attend the meetings in order to report, at least once a quarter, on the activity carried out from time to time.

The Manager responsible for preparing the Company's financial reports is invited to attend the meetings in order to inform, at least quarterly (when the interim financial reports are published), about the accounting standards applied in the preparation of periodic financial statements and, at least semi-annually, about the activity carried out from time to time in accordance with Article 154-bis of the ICFA.

The Head of Group Administration is invited to attend meetings in order to report, semi-annually, on the activity carried out from time to time with reference to compliance with Italian Law no. 262/05 and the Tax Control Framework.

The Head of Finance & Group Risk Management is invited to attend the meetings in order to report, on a semi-annual basis, on the activity carried out from time to time with reference to Risk Management.

The Head of Corporate Affairs, 231 Compliance & Privacy is invited to attend the meetings in order to report, on a semi-annual basis, on the activity carried out from time to time with reference to compliance with Italian Legislative Decree no. 231/01 and Anti-Corruption laws and on the proposed amendments to the main corporate governance documents for the purposes of their subsequent approval by the Board of Directors.

The Chief ESG, IR & Communication Officer is invited to attend meetings in order to report on the consolidated non-financial statement and the ESG Plan for the purposes of their subsequent approval by the Board of Directors and on the activities carried out from time to time in relation to the objectives of the ESG Plan.

The Chief Human Capital & ICT Officer is invited to attend meetings in order to report on the Report on the remuneration policy and fees paid out pursuant to Article 123-ter of Italian Legislative Decree no. 58 of 24 February 1998.

Meetings of the Control, Risk and Sustainability Committee may also be held by teleconference or videoconference, provided that all participants can be identified and are able to follow the discussion and intervene in real time in the discussion of the items on the agenda.

If these requirements are met, the Control, Risk and Sustainability Committee meeting is deemed to be held in the place where it was convened, where the meeting secretary must be located.

For meetings to be valid, a majority of the members in office must be present. The Control, Risk and Sustainability Committee resolves by an absolute majority of those present; in the event of a tie, the vote of the person chairing the meeting shall prevail.

The minutes of the meetings are signed by the Chairman and the secretary.

The Control, Risk and Sustainability Committee meets at least quarterly, according to a schedule set with sufficient advance notice.

Members of the Control, Risk and Sustainability Committee members are provided with, at least 48 hours before the meeting, other than in exceptional cases, the documentation and information required to enable the Control, Risk and Sustainability Committee to express an informed opinion on the matters under consideration. This documentation is made available through the use of specific computer systems suitable for protecting confidentiality. Members of the Control, Risk and Sustainability Committee and Statutory Auditors are required to maintain the confidentiality of the documents and information acquired in the performance of their duties and to comply with the rules adopted by the Company for the management and processing of relevant and inside information and for the dissemination of statements and information to the public as set out in detail in the Market Information Procedure.

In the event that it is not possible to send the relevant documentation in advance for some of the topics dealt with, the Chairman, with the support of the secretary, shall ensure that specific and punctual in-depth analyses are in any case guaranteed and/or carried out, also with the support of the Key Management Personnel or Managers competent for the matter, invited to participate for this purpose.

The Control, Risk and Sustainability Committee has access to the information necessary to perform its duties and may make use of external consultants. Within the scope of the activity performed by the Committee members for the purposes of the Procedure for Transactions with Related Parties, the Board of Directors has not set any expense limit even for transactions of "Minor Relevance".

Tasks

The Control, Risk and Sustainability Committee advises and issues recommendations to the Board of Directors and performs the role and tasks provided for by the Code. As from the date of endorsement by the Company of the edition of the Corporate Governance Code published in July 2015, the Chairman of the Control, Risk and Sustainability Committee reports to the Board of Directors at the first board meeting on the meetings held by the Committee in the intervening period.

In general, it supports, through adequate investigations, the assessments and decisions of the Board of Directors pertaining to the Internal Control and Risk Management System (also, "ICRM System"), as well as those pertaining to the approval of periodic financial reports.

Specifically it:

- assists the Board of Directors in the following tasks prescribed by the Code: definition of the guidelines of the ICRM System; periodic verification of the adequacy of the actual operation and efficiency of the ICRM System; verification that the main corporate risks are correctly identified, adequately measured, managed and monitored;
- expresses opinions on specific aspects pertaining to the identification of the main corporate risks as well as to the design, implementation and management of the ICRM System;
- supports, with adequate investigations, the evaluations and decisions of the Board of Directors relating to the management of risks arising out of prejudicial acts of which the Board of Directors is aware;
- expresses its own opinion on the appointment and termination of the Chief Audit Officer and on the proposal for his/her remuneration formulated by the Director in charge of the ICRM System;
- monitors the independence, adequacy, effectiveness and efficiency of the Internal Audit function;
- assesses the annual work plan and the related budget prepared by the Chief Audit Officer and his/her periodic audit reports, requesting, where applicable, audits on specific operating areas;
- reviews the results of the activities of the Manager responsible for preparing the Company's financial reports;
- assesses, after consulting the Manager in charge of preparing the company's financial reports, the Independent Auditors and the Board of Statutory Auditors, the correct use of accounting standards and their uniformity for the purposes of preparing the consolidated financial statements, the draft separate financial statements and the condensed interim consolidated financial statements;
- assesses the suitability of periodic financial and non-financial information to correctly represent the Company's business model, strategies, the impact of its activities and the performance achieved;
- reviews the content of periodic non-financial information relevant to the ICRM System;
- maintains appropriate relations with the Independent Auditors, the Board of Statutory Auditors, the Director in Charge of the ICRM System, the Chief Audit Officer, and other departments within the ERG Group's organisational structure that communicate with these parties, in such a way as to encourage them to carry out their respective activities in common areas of intervention in an effective and coordinated manner;

- informs the Board of Directors, at least once every six months, upon approval of the annual and interim financial reports, about the work carried out and the adequacy of the ICRM System;
- reviews the annual work plan prepared by the Supervisory Body, established pursuant to the provisions of Italian Legislative Decree no. 231/01 and its interim reports;
- reviews the Risk Report on the Business Plan;
- reviews the annual work plan prepared by 231 Compliance and its interim reports;
- reviews the Consolidated Non-Financial Statement, after having verified the process by which the materiality matrix was defined, and the ESG Plan, as well as the activity carried out from time to time with respect to the objectives of the ESG Plan;
- reviews the Report on Remuneration Policy and Amounts Paid pursuant to Article 123-ter of Italian Legislative Decree no. 58 of 24 February 1998;
- assesses the ongoing adequacy over time of the Market Information Procedure and the main corporate governance documents;
- provides the Board of Directors, the Chairman, the Executive Deputy Chairman and the Chief Executive Officer with all other advice and proposals deemed by the Committee to be necessary or appropriate for them to better carry out their respective duties in the areas of control, risk management and corporate disclosure;
- provides the Board of Directors and the delegated bodies with the opinions provided for by the Related Parties Procedure, where appropriate supplementing its composition in accordance with the provisions of the Related Parties Procedure itself;
- carries out any other duties assigned to it by the Board of Directors.

In the performance of its duties, the Committee was able to access the information and made use of the company functions necessary to carry out its tasks.

In 2022, the Committee held **12 meetings** – all duly recorded in minutes – during which, in addition to approving its calendar and organising its work, it addressed issues relating to the following macro-issues:

- **Group governance;**
- **Internal Control and Risk Management System**
- **Obligations as per Italian Legislative Decree no. 231/01 and the Anti-Corruption System**
- **Group administrative and accounting processes**
- **Sustainability**
- **Related parties**

The most significant issues covered by the Committee are as follows:

With regard to Group Governance:
Guidelines, procedures and standards

- it examined and gave its favourable opinion on the adoption of the Limited Management and Coordination Regulation;
- it analysed and gave its favourable opinion on the proposal to update the Guidelines for the identification and performance of significant transactions in order to adapt them to the provisions of the Limited Management and Coordination Regulation;
- it examined and shared the proposed updates to the Code of Conduct for Directors.

Specific in-depth examinations carried out

- it analysed and approved its own Report on the activities carried out in the first half of 2022 and on the adequacy of the internal control and risk management System;
- it analysed the request for information sent from Consob pursuant to art. 115, paragraph 1, letter a), of the Italian Consolidated Finance Act inherent to any critical issues linked to tensions in the energy market and the document prepared by the Company with the requested information, observing that there were no particular element of significance to be noted;
- it examined the approach followed in the preparation of the Report on the Remuneration Policy and the amounts paid out relative to financial year 2021-2022;
- it acknowledged the update carried out by the Board of Statutory Auditors with regard to the information flows in place with the Group's companies abroad;
- it examined and shared the procedures used for the management and coordination activities carried out by ERG S.p.A. in respect of direct and indirect subsidiaries, in Italy and abroad, taking account of the changes in this area since the last assessment, as well as the relationships between the Company and SQ Renewables S.p.A.

With regard to the Internal Control and Risk Management System:
Dealings with Director in charge of the Internal Control and Risk Management System

- it expressed a favourable opinion on the proposal to determine the variable remuneration relating to 2021 and to define the fixed and variable remuneration relating to 2022 for the Chief Audit Officer.

Dealings with Internal Audit

- it took note of the report on the Internal Audit activities carried out in 2021;
- it examined the quarterly update on the activities of Internal Audit, requesting specific insights in this regard;
- it examined and issued a favourable opinion on Internal Audit activity plan and budget for the year 2023.

Dealings with Finance & Group Risk Management

- it examined the six-monthly update of the Risk Report on the 2021-2025 Business Plan;
- it examined the Risk Report on the 2022-2026 Business Plan.

With regard to the obligations as per Italian Legislative Decree no. 231/01 and the Anti-Corruption System:

Dealings with the Supervisory Body

- it examined, on a six-monthly basis, the periodic reports on the activity carried out by the Supervisory Body;
- it examined the Supervisory Body schedule of activities and budget for the year 2023;
- it examined and shared the proposal to update the Organisation and Management Model pursuant to Italian Legislative Decree no. 231/01.

Dealings with 231 Compliance

- it analysed the interim reports on activities in relation to compliance with Italian Legislative Decree no. 231/01 and anti-corruption laws;
- it analyzed and gave its favorable opinion to the proposed update of the Anti-Corruption System and Policy as a result of the Group entering two new countries;
- it examined the schedule of activities in relation to compliance with Italian Legislative Decree no. 231/01 and anti-corruption laws for 2023.

With regard to the Group's administrative and accounting processes

Dealings with the Manager responsible for preparing the Company's financial reports

- it assessed the implementation of the impairment test procedure for the Financial Statements at 31 December 2021, and the most relevant general issues resulting from its application;
- it assessed, together with the Manager responsible for preparing the Company's financial reports, and having consulted the Independent Auditors KPMG S.p.A. and the Board of Statutory Auditors, the correct use of the accounting standards for the purposes of drawing up the draft Statutory Financial Statements at 31 December 2021 and the Interim Financial Report at 30 June 2022, and their uniformity for the purposes of drawing up the Consolidated Financial Statements, as well as the fundamental issues arising in the course of the statutory audit;
- it took note, having consulted the Manager responsible for preparing the Company's financial reports, together with the Board of Statutory Auditors, of the financial position, financial performance and cash flow highlights in the interim financial reports at 31 March 2022 and 30 September 2022, making no observations or remarks in this regard.

Dealings with 262 Compliance

- it examined and shared the main characteristics of the project aimed at extending the Tax Control Framework of the Group's French companies;
- it examined the Risk assessment for the year 2022 pursuant to Italian Law no. 262/05 and the testing plan relating to the Tax Control Framework;
- it analysed the interim reports on activities in relation to compliance with Italian Legislative Decree no. 262/05 and the results of the testing plan related to the Tax Control Framework, from which no elements emerged that could impede the issue of the statement by the Manager responsible for preparing the Company's financial reports and

the statement by the Chief Executive Officer of ERG S.p.A. pursuant to Article 154-bis, paragraph 5, of the Italian Consolidated Finance Act.

Specific in-depth examinations carried out

- it analysed the main aspects relating to the domestic tax consolidation scheme of ERG S.p.A. and of the indirect subsidiary ERG Wind Investments Ltd and ERG Solar Holding 1 S.r.l.;
- it took note of the main features of the intra-group service agreements for 2022;
- it examined the methods for renewing the Group VAT liquidation procedure for the 2022 tax year.

Regarding sustainability

Relations with the Chief ESG, IR & Communication Officer

- it examined the approach followed in the preparation of the Consolidated Non-Financial Statement at 31 December 2021;
- it analysed and shared the outline followed in the preparation of the 2022-2026 ESG Plan;
- it took note of the reporting of the 2021 objectives of the 2021-2025 ESG Plan;
- it took note of the reporting of the objectives of the 2022-2026 ESG Plan in the first half of 2022;
- it examined and gave its favourable opinion on the amendments and updates proposed to the Sustainability Policy;
- it examined and gave its favourable opinion on the adoption of the Policy for the Prevention of Violence, Harassment and Bullying in the Workplace;
- it examined and shared the main characteristics of the materiality Matrix for the Non-Financial Information Statement at 31 December 2022.

With regard to Related Parties

- it examined the checks carried out on the thresholds as referred to in the Procedure for transactions with related parties and acknowledged their appropriateness;
- pursuant to the provisions of the Related-Party Transaction Manual, it examined the information received, on a half-yearly basis, on the application of the exemption cases indicated by the Regulation adopted by Consob with resolution no. 17221 of 12 March 2010 as amended and updated, with reference to the transaction approved or executed in the reference period, in order to carry out an ex-post examination of the application of the exemption cases;
- it analysed and gave its favourable opinion on the proposal to update the Procedure for Transactions with Related Parties in order to adapt it to the provisions of the Limited Management and Coordination Regulation.

With regard to the information flows with the Board of Statutory Auditors and the Independent Auditors

- it has been in regular contact with the Board of Statutory Auditors, which participated in all the Committee meetings, and with the independent auditors, which participated in all the Committee meetings in which the periodic financial reports were analysed;

- it consulted the Board of Statutory Auditors and the Independent Auditors as part of the process to assess the proper application of accounting standards and their consistency for the purposes of drawing up periodic financial reports..

Main activities of significance carried out after 31 December 2022

With regard to Group Governance:

Guidelines, procedures and standards

- it reviewed and gave its favorable opinion on the adoption of the Whistleblowing Guideline.

Specific in-depth examinations carried out

- it analysed and approved its own Report on the activities carried out in the 2022 financial year and on the adequacy of the internal control and risk management System;
- it examined the approach followed in the preparation of the Report on the Remuneration Policy and the amounts paid out relative to financial year 2022-2023;

With regard to the Internal Control and Risk Management System

Dealings with Internal Audit

- it analysed the report on the Internal Audit activities carried out in 2022, noting the relative results.

Dealings with Finance & Group Risk Management

- It reviewed the the six-monthly update of the Risk Report on the 2022-2026 Business Plan.

With regard to the obligations as per Italian Legislative Decree no. 231/01 and the Anti-Corruption System

Dealings with the Supervisory Body

- it analysed the report on the activities of the Supervisory Body carried out in 2022, noting the relative results.

Dealings with 231 Compliance

- it analysed the report on Compliance activities pursuant to Italian Legislative Decree no. 231/01 and on anti-corruption carried out in 2022, noting the relative results;

With regard to the Group's administrative and accounting processes:

Dealings with the Manager responsible for preparing the Company's financial reports

- it assessed the implementation of the impairment test procedure for the Financial Statements at 31 December 2022, and the most relevant general issues resulting from its application;
- it assessed, together with the Manager responsible for preparing the Company's financial reports, and having consulted the Independent Auditors KPMG S.p.A. and the Board of Statutory Auditors, the correct use of the accounting principles for the purpose of preparing the Draft Financial Statements at 31 December 2022 and their homogeneity for the purpose of preparing the Consolidated Financial Statements;

Dealings with 262 Compliance

- it analysed the interim report on activities in relation to compliance with Italian Legislative Decree no. 262/05, from which no elements emerged that could impede the issue of the statement by the Manager responsible for preparing the Company's financial reports and the statement by the Chief Executive Officer of ERG S.p.A. pursuant to Article 154-bis, paragraph 5, of the Italian Consolidated Finance Act.

Specific in-depth examinations carried out

- it analysed the main aspects relating to the domestic tax consolidation scheme of ERG S.p.A. and of the indirect subsidiary ERG Wind Investments S.r.l. and ERG Solar Holding S.r.l.;
- it took note of the main features of the intra-group service agreements for 2023;
- it examined the methods for renewing/performing the Group VAT liquidation procedure for the 2023 tax year.

Regarding sustainability*Relations with the Chief ESG, IR & Communication Officer*

- it examined the approach followed in the preparation of the Consolidated Non-Financial Statement at 31 December 2022;
- it took note of the reporting of the 2022 objectives of the 2022-2026 ESG Plan;
- it analysed and shared the outline followed in the preparation of the 2022-2026@2023 ESG Plan.

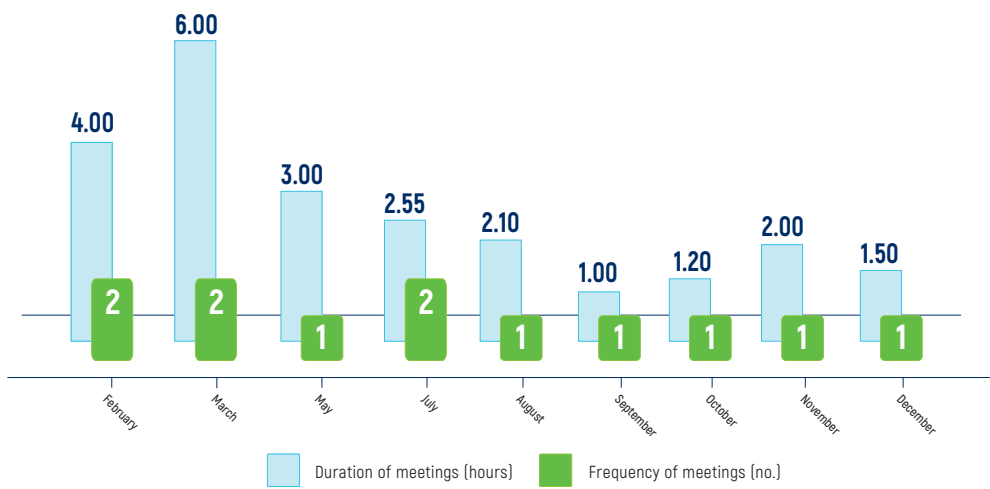
With regard to Related Parties

- it examined the communication from San Quirico S.p.A. and SQ Renewables S.p.A. relating to the granting of a special contribution in favour of a selected group of top managers of ERG S.p.A. as part of the completion of the recent partnership transaction between San Quirico S.p.A. and IFM Investors in relation to ERG S.p.A., issuing to this an opinion pursuant to Article 4.1 of the Procedure for Transactions with Related Parties;
- it examined the checks carried out on the thresholds as referred to in the Procedure for transactions with related parties and acknowledged their appropriateness;
- pursuant to the provisions of the Related-Party Transaction Manual, it examined the information received, on a half-yearly basis, on the application of the exemption cases indicated by the Regulation adopted by Consob with resolution no. 17221 of 12 March 2010 as amended and updated, with reference to the transaction approved or executed in the reference period, in order to carry out an ex-post examination of the application of the exemption cases.

The Committee deemed it possible to confirm, in light of the activities carried out in 2022, its positive assessment with regard to the adequacy of the Internal Control and Risk Management System.

The average duration of the meetings held by the Committee was **around 2 hours**.

At the date of approval of this document, the Control, Risk and Sustainability Committee had met **5 times**.





Nominations and Remuneration Committee



Emanuela Bonadiman
Chair



Elena Grifoni Winters
Member



Federica Lolli
Member

Composition:

Emanuela Bonadiman - *Chair*

Elena Grifoni Winters

Federica Lolli

Giovanni Marco Scollo - *Secretary*

The current Nominations and Remuneration Committee is comprised of three non-executive Directors, all independent as per the Italian Consolidated Finance Act and the Code, appointed by the Board of Directors in the meeting of 26 April 2021.

In the first meeting of the Committee, held on 5 May 2021, the Director Emanuela Bonadiman, taking into account the experience gained by her over the previous three-year period, was appointed Chair of the Nominations and Remuneration Committee.

During the same meeting on 5 May 2021, the Committee appointed a Secretary from outside of its members. Together with the Secretary, the Chair coordinates the activities of the Committee and chairs its meetings.

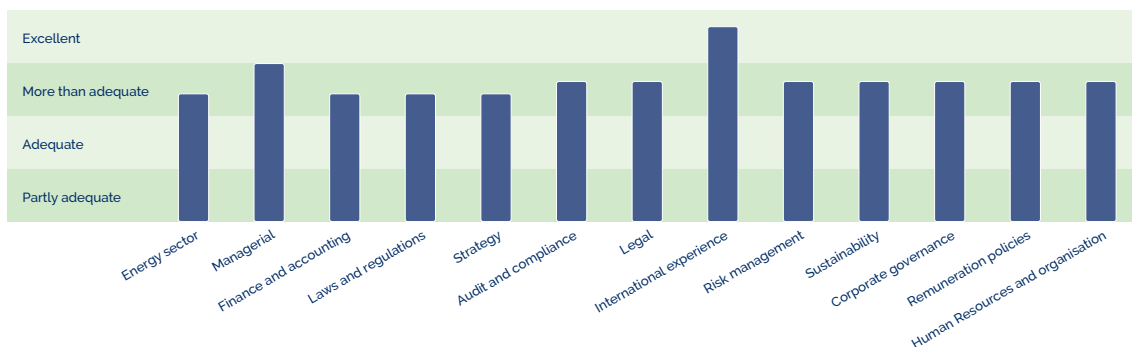
The members of the Committee have adequate financial and remuneration policy expertise⁴⁰.

⁴⁰ These characteristics were assessed by the Board of Directors at the meeting of 26 April 2021 and during the self-assessment process on 24 February 2022 and 24 February 2023.

The expertise within the Committee as a result of the self-assessment process carried out on 24 February 2023

Average expertise score: **more than adequate (73%)**

One area of expertise was rated as **“excellent”**, while the remaining areas of expertise as **“more than adequate”**



The Nominations and Remuneration Committee meetings are attended by the Chairman of the Board of Statutory Auditors or another auditor designated by her or, depending on the topics to be discussed, by all members of the Board of Statutory Auditors. Meetings may also be attended, upon invitation, by the Chairman of the Board of Directors, the Executive Deputy Chairman and the Chief Executive Officer, who are entitled to participate in the discussion of the agenda items and to identify adequate actions to confront critical or potentially critical situations, as well as (again depending on the topics dealt with) the Chief Human Capital Officer.

Employees of ERG Group Companies, representatives of the Independent Auditor and, in general, persons whose presence is deemed necessary or appropriate for the discussion of the agenda items may be invited to attend meetings of the Nominations and Remuneration Committee.

Directors do not take part in the meetings of the Nominations and Remuneration Committee where proposals are made to the Board of Directors related to their own remuneration.

Meetings of the Nominations and Remuneration Committee may also be held by teleconference or videoconference, provided that all participants can be identified and are able to follow the discussion and intervene in real time in the discussion of the items on the agenda. If these requirements are met, the Nominations and Remuneration Committee is deemed to be held in the place where it was convened, where the meeting secretary must be located.

For meetings to be valid, a majority of the members in office must be present. The Nominations and Remuneration Committee resolves by an absolute majority of those present; in the event of a tie, the vote of the person chairing the meeting shall prevail.

The minutes of the meetings are signed by the Chairman and the secretary.

The Nominations and Remuneration Committee meets at least quarterly, according to a schedule set with sufficient advance notice.

Nominations and Remuneration Committee members are provided with, at least 48 hours before the meeting, other than in exceptional cases, the documentation and information required to enable the Nominations and Remuneration Committee to express an informed opinion on the matters under consideration. This documentation is made available through the use of specific computer systems suitable for protecting confidentiality. Members of the Nominations and Remuneration Committee and Statutory Auditors are required to maintain the confidentiality of the documents and information acquired in the performance of their duties and to comply with the rules adopted by the Company for the management and processing of relevant and inside information and for the dissemination of statements and information to the public as set out in detail in the Market Information Procedure.

In the event that it is not possible to send the relevant documentation in advance for some of the topics dealt with, the Chairman, with the support of the secretary, shall ensure that specific and punctual in-depth analyses are in any case guaranteed and/or carried out, also with the support of the Key Management Personnel or Managers competent for the matter, invited to participate for this purpose.

The Nominations and Remuneration Committee has access to the information necessary to perform its duties and may make use of external consultants. Within the scope of the activity performed by the Committee members for the purposes of the Procedure for Transactions with Related Parties, the Board of Directors has not set any expense limit even for transactions of "Minor Relevance".

Tasks

The Nominations and Remuneration Committee advises and issues recommendations to the Board of Directors, the Chief Executive Officer, and the Executive Deputy Chairman and fulfils the role and responsibilities indicated in the Code for the Nominations Committee and the Remuneration Committee⁴¹. As from the date of endorsement by the Company of the edition of the Corporate Governance Code published in July 2015, the Chair of the Nominations and Remuneration Committee reports to the Board of Directors at the first board meeting on the meetings held by the Committee in the intervening period.

Specifically:

With reference to the activities of the Remuneration Committee:

- makes proposals to the Board of Directors regarding the definition and updating of the Remuneration Policy;
- makes proposals or expresses opinions to the Board of Directors concerning the remuneration of the Executive Directors or Directors holding special positions as well as, if necessary, of the Directors who are members of the Strategic Committee, when they are not employees of the ERG Group and do not sit on the Board of Directors;
- expresses opinions to the Chief Executive Officer regarding the remuneration of Key Management Personnel;
- makes proposals and expresses opinions to the Board of Directors on the remuneration of Executive Directors, on the setting of targets related to the variable component of the short and medium/long-term incentive scheme, verifying their effective achievement;

⁴¹ Respecting the conditions in this respect provided for both Committees by the New Code, without prejudice to Recommendation 26.

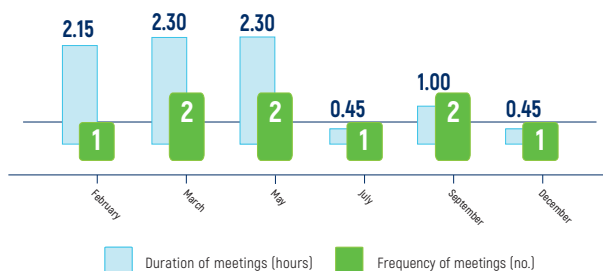
- makes proposals and expresses opinions to the Chief Executive Officer and the Executive Deputy Chairman for the remuneration of Key Management Personnel on the setting of corporate and sustainability targets related to the variable component of the short and medium/long-term incentive systems, so that the Board of Directors can decide on the matter, verifying their actual achievement;
- regularly assesses the suitability, overall consistency and practical application of the Remuneration Policy, reporting to the Board of Directors;
- provides the Board of Directors and the delegated bodies with the opinions provided for by the Related Parties Procedure, where appropriate supplementing its composition in accordance with the provisions of the Related Parties Procedure itself;
- carries out any other duties assigned to it by the Board of Directors.

With reference to the activities of the **Nominations Committee**:

- proposes to the Board of Directors, where requested by the same, the candidates for the office of Director in the case provided for by Article 2386, first paragraph, of the Italian Civil Code;
- assesses, at the specific request of the shareholders who intend to present lists, the independence of candidates for the office of Director to be submitted to the Shareholders' Meeting;
- provides the Board of Directors, on an annual basis, with an evaluation of the size, composition and functioning of the Board itself, and it may express recommendations on the professional profiles that should be included in the Board;
- expresses, taking into account the percentage of participation of Directors in the Boards of Directors, the Committees and the Strategic Committee, its opinion on the adequacy of the maximum number of offices indicated in paragraph 1.4.2 of the Regulation and provides opinions to the Board of Directors on any exceptions to the same;
- periodically assesses the adequacy of the CEO's Succession Plan as defined in paragraph 1.4.3 and provides opinions to the Board of Directors on the possible need to revise the said Plan;
- supports the Board of Directors in verifying the existence of adequate procedures for the succession of Key Management Personnel and Management;
- carries out any other duties assigned to it by the Board of Directors.

In the performance of its duties, the Committee was able to access the information and company functions necessary to carry out its tasks.

In 2022, the Committee held **9 meetings** – all duly recorded in minutes – during which, in addition to approving its calendar and organising its work:



With reference to the activities of the **Remuneration Committee**:

- defined, in relation to the MBO System, for the 2021 financial year, the proposal relative (i) to the corporate objective result (Group consolidated EBT); (ii) to the results of the sustainability objective and (iii) the result of the individual objective for the Chief Executive Officer;
- defined, in relation to the MBO System, for the 2022 financial year, the proposal relative (i) to the corporate objective target value (Group consolidated EBT) and the threshold conditions; (ii) to the target values of the sustainability objective and the threshold conditions and (iii) the target value of the individual objective for the Chief Executive Officer and the threshold conditions;
- analysed the benchmarks established, in relation to the 2021 financial year, in order to assess the adequacy (i) of the fixed annual fee paid to all the members of the Board of Directors and to the Directors called upon to sit on the Nominations and Remuneration Committee and the Control, Risk and Sustainability Committee as well as (ii) of the remuneration of the Chairman of the Board of Statutory Auditors and of Standing Statutory Auditors, using as reference both MID CAP companies and those included in the FTSE-MIB;
- examined and shared the update to the Remuneration Policy, finalised at incorporating, in particular, (i) the changes that took place following the appointment of the new Board of Directors, the appointment of the new Chief Executive Officer and the loss of the figure of the General Manager (ii) the resolution of the Board of Directors, on 13 May 2021, with which the conditions necessary to implement the 2021-2023 LTI System were defined, in line with the current Remuneration Policy and in light of the 2021-2025 Business Plan and ESG Plan; and (iii) the relevant elements of the 2022-2026 Business Plan and ESG Plan to be approved.
- analysed some benchmarks on the various levels of disclosure and on the practices adopted by listed companies in terms of remuneration as well as the main issues relevant to ERG S.p.A.;
- examined and shared the benchmark data acquired with reference to the remuneration of Executive Directors or Directors holding particular offices or called to sit on the Strategic Committee, formulating proposals to the Board of Directors in this regard;
- examined and shared the benchmark data acquired with reference, in particular, to the remuneration of the Key Management Personnel and the remuneration of the Chairman of an ERG Group company, a related party of ERG S.p.A., formulating its favourable opinion in this regard;
- examined and shared, in particular, the favourable outcome of the vote of the Shareholders' Meeting of 26 April 2022 on the first and on the second section of the Remuneration Policy and the fees paid;
- analysed some benchmarks on the various levels of disclosure and on the practices adopted by listed companies in terms of remuneration as well as the main issues relevant to ERG S.p.A.;
- analysed the updates related to the initiatives that the Company is putting in place on diversity with respect to the objectives of the 2021-2025 ESG Plan;
- examined and shared the monitoring of the progress made in implementing the MBO System as well as the IQ incentive plan (short-term incentive plan for some managers and professionals of the ERG Group).

With reference to the activities of the **Nominations Committee**:

- analysed and shared the corporate communications and the results of the questionnaire regarding the size, composition and functioning of the Board of Directors and its Committees relating to financial year 2021;
- examined and shared the process followed for the purpose of defining the ERG Group's 2022 succession plan;
- supported the Board of Directors with the assessment of a candidate to the office of Director pursuant to art. 2386, first paragraph, of the Italian Civil Code;

With reference to the activities pursuant to the **Procedure for Transactions with Related Parties**:

- pursuant to the provisions of the Related-Party Transaction Manual, it examined the information received, on a half-yearly basis, on the application of the exemption cases indicated by the Regulation adopted by Consob with resolution no. 17221 of 12 March 2010 as amended and updated, with reference to the transaction approved or executed in the reference period, in order to carry out an ex-post examination of the application of the exemption cases;
- as part of the definition process, in relation to the MBO System, for the 2022 financial year, of the proposal relative (i) to the corporate objective target value (Group consolidated EBT) and the threshold conditions; (ii) to the target values of the sustainability objective and the threshold conditions and (iii) the target value of the individual objective for the Chief Executive Officer and the threshold conditions, it issued an opinion pursuant to art. 4.1 of the Procedure for Transactions with Related Parties;
- as part of the process for the definition of the proposals relative to the remuneration of executive Directors or Directors assigned particular mandates or called to be part of the Strategic Committee, it issued an opinion pursuant to art. 4.1 of the Procedure for Transactions with Related Parties;
- as part of the of the process for the definition of the remuneration of the Chairman of one company of the ERG Group, a related party to ERG S.p.A., it issued an opinion pursuant to art. 4.1 of the Procedure for Transactions with Related Parties.

Main activities of significance carried out after 31 December 2022

With reference to the activities of the **Remuneration Committee**:

- it defined, in relation to the MBO System, for the 2022 financial year, the proposal relative (i) to the corporate objective result (Group consolidated EBT); (ii) to the results of the sustainability objective and (iii) the result of the individual objective for the Chief Executive Officer;
- it defined, in relation to the MBO System, for the 2023 financial year, the proposal relative (i) to the corporate objective target value (Group consolidated EBT) and the threshold conditions; (ii) to the target values of the sustainability objective and the threshold conditions and (iii) the target value of the individual objective for the Chief Executive Officer and the threshold conditions;
- it analysed the benchmarks established, in relation to the 2022 financial year, in order to assess the adequacy of the fixed annual fee paid to all the members of the Board of Directors and to the Directors called upon to sit on

the Nominations and Remuneration Committee and the Control, Risk and Sustainability Committee, using as reference both MID CAP companies and those included in the FTSE-MIB;

- it reviewed and endorsed the updated Remuneration Policy Report aimed at (a) graphically represent the overall pay mix of the Chief Executive Officer accrued in 2022; (b) further clarify the relationship between the remuneration of the Chief Executive Officer and the remuneration of the ERG Group employees, (c) provide additional information both on gender equality in matters of equal pay, in line with the Diversity and Inclusion policies promoted by the Nominations and Remuneration Committee, and on the issue of minimum pay, (d) explain the engagement plan with shareholders and the financial community;
- it examined and shared some benchmarks on the various levels of disclosures and on the practices adopted by listed companies with regard to remuneration for the purposes of the preparation of the Report on remuneration and fees paid.

With reference to the activities of the **Nominations Committee**:

- it analysed and shared the corporate communications and the results of the questionnaire regarding the size, composition and functioning of the Board of Directors and its Committees relating to financial year 2022.

With reference to the activities pursuant to the **Procedure for Transactions with Related Parties**: it examined the communication from San Quirico S.p.A. and SQ Renewables S.p.A. relating to the granting of a special contribution in favour of a selected group of top managers of ERG S.p.A. as part of the completion of the recent partnership transaction between San Quirico S.p.A. and IFM Investors in relation to ERG S.p.A., excluding the same from falling within the scope of competence of the Nomination and Remuneration Committee pursuant to art. 4.1 of the Procedure for Transactions with Related Parties.

- pursuant to the provisions of the Related-Party Transaction Manual, it examined the information received, on a half-yearly basis, on the application of the exemption cases indicated by the Regulation adopted by Consob with resolution no. 17221 of 12 March 2010 as amended and updated, with reference to the transaction approved or executed in the reference period, in order to carry out an ex-post examination of the application of the exemption cases
- as part of the definition process, in relation to the MBO System, for the 2023 financial year, of the proposal relative (i) to the corporate objective target value (Group consolidated EBT) and the threshold conditions; (ii) to the target values of the sustainability objective and the threshold conditions and (iii) the target value of the individual objective for the Chief Executive Officer and the threshold conditions, it issued 2 opinions pursuant to Article 4.1 of the Procedure for Transactions with Related Parties;

The average duration of the meetings held by the Committee was **around 1 hour**. At the date of approval of this document, the Nominations and Remuneration Committee had met **6 times**..



Strategic Committee



Alessandro Garrone
Chairman



Giovanni Mondini
Member



Paolo Luigi Merli
Member



Luca Bettonte
Member



Elisabetta Oliveri
Member



Renato Pizzolla
Member

Composizione:

Alessandro Garrone - *Chairman*

Giovanni Mondini

Paolo Luigi Merli

Luca Bettonte

Elisabetta Oliveri

Renato Pizzolla

Michele Pedemonte - *Secretary*

The current Strategic Committee is made up of six Directors, of which two are executive Directors, three are non-executive Directors and one Director is independent pursuant to the ICFA and the Code, appointed by the Board of Directors in the meeting of 26 April 2021, which at the same time appointed the Executive Deputy Chairman, Alessandro Garrone, as Chairman of the Committee.

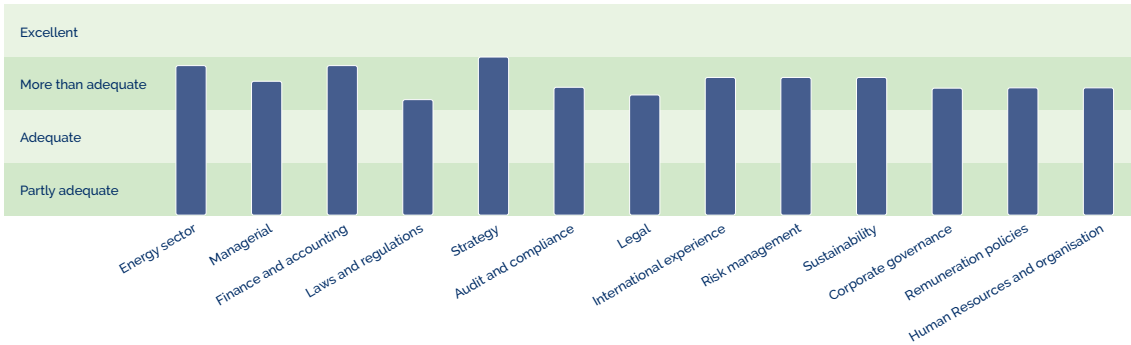
During the meeting on 18 February 2022, the Committee appointed a Secretary from outside of its members. Together with the Secretary, the Chairman coordinates the activities of the Committee and chairs its meetings.

In relation to the resignation of Marco Costaguta on 9 September 2022 from the office of Board Member of ERG S.p.A. and member of the Strategic Committee, on 15 September 2022, the Board of Directors, on the proposal of the Nominations and Remuneration Committee, pursuant to Art. 2386 of the Italian Civil Code and Art. 15 of the Articles of Association, appointed Renato Pizzolla as the new non-executive Director of the Company and member of the Strategic Committee. Director Renato Pizzolla will remain in office until the next ERG S.p.A. Shareholders' Meeting.

Expertise within the Committee as a result of the self-assessment process carried out on 24 February 2023

Average expertise score: **more than adequate (75%)**

All areas of expertise were rated as **"more than adequate"**



Task

The Committee advises and issues recommendations to the Executive Deputy Chairman and the Chief Executive Officer in execution of the mandate conferred by the ERG Board of Directors.

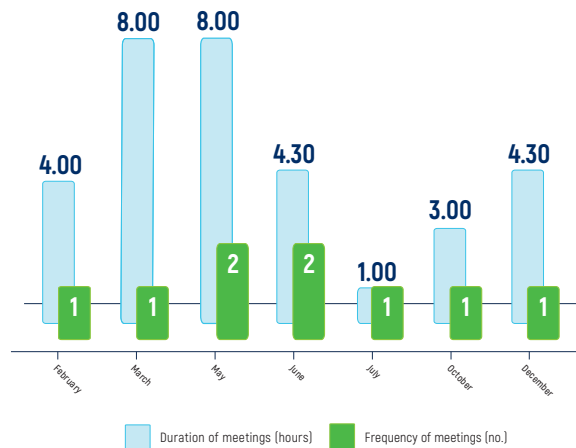
In accordance with the strategies and policies approved by the Board of Directors, the Committee's activities include the strategic coordination of Group activities, the definition of strategic business and portfolio guidelines, and the 6-monthly review of threshold rates, guidelines and policies on strategic finance and for individual non-recurring financial transactions, monitoring the progress of their implementation over time.

Moreover, the Committee also examines in advance, pursuant to the provisions of Article 1, letter a) of the Code, the long-term strategic plans and capital expenditure budgets of the Group, and the strategic benefits of significant investments and transactions effected at Group level, as well as the consistency of economic and financial returns with respect to the threshold rates, and comments on the need to involve the Board of Directors, in accordance with the provisions of Group Investment Guidelines.

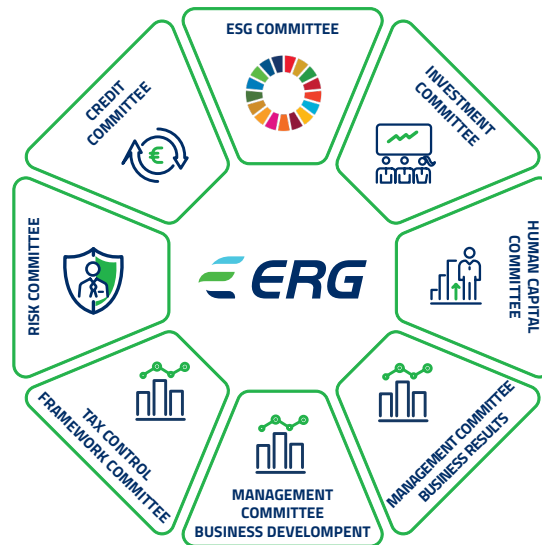
In 2022, the Committee held **9 meetings**.

The average duration of the meetings held by the Committee was around **3 hours and 30 minutes**.

At the date of approval of this document, the Strategic Committee had met **4 times**.



INTERNAL COMMITTEES



RISK COMMITTEE

- Supports the CEO in defining strategies and policies for the management of financial and market risks;
- Provides the CEO with the information required to authorise financial and market risk management operations, and to monitor the execution of significant transactions and verify their effects.



INVESTMENT COMMITTEE

- Supports the CEO in assessing investment proposals;
- Expresses a justified technical, economic and financial opinion for the Strategic Committee at various stages in the investment process.



HUMAN CAPITAL COMMITTEE

- Defines and monitors the main Human Capital development programmes and processes;
- Provides support to the Executive Deputy Chairman and the CEO in decisions relating to strategies that determine the value of ERG's Human Capital;
- Monitors the effective implementation of the Human Rights Policy, managing the reports relating to non compliance thereof.



MANAGEMENT COMMITTEE BUSINESS RESULTS

- Monitors the Group's economic, financial and industrial results through standardised reporting and control models;
- Follows the changes in the reference institutional and regulatory framework, sharing growth trends, opportunities and risks;
- Monitors activities and projects in the context of domestic and foreign institutional relations.



MANAGEMENT COMMITTEE BUSINESS DEVELOPMENT

- Monitors the relevant projects of the Group, supporting the relative Project Leader, as well as ensuring the alignment of all Organisational Units on the priorities and ensuring consistency with the decisions of the Investment Committee;
- Analyses business development opportunities both in terms of geographic expansion and technological diversification.



ESG COMMITTEE

Directs, plans and supervises the management of issues related to the implementation of ESG/CSR and Internal and External Communication objectives, and in particular:

- Defines the Group's sustainability guidelines in the medium-long term and promotes the implementation of consistent practices and projects concerning corporate social responsibility;
- Approves the ESG Initiatives Plan as an integral part of the Group Business Plan, monitors the implementation, the achievement of the targets and the priority areas of intervention;
- Approves the Internal and External Communication Plan, also aimed at promoting the ESG initiatives plan, monitoring its implementation and enhancing its growing importance in strategic terms;
- Manages the preparation and dissemination of the "Non-Financial Statement" (NFS) and other reporting methods related to ESG issues.
- Approve the allocation of proceeds from Green Bond issues and related annual reporting in line with the Green Control Framework.



TAX CONTROL FRAMEWORK COMMITTEE

- Performs preliminary analyses, and provides specific recommendations, on the testing, monitoring and assessment activities of the Tax Control Framework;
- Performs preliminary analyses, and provides specific recommendations, on the Annual Report of the Tax Control Framework, addressed to the Control, Risk and Sustainability Committee;
- Monitors, jointly with the Head of Process Innovation & Compliance 262, the actual implementation of the remediation plan resulting from the testing, monitoring and evaluation of the Tax Control Framework



CREDIT COMMITTEE

Has competence, for the entire Group, in matters regarding the granting of credit lines, schedule analysis and collection trends, assessment and verification of overdue recovery plans, general assessment of credit performance.

The composition of the Internal Committees (non-board committees, composed of Group managers) is aligned with the working model of the Group's organisational structure.



Management Committee Business Results

- Monitors the economic, financial and industrial results of the Group through standardised reporting and control models;
- Follows development in the reference institutional and regulatory framework, sharing growth trends, opportunities and risks;
- Monitors activities and projects in the context of domestic and foreign institutional relations.



Management Committee Business Development

- Monitors the Group's significant wind & solar development projects (greenfield, co-development, under construction and M&A), supporting the relative Project Leader, ensuring also the alignment of all Organisational Units as regards priorities and guaranteeing consistency with the decisions of the Investment Committee;
- Analyses business development opportunities both in terms of geographical expansion and technological diversification.



Investment Committee

- Supports the Chief Executive Officer in assessing investment proposals;
- Expresses a reasoned technical, economic and financial opinion for the Strategic Committee at various stages in the investment approval process.



Human Capital Committee

- Defines and monitors the main Human Capital development programmes and activities;
- Supports the Executive Deputy Chairman and the Chief Executive Officer in decisions relating to strategies that determine the value of the Human Capital of ERG;
- Monitors the effective implementation of the Human Rights Policy and manages reports relating to non-compliance therewith.



Risk Committee

- Supports the Chief Executive Officer in defining strategies and policies for the management of financial and market risks;
- Provides the Chief Executive Officer with the information required to authorise financial and market risk management operations, and to monitor the execution of significant transactions and verify their effects.



ESG Committee

Directs, plans and supervises the implementation of ESG/CSR and Internal and External Communication objectives and in particular:

- Defines the Group's medium to long-term sustainability guidelines and promotes the implementation of consistent practices and projects in the field of corporate social responsibility;
- Approves the ESG Plan as an integral part of the Group's Business Plan, monitors its execution, the achievement of targets and the priority areas for intervention;
- Approves the Internal and External Communication Plan, also aimed at promoting the Plan's ESG initiatives, monitoring their implementation and enhancing their growing importance in strategic terms;
- Manages the preparation and dissemination of the "Consolidated Non-Financial Statement" (NFS) and other reporting methods related to ESG matters;
- Approve the allocation of proceeds from Green Bond issues and related annual reporting in line with the Green Control Framework.



Credit Committee

Has competence for the entire Group in matters regarding the granting of credit lines, schedule analysis and collection trends, assessment and verification of overdue recovery plans, general assessment of credit performance.

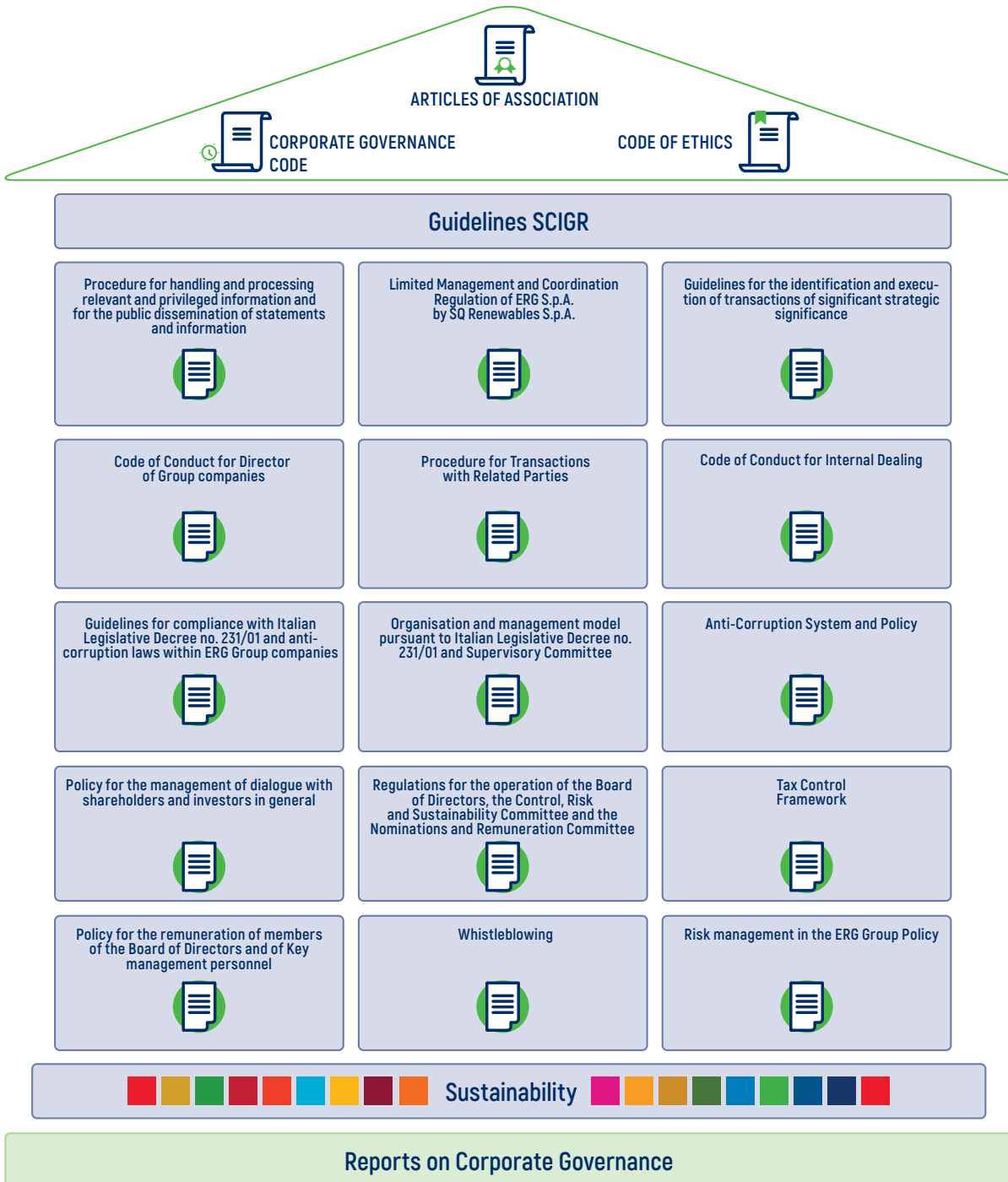


Tax Control Framework Committee

- Performs preliminary analyses, and provides specific recommendations, on the testing, monitoring and assessment activities of the Tax Control Framework;
- Performs preliminary analyses, and provides specific recommendations, on the Annual Report of the Tax Control Framework, addressed to the Control, Risk and Sustainability Committee;
- Monitors, jointly with the Head of Process Innovation & Compliance 262, the actual implementation of the remediation plan resulting from the testing, monitoring and evaluation of the Tax Control Framework.

5.3. CORPORATE GOVERNANCE DOCUMENTS

ERG has adopted a Corporate Governance system that complies with the provisions of the Code, strongly oriented towards business ethics and sustainability, understood as a system of values that inspires all corporate activities, at every level, in order to ensure business management oriented towards the creation of sustainable value for shareholders in full compliance with legality, transparency, correctness of relations and business, taking into account the interests of other stakeholders relevant to the Company and contributing positively to the socio-economic development of the territories and local communities affected by the ERG Group's production assets and business development projects.



Articles of Association

The Articles of Association, as illustrated in detail in the Report, contain the main operating rules of ERG's corporate bodies and were most recently amended on 26 April 2022.

Code of Ethics

The Code of Ethics is an instrument for raising the awareness of all employees and associates and all other stakeholders so that, when carrying out their activities, they adopt correct and accountable conduct in line with the ethical and social values to which ERG aspires. The Code of Ethics is therefore an essential part of the 231 Model.

The Code of Ethics was revised in 2018 to take into account changes made to the business, with particular reference to the exit from the downstream sector, the increasingly international scope of the ERG Group, certain regulatory changes, in particular as regards the handling of inside information and ensuring confidentiality relative to the identity of those who, in good faith, report possible violations of ethical principles related to corporate sustainability, such as the fight against corruption, respect for human rights and the protection of working conditions, with reference to which certain rules of conduct have been specified further, and lastly the adoption of the Anti-Corruption System and Policy.

The Code of Ethics is adopted by all companies in the Group, both Italian and foreign, and is available in English, French and German.

The Code of Ethics is communicated to associates of the Group not only through its publication on the Group's website, but also through reference in the contractual clauses.

Group employees are provided with both classroom training and an e-learning course, use of which is tracked in the system.

Corporate Governance Code

In order to adapt its governance to best practices, the Company has endorsed the Corporate Governance Code since its first edition in 1999.

The Corporate Governance Code promoted by Borsa Italiana S.p.A. was published on 31 January 2020. Issuers are required to endorse the recommendations of the Code as from 1 January 2021, and to inform the market of this by means of the report on corporate governance and ownership.

On 15 October 2020, ERG's Board of Directors unanimously resolved to endorse the above Code, giving the Chairman the mandate to implement what is necessary or appropriate to execute the resolution adopted. The Code is accessible to the public on the website of the Corporate Governance Committee at <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>

Procedure for handling and processing relevant and privileged information and for the public dissemination of statements and information

The Board of Directors, based on a recommendation made by the Control, Risk and Sustainability Committee, has adopted a procedure for handling and processing relevant and inside information and for the public dissemination of statements and information. The aim is to ensure that all statements and information intended for the market, for

CONSOB and for Borsa Italiana S.p.A. are the outcome of a process that guarantees both timeliness and accuracy. The procedure was most recently updated on 20 July 2021 in order to incorporate the organisational changes that occurred following the appointment, on 26 April 2021, of the new Board of Directors of ERG S.p.A. and of the new Chief Executive Officer. This procedure defines the tasks and responsibilities of the functions involved, identifies the criteria, methods and timing of the various procedural stages, and establishes the appropriate decision-making levels for the dissemination of statements and information. For this purpose, it contains prescriptions aimed at assuring an exhaustive and timely flow of information within the companies of the Group and between them and the listed Parent for the purposes of compliance with disclosure obligations, regarding inside information, vis-à-vis the market and the organisations tasked with its supervision.

Limited Management and Coordination Regulation of ERG S.p.A. by SQ Renewables S.p.A.

Following the closing of the transaction aimed at the creation of a long-term partnership between San Quirico S.p.A. and the IFM Net Zero Infrastructure Fund SCSP investment fund, which occurred on 15 September 2022, the Company is a subsidiary of SQ Renewables S.p.A. (a full subsidiary of San Quirico S.p.A. and NZF Bidco Luxembourg 2 S.à r.l. with holdings of 65% and 35%, respectively). SQ Renewables S.p.A. exercise a limited management and coordination activity on the Company, in accordance with the provisions of the Limited Management and Coordination Regulation approved on 15 September 2022 by the Board of Directors, with the prior opinion of the Control Risk and Sustainability Committee.

This circumstance was evaluated by the Board of Directors, in the meeting of 16 December 2022, also on the basis of a preliminary review carried out by the Control, Risk and Sustainability Committee.

Guidelines for the identification and execution of transactions of significant strategic significance

The Board of Directors has defined the guidelines for the identification and execution of transactions of strategic significance, the examination and approval of which - as recommended by the Code - remain the exclusive responsibility of the Board of Directors.

The guidelines were last updated on 13 October 2022 in order to expressly include under Significant Transactions those in relation to which SQ Renewables S.p.A. exercises activities for the management and coordination of ERG.

Code of Conduct for Directors of Group companies

The Board of Directors has adopted a Code of Conduct for the Directors appointed in the Group companies, last updated on 16 December 2022, with the purpose of providing the same with support for better performance of the duties assigned to them through the use of all skills present in the ERG Group and uniform conduct criteria in order to allow them to perform their duties in an organic framework of reference, in observance of the corporate governance principles of the Company and, when possible, consistent with the interest of the Group (as defined in the Code).

Procedure for Transactions with Related Parties

The Board of Directors, following favourable opinion from the Control and Risk Committee and with the input of the Board of Statutory Auditors, approved and adopted a specific internal resolution aimed at ensuring the transparency and substantial and procedural correctness of the transactions with related parties carried out by ERG directly or through its subsidiaries.

On 13 October 2022, the Procedure was updated in order to assign the Board of Director the exclusive competence in the decision of any transaction with Related Parties (including "Minor Significance" ones), as transactions in relation to which SQ Renewables S.p.A. exercises limited management and coordination activities with regard to ERG.

The Board of Statutory Auditors acknowledged the compliance of the aforementioned updates with the provisions of the Regulations including provisions relating to transactions with related parties (adopted by Consob with resolution no. 17221 of 12 March 2010 as amended and supplemented).

Code of Conduct for Internal Dealing

The Board of Directors has adopted a Code of Conduct, most recently updated by the Board of Directors on 11 May 2017, aimed at regulating disclosure obligations in respect of the market, the Company and CONSOB with reference to transactions involving ERG shares/debt instruments issued by ERG or derivatives or other related financial instruments carried out, directly or indirectly, by members of the Board of Directors and Board of Statutory Auditors of ERG and of significant Company Subsidiaries, by members of top management of the Group (who by virtue of their positions within the Group have significant decision-making power or considerable knowledge of the company strategies such as to help them in investment decision regarding the aforesaid instruments) and by persons closely connected with them. The list of recipients of this Code is published on the Company's website (www.erg.eu).

Guidelines for compliance with Italian Legislative Decree no. 231/01 and anti-corruption laws within ERG Group companies

ERG, with particular reference to the definition of the corporate governance system and within the scope of the management and coordination activities carried out with respect to Italian and foreign Company Subsidiaries, (respecting the managerial and operating independence of said companies, which benefit from the advantages, the synergies and the economies of scale deriving from their inclusion in the ERG Group), decided to summarise in the Guidelines the general reference principles and rules that Subsidiaries are asked to take into consideration.

In particular, the Guidelines have a general control function over:

- the adoption of the Code of Ethics and the Anti-Corruption Policy by all the Subsidiaries;
- the assessment, by each Italian Subsidiary, of activities within which there is the potential risk of offences being committed and the consequent implementation of instruments to achieve compliance with Italian Legislative Decree no. 231/01.

The latest version of the Guidelines was approved by the Board of Directors on 9 October 2017.

Organisation and management model pursuant to Italian Legislative Decree no. 231/01 and Supervisory Committee

In the meeting of 21 December 2004 the Board of Directors of ERG resolved the adoption, for the first time, of a 231 Model, considering it an effective instrument to limit the risk of commission of offences assumed in the responsibility of entities pursuant to Italian Legislative Decree no. 231/2001. In fact, the document establishes conditions of correctness and transparency in the performance of corporate activities, so contributing to the improvement of corporate governance.

The 231 Model is composed of:

- **a general part**, which defines the reference regulatory framework, the reality and governance system of the Company, the methodology adopted for activities relating to risk assessment, gap analysis and action plans, the identification and appointment of the Company's Supervisory Body, with the specification of the powers and tasks pertaining to it, and the indication of the reporting and whistleblowing channels adopted by the Company, the latter in compliance with Italian Law no. 179/2019, the function of the disciplinary system and the relative sanction system, the training and information plan to be adopted in order to guarantee awareness of the measures and provisions included in the 231 Model, the criteria for the updating and adapting of the 231 Model, the disciplinary system applied in case of violation of the provided rules and procedures;
- **a specific part**, which defines the rules to be followed in the performance of sensitive activities.

An integral part of Model 231 is the **Code of Ethics**.

After its first approval, the 231 Model has been periodically updated, last on 16 December 2022, in light of the organisational and business changes which occurred within the Group as well as of the legal and regulatory evolution and of the sector best practices, including the Confindustria Guidelines and the Position Papers issued by the Supervisory Bodies Association (Associazione degli Organismi di Vigilanza - AODV).

Verification of the effectiveness and efficiency of the 231 Models and related control protocols is carried out on an ongoing basis by the Supervisory Body appointed by the Board of Directors. The company's Supervisory Body ("SB") consists of three members - one, with the role of Chairman, is an external member - selected to satisfy the requirements of independence, autonomy and continuity of action. It is appointed by the Board of Directors, taking into account the expertise necessary to verify adequacy of the 231 Model and the effective implementation, as well as proposing the necessary updates.

During 2022 the Supervisory Body met 4 times and has carried out its activities on the basis of a dedicated plan, shared with the Control, Risk and Sustainability Committee and subsequently with the Board of Directors, which is called upon to approve the budget necessary to implement the planned activities.

During 2022, in particular, the Supervisory Body carried out its activities not only through periodical meetings but also through analysis of the documents of information flow for receipt of which it has used, since 2021, an ad hoc IT system which requires the despatch of a periodical request to personnel tasked with sending the flows and, at preset dates, of a reminder in case the information requested has not been sent.

For the performance of its activity, the Supervisory Body avails itself of the support of the 231 Compliance & Privacy

O.U. and of the Internal Audit O.U. of ERG which, in addition to audit activities with 231 impacts, carries out on behalf of the Supervisory Bodies periodic "231 test" activities on sensitive activities that, following risk assessment, were found to be at "high" and "medium" risk ("low" risk activities are monitored, except in specific cases, through the review of information flows and the outcomes of any audits carried out on these activities).

The Supervisory Body is also the recipient of reports on possible violations of the 231 Model and the Code of Ethics. Within the framework of this activity, it must respect the obligation of confidentiality regarding the identity of the whistleblower and of the reported person. No reports were received in 2022.

The activities carried out by the Supervisory Body in 2022 are detailed in the report, prepared and presented on a half-yearly basis, to the Control, Risk and Sustainability Committee and to the Board of Directors.

To ensure the effectiveness of the 231 Model, through the 231 Compliance & Privacy O.U., ERG ensures that its employees are aware of Italian Legislative Decree no. 231/01 and of the 231 Model adopted by the Company.

The training activity, also monitored by the Supervisory Body, is carried out, in particular, through:

- classroom meetings with employees (including managers and executives) focused on issues pertaining to Italian Legislative Decree no. 231/01 (sanctioned offences, 231 Model, tasks and powers of the Supervisory Body, information flows to the Supervisory Body);
- an e-learning course dedicated to issues relating to Italian Legislative Decree no. 231/01, intended for newly hired personnel.

Anti-Corruption System and Policy

The fight against corruption has always been one of the fundamental values on which ERG bases its activities. For this reason the Group has availed itself of instruments to prevent the risk of corruption, in any form it may manifest itself, active or passive, public or private, which include (in addition to the Code of Ethics and the 231 Models referred to above) the Anti-Corruption System (also the 'System') and the Anti-Corruption Policy (also the 'Policy'), last updated on 11 November 2022, and the procedure for Due Diligence in relation to Significant Third Parties (also the 'DD Procedure'), last updated in 2020.

In particular, the **System** has been established on the basis of the principles contained in the ISO 37001:2019 standard to ensure compliance with the anti-corruption laws and regulations of all the countries in which ERG operates through its Subsidiaries.

The following occurs through the System:

- assessing the exposure of the Group to the risk of corruption taking into account (a) the countries in which the ERG Group is present, (b) the third parties the ERG Group comes into contact with or through which it operates and (c) the business activities sensitive to this risk, on the basis of parameters such as frequency of activity, probability of occurrence in the operating context, interest with regard to the possible corruptive behaviour and relevance of the subjects involved;
- defining an organisational model relating to the integration of the measures to prevent corruption in the broader context of the ICRM System and of the organisational and corporate governance structures of ERG and of the entire

Group as well as, more generally, to the pursuit of the following objectives

- fully rejecting corruption, according to a "zero tolerance" principle;
- ensuring compliance with all anti-corruption laws, with particular reference to those applicable in the countries where the Group operates;
- contributing to the dissemination of a culture of doing business by supporting loyalty, integrity, honesty, fair competition and transparency as the founding elements of work;
- developing and promoting awareness of the commitment to the prevention and fight against corruption by all stakeholders;
- identifying training activities on the Policy and on compliance with the anti-corruption laws and their recipients;
- guaranteeing the commitment to continually improve the System.

The **Policy** is the instrument through which the Group develops the principles of conduct in relation to combating corruption, already provided for in the Code of Ethics, and indicates the control measures that must be observed when performing activities that may expose the companies of the ERG Group to risks of active and passive, public and private corruption.

The **Procedure of Due Diligence of Significant Third Parties** allows to identify the additional controls targeted to the prevention and the identification of corruption risk in all cases in which the corruption risk assessment carried out in relation to: (i) specific categories of transactions, projects or activities, (ii) envisaged or existing relationships with specific categories of Relevant Third Parties, or (iii) specific categories of People of the ERG Group, has identified a non-low corruption risk.

These controls have the objective to practically assess the reach, extent and nature of the risks of corruption through the performance of due diligence, so guiding the decision on the possibility of establishing, delaying, suspending or changing relationships relative to the entity subject to verification and/or introducing possible mitigation measures.

To ensure the effectiveness of the aforementioned Anti-Corruption System, as well as of the Anti-Corruption Policy and of the Procedure of Due Diligence of Significant Third Parties, through the 231 Compliance & Privacy O.U, ERG ensures its employees are aware of the principles contained within them, as well as of the values ratified within the Group's Code of Ethics.

Training activities are carried out, in particular, through:

- classroom meetings with employees (including managers and top management);
- an e-learning course dedicated to the Code of Ethics and Anti-Corruption, expected to be taken by newly hired personnel.

Policy for the management of dialogue with shareholders and investors in general

The Board of Directors, as part of the process of adapting the Company to the provisions of the Code, adopted, on 13 May 2021, with the support of the Control, Risk and Sustainability Committee, a specific policy aimed at regulating and promoting the development and maintaining of continuous, productive and transparent dialogue with sharehol-

ders and investors in general.

The Policy applies to dialogue outside of shareholders' meetings with shareholders and other stakeholders in general on matters falling within the competence of the Board, including in particular:

- operating performance and financial results;
- the medium to long term strategy of the ERG Group;
- corporate governance (appointment and composition of corporate bodies, including size, skills, independence and diversity);
- sustainability and environmental and social issues;
- remuneration policies and internal control and risk management system.

The Policy provides that dialogue can be initiated at the request of investors. To this end the Company may be contacted regarding engagement activities through the Investor Relator, at the relevant addresses published on the Company's website. Requests to establish a dialogue with the Company must indicate:

- the matters to be discussed during the dialogue and the purposes of the dialogue;
- the proposed methods for the dialogue;
- the representatives of the shareholder or stakeholder that intend to participate in the dialogue; and
- the Company representatives with whom they would like to meet.

Regulations for the operation of the Board of Directors, the Control, Risk and Sustainability Committee and the Nominations and Remuneration Committee

The Board of Directors, as part of the process of adapting the Company to the provisions of the Code, adopted, on 13 May 2021, with the support of the Control, Risk and Sustainability Committee and the Nominations and Remuneration Committee, to the extent of their respective remit, the Regulations aimed, among other things, at regulating (i) the operating rules of the body itself and its committees, the procedures for recording the minutes of the meetings and the procedures for managing the sharing of information with the directors, (ii) the "quantitative" and "qualitative" criteria used to determine, for the purposes of assessing the independence of the members of the Board of Directors and the Board of Statutory Auditors, the significance or otherwise of any relationships they have with the Company or other parties connected to it; (iii) the maximum number of offices in the management or control bodies in other relevant companies that can be considered compatible with the effective performance of the office of Director and (iv) the plan for the succession of the Chief Executive Officer.

Policy for the remuneration of members of the Board of Directors and of Key management personnel

With its resolution of 20 December 2011, at the proposal of the Nominations and Remuneration Committee, the Board of Directors adopted, for the first time, a Remuneration Policy for the members of the Board of Directors and for Key Management Personnel, in line with the provisions of the Corporate Governance Code.

Over the years, the Policy has undergone several revisions aimed at incorporating, in particular, (i) organisational changes, (ii) new laws and regulations, (iii) the recommendations of the Corporate Governance Code, and (iv) best practices in general.

The most recent revisions of the Policy include those approved by the Board of Directors, at the proposal of the Nominations and Remuneration Committee:

- on 11 March 2021, in order to take into account (i) the amendments introduced by CONSOB, with resolution no. 21623 of 10 December 2020, to the Issuers' Regulation and to format 7-bis of Annex 3A to the Issuers' Regulation, in implementation of the mandate assigned to it by Article 123-ter of the Italian Consolidated Finance Act; (ii) effective from year 2021, the general principles of the 2021-2023 LTI System; (iii) the recommendations of the Corporate Governance Code and the Italian Committee for Corporate Governance in terms of sustainability;
- on 14 March 2022, in order to incorporate (i) the changes that took place following the appointment of the new Board of Directors, the appointment of the new Chief Executive Officer and the loss of the figure of the General Manager (ii) the resolution of the Board of Directors, on 13 May 2021, with which the conditions necessary to implement the 2021-2023 LTI System were defined, in line with the current Remuneration Policy and in light of the 2021-2025 Business Plan and ESG Plan; and (iii) the approval of the 2022-2026 Business Plan and ESG Plan following the Hydro Sale and the Thermo Agreement. Further amendments concern (i) the increase in the disclosure of the criteria for defining the indemnity for termination of the office of the Chief Executive Officer; (ii) the increase in the ex post disclosure of the values of the objectives of the MBO System and of the 2021-2023 LTI System, with an indication of the results actually achieved with respect to the target values, in line with best practices; (iii) the introduction of disclosure elements such as the Pay Ratio relating to the Chief Executive Officer and the Gender Pay Gap of ERG Group employees, in line with market best practices;
- on 14 March 2023, in order to implement the approval of the 2022-2026@2023 Business Plan and ESG Plan. Also on the same date, the Remuneration Policy and Report were updated in order to (a) graphically represent the overall pay mix of the Chief Executive Officer accrued in 2022; (b) further clarify the relationship between the remuneration of the Chief Executive Officer and the remuneration of the ERG Group employees, (c) provide additional information both on gender equality in matters of equal pay, in line with the Diversity and Inclusion policies promoted by the Nominations and Remuneration Committee, and on the issue of minimum pay, (d) explain the engagement plan with shareholders and the financial community.

Whistleblowing

ERG considers the adoption of the 231 Model, of the Code of Ethics and of the Anti-corruption Policy, to be - apart from the provisions of law - a valid tool for raising awareness among senior parties, employees, suppliers, consultants, contractors, customers, partners and developers as well as all other stakeholders, so that they behave in an appropriate and transparent manner when performing their activities, in line with the ethical and social values that inspire the ERG Group in pursuing its corporate purpose.

To this end, ERG and its Subsidiaries have for some time established communication channels to report any violations, already referred to in the paragraphs above.

In light of the provisions of Directive (EU) 2019/1937 of the European Parliament and the European Council of 23 October 2019, relating to the protection of people reporting violations of this European Union right, a process has been launched for the implementation of a digital platform as a new whistleblowing channel within the entire ERG Group. This platform will allow the reporting of crimes, offences or irregularities deriving from the violation of or non-compliance with the corporate governance documents, (including the 231 Model, the Code of Ethics, the Anti-Corruption System and Policy), as well as the legislative and regulatory provisions applicable to all the companies of the ERG Group.

Risk management in the ERG Group Policy

This Policy, approved by the Chief Executive Officer and last updated on 22 July 2022, as the party responsible for identifying the main corporate risks pursuant to the Internal Control and Risk Management System, represents the tool through which the risks to which the ERG Group's business is exposed are identified, assessed and managed, consistently with the objectives defined in the Group's Industrial Plans.

To this end, the Policy defines:

- the individual risks to the activity of the ERG Group;
- the specific rules for managing each of the identified risks;
- the specific organisational liabilities in relation to risk management (in terms of powers to approve transactions and liabilities for control activities on compliance with internal rules);
- the monitoring and reporting processes both in relation to individual risks and to the overall risk profile of the Group.

6. SUSTAINABILITY GOVERNANCE

The ERG Group has become a producer of electricity from clean, renewable and sustainable sources for a long time. Anticipating the trends that are changing the global energy scenario, in recent years it has completed a radical process of transforming its business in the name of sustainability and decarbonisation: from a private Italian oil company to a leading independent operator in the market for electricity from renewable sources.

The ERG Group's sustainable development model integrates its business development and management activities, conducted in an ethical and transparent manner, with the protection of the environment and biodiversity, respect for people, and the protection of their health and safety, establishing relationships of trust with the various local and institutional stakeholders.

Moral integrity, personal honesty, fairness and transparency must underlie the conduct of all those who operate within or at the service of the Group.

In fact, the ERG Group operates in the belief that:

- sustainable development is at the core of its business model, ensuring the strengthening of the Group's reputation and at the same time improving its results through a process of continuous improvement, aimed at achieving its environmental and social objectives and protecting the health and safety of workers;
- the creation of shared value for stakeholders is one of the main elements of the ERG Group's sustainability.

Sustainability governance is characterised by the involvement of different subjects and bodies:

- the **Board of Directors** approves the ESG Plan and the consolidated non-financial statement as well as the main relevant sustainability policies;
- the **Control Risk and Sustainability Committee** provides support to the Board of Directors for the decisions it will be called upon to take on sustainability issues;
- the **Chief Executive Officer** has delegated powers and related responsibilities in the area of Environmental, Social & Governance.
- the **ESG Committee** (as an internal committee which includes the Chairman of the Board of Administrators, the Executive Vice-Chairman, the Chief Executive Officer and all his first reports) proposes the Group's guidelines and objectives in the field of sustainability, and guides and monitors its activities and evaluates the main areas of intervention.

In order to maintain consistency between the business strategy and the sustainability approach, the ERG Group identifies its own sustainability targets, incorporating them into the ESG Plan, which in turn is integrated into the Business Plan. The defined targets are constantly monitored by the ESG Organisational Unit, which periodically reports them to the ESG Committee and the Control, Risk and Sustainability Committee. These commitments naturally fit within the broader framework of the Sustainable Development Goals (SDGs) defined in the United Nations 2030 Agenda, the goals of the UN Global Compact and the Women's Empowerment Principles, which ERG endorses, and are consistent with our purpose: We are #SDGsContributors.

Sustainability Policy

This Policy defines the guidelines and guiding principles of sustainability, with particular reference to

- ethics, integrity and anti-corruption
- people
- communities and stakeholders
- environment
- biodiversity
- suppliers and business partners
- customers.

Human Rights Policy

This Policy enshrines the Group's commitment to respect human rights without distinction, with specific reference to the business context and location of the Group's activities.

To this end, both the indications contained in the Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights at Work and the Ten Principles of the Global Compact, as well as the principles expressed in the Code of Ethics, and the legislation on labour contracts applicable in the countries in which the Group operates, constitute integral and substantial elements of the same.

Diversity & Inclusion Policy

Through this Policy, the ERG Group commits itself:

- to act impartially to eliminate all forms of discrimination
- to support a culture based on mutual respect and differences
- to promote the expression of the individual and the exchange of knowledge
- achieving gender balance in the personnel selection and development process
- to remove unfair treatment
- to promote a work-life balance.

To achieve these goals, ERG joins dedicated associations and campaigns in order to exchange views with industry experts, learn about best practices of other companies and promote virtuous actions also outside the corporate context.

Policy on handling incidents of violence, harassment and bullying in the workplace

This Policy is indeed purposeful, to prevent, detect and combat phenomena relating to violence, harassment and bullying, as well as to provide support to those reporting such phenomena (including as witnesses or because they have been informed of the facts), protecting them from any possible retaliatory act.

The supplier code of conduct

The Code aims to create transparent and lasting relations with the players in its supply chain and to share the values and principles by which the Group is inspired in the performance of its activities. The Code thus defines the principles and rules of conduct whose observance ERG requires throughout its supply chain. The Code must be accepted by each contractor, subcontractor and business partner.

7. THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM OF THE ERG GROUP

The "Guidelines for the Internal Control and Risk Management System", adopted on 11 March 2014 by the Board of Directors of ERG, were most recently updated on 3 August 2018 in order to take into account, among other things, the adoption of the Anti-corruption Policy and System.

THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM OF THE ERG GROUP: GENERAL GUIDELINES

The Internal Control and Risk Management System of the ERG Group (hereinafter also "ICRM System") is the combination of measures, organisational structures, regulations and rules whose purpose is, by means of an appropriate process of identification, measurement, management and monitoring of the main risks, and the creation of adequate information flows to ensure the proper flow of information, to allow the company to be managed on a sound and proper basis, consistent with the company targets defined by the Board of Directors.

It complies with the principles contained in the Code and, more generally, current national and international best practices. It is defined on the basis of leading national and international practices, and in particular "CoSO Internal Control - Integrated Framework 2013", which identifies a direct relationship between company targets (efficiency and effectiveness of operations, reporting and compliance), the components of the ICRM System and the organisational structure adopted by the Group.

This System, which is an integral part of the company's business, involves, and therefore applies to, the entire organisational structure of the ERG Group: from the Board of Directors of ERG and its subsidiaries, to Group Management and the company staff.

The ICRM System Guidelines, approved by the Board of Directors of ERG, lay down the general principles by which the Group's main risks are managed, in line with the strategic objectives identified, and the coordination arrangements between the parties involved in order to maximise the effectiveness and efficiency of the ICRM System.

Below is a summary of those involved in the ICRM System and their respective responsibilities:

- **Board of Directors:** guides and assesses the adequacy of the ICRM System;
- **Chairman of the Board of Directors:** supervises, directs and controls corporate affairs activities;
- **Executive Deputy Chairman:** supervises, in particular, the strategic choices of the Group and the definition of the organisational macro structure; carries out the management and coordination of extraordinary transactions, including structured finance transactions; carries out the strategic coordination of the Company Subsidiaries; is also chairman of the Strategic Committee;

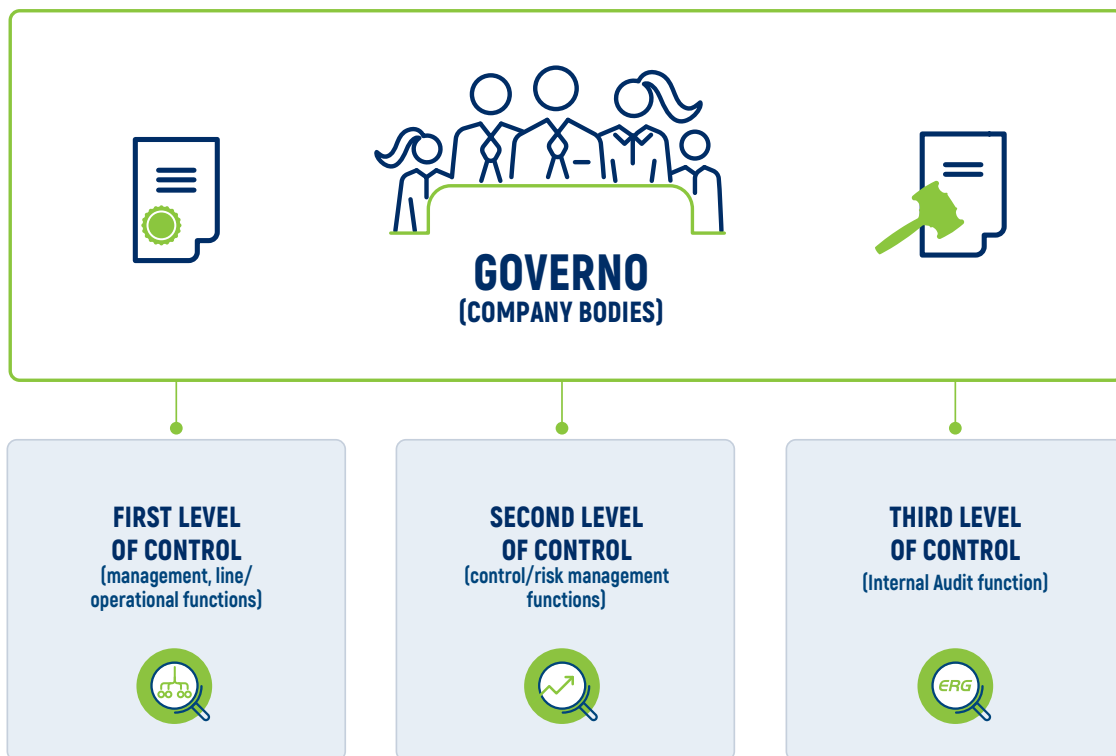
- **Chief Executive Officer:** has the powers necessary to carry out all actions pertaining to corporate activities and is responsible for identifying the main business risks, taking into account the characteristics of the activities carried out by the issuer and its subsidiaries and, after consulting with the Director in charge of the Internal Control and Risk Management System, submitting them periodically to the review of the Board of Directors;
- **Director in charge of the Internal Control and Risk Management System:** delegated by the Board of Directors to oversee (through supervision, guidance and control) internal audit, risk management and compliance activities and processes, and ensures that the functionality and overall adequacy of the ICRM System is maintained. Although the Code suggests attributing this role to the Chief Executive Officer, the Board of Directors has conferred this power on the Executive Deputy Chairman, deeming it more effective, for the purposes of the operation of the ICRM System, and consistent with the principle of segregation of duties, for the Chief Executive Officer to be responsible for identifying the main business risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and for the Executive Deputy Chairman to be responsible for ensuring, through the aforementioned supervisory, management and control powers, the maintenance of the functionality and overall adequacy of the ICRM System;
- **Control, Risk and Sustainability Committee:** advises and makes proposals to the Board of Directors, with the aim of supporting it, through appropriate proceedings, in evaluations and decisions relating to the ICRM System, as well as in relation to the approval of periodic financial reports;
- **Board of Statutory Auditors:** oversees compliance with the law and with the Articles of Association, endorsement of correct administration principles, the adequacy of the organisational structure (for those aspects under its responsibility), the ICRM System and the administrative and accounting system, and its reliability in correctly representing operations, and the adequacy of the provisions imparted to the Subsidiaries for the proper fulfilment of the prescribed disclosure obligations;
- **Supervisory Body pursuant to Italian Legislative Decree no. 231/01:** supervises the observance of the Code of Ethics and verifies the effectiveness and the adequacy of the Organisation and Management Model pursuant to Italian Legislative Decree no. 231/01;
- **Internal Audit:** responsible for third level control activities and has a significant position in the ICRM System being entrusted with the task of providing independent assurance on the ICRM System with the aim of improving the efficiency and effectiveness of the organisation. Internal Audit is tasked with verifying that the ICRM System is functional and adequate in relation to the size and operation of the ERG Group, verifying, in particular, that Management has identified the main risks, that the risks were assessed with consistent procedures and that the mitigating actions have been defined and carried out. It also verifies whether the risks are managed in accordance with the decisions of Board of Directors, with external rules and with rules within the Group.

The following relevant parties also play a role: (i) Group management, which bears prime responsibility for internal control and risk management activities (first control level); and (ii) second level control functions with specific control tasks and responsibilities over different areas/types of risk. These functions are autonomous and distinct from ope-

rational ones; they are involved in defining risk governance policies and the risk management process, including: (a) the Manager responsible for preparing the Company's financial reports, (b) the Finance & Group Risk Management department, (c) the Compliance departments, assigned to oversee compliance issues, with particular reference to legal risk and non-compliance, including the risk of committing criminal offences to the detriment or in the interest of the ERG Group, and (d) internal committees, composed of Group management, acting in an advisory capacity and making proposals regarding specific risk issues.

In line with regulations and reference best practices, the ICRM System is structured over the following levels:

INTERNAL CONTROL SYSTEM



- **First level:** entrusted to individual operating lines, it encompasses the checks carried out by those involved in certain activities and those with supervisory responsibilities; it also makes it possible to ensure operational activities are carried out correctly;
- **Second level:** entrusted to structures other than lines, it is involved with defining risk measurement methods, identifying, assessing and checking them (Risk Management); it also makes it possible to verify compliance with regulatory obligations (Compliance);
- **Third level:** entrusted to Internal Audit, it serves to assess the functionality of the overall internal control and risk management system and to detect irregularities and violations of procedures and rules.

The correct functioning of the ICRM System relies on successful interaction, in the exercise of duties, between the corporate functions involved.

An efficient ICRM System aims to achieve the following objectives:

- elimination of methodological/organisational overlaps between the various control functions;
- sharing of the methodologies with which the various control functions carry out the assessments;
- improvement of communication between control functions and company bodies;
- reduction of the risk of "partial" or "misaligned" information;
- capitalising on disclosures and assessments from the various control functions.

The definition of procedures for coordination and collaboration between the corporate control functions aids the overall functioning of the ICRM System, and encourages the clear and consistent reporting to Top Management and the corporate bodies of the risks to which the ERG Group is exposed.

To this end, coordination and collaboration procedures are envisaged between the parties involved in the ICRM System, including:

Information flows

To allow Management and the management and control bodies to fulfil their roles in relation to the ICRM System, specific information flows are defined between the control functions and the competent management and control bodies, coordinated and appropriate in terms of content and timescales.

As part of the ICRM System, information flows are envisaged:

- from line management to second level control functions;
- between the second level control functions;
- from the second level control functions to Internal Audit;
- from Internal Audit to the second level control functions.

Information flows, with defined procedures and timescales, are also envisaged from the control functions to the management and control bodies regarding the main activities carried out as well as the results thereof.

Intra-functional working group

Within the ERG Group, periodic intra-functional meetings are envisaged between the corporate organisational units involved in the control/monitoring activities of the ICRM System and more generally in risk management, compliance and control activities with the aim of ensuring:

- that the ICRM System and its components are coordinated and interdependent;
- that there is real integration of the ICRM System into the general organisational structure of the ERG Group;
- the constant exchange of information between the functions involved in monitoring the ICRM System;
- the development of operational synergies through the sharing of methodologies and tools;
- the reduction of the risk of "partial" and "late" information.

7.1 STRUCTURE AND OPERATION OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM OF THE ERG GROUP

The Group is aware that an effective Internal Control and Risk Management System allows the company to be managed on a sound and proper basis, consistent with the company targets defined by the Board of Directors, by promoting well-informed decisions and contributing to wealth preservation, the efficiency and effectiveness of processes, the reliability of financial reporting, and compliance with standards, the Articles of Association and internal procedures.

To promote and maintain an adequate ICRM System, the ERG Group uses organisational, informational and regulatory instruments, which allow for the identification, measurement, management and monitoring of the main risks.

This system is integrated in the organisational, administrative and accounting structure and, more generally, in the corporate governance structure. It is based on the recommendations of the Code, which the Group has endorsed, taking as references national and international models and best practices, aimed at consolidating overall effectiveness and efficiency..

The System of Rules and Procedures

The definition of the Internal Control and Risk Management System structure and its governing rules takes place through the definition of appropriate internal business standards (Policies, Guidelines, Procedures and Operating Notes), which regulate the processes and activities carried out by ERG and its subsidiaries.

The beneficiaries of each standard are defined below:

- Policies: these are intended for all stakeholders and, based on the values expressed in the Code of Ethics, define the fundamental management principles involved in the performance of corporate activities;
- Guidelines: these are intended mainly for those who must set up operations and manage them, and define the principles for the execution of such activities;
- Procedures: these are intended for the parties involved in the operating processes regulated by them;
- Operating Notes: these are intended for the parties who, at operational level, carry out the activity or stages of activity regulated by the document.

Moreover, a specific procedure was formalised in the Group with the goal of defining a method for the uniform, integrated, effective and efficient management of the corporate rules and for regulating the activities performed by the parties involved, in terms of:

- responsibilities of the parties involved in the process;
- (electronic and hardcopy) communication flows among the various parties involved in the process;
- control activities connected with the operations reported in the process.

The System for Assigning Powers

A correct and effective Corporate Governance system requires a formal assignment of powers consistent with the company's own organisational system.

A correct assignment of powers entails assessing whether the validity requirements exist, determining its limits and

identifying matters that can be delegated.

The system adopted in the Group provides for:

- the assignment of powers for the management of Group Companies to Chief Executive Officers, Sole Directors or General Managers, as appropriate;
- the assignment, normally to first-level and second-level executives reporting to Chief Executive Officers, of powers of signature, representation and external negotiation;
- the assignment of special powers for the performance of specific, well-defined actions, upon completion of which the validity of the power is voided;
- the assignment, to the heads of organisational positions, of internal powers (of an organisational nature) related to actions that have no external enforceability.

The system of delegated powers and mandates in place within the Group is structured so as to achieve consistency between the organisational structures, pursuant to the powers granted, and the company's regulatory system (Policies, Guidelines, Procedures, Operating Notes and Job Descriptions), in compliance with the Segregation of Duties ("SoD").

8. INFORMATION ON THE MAIN FEATURES OF THE EXISTING INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE PROCESS OF FINANCIAL DISCLOSURE, INCLUDING AT CONSOLIDATED LEVEL

The ways in which the ERG Group has defined its Internal Control and Risk Management System in relation to the process of financial disclosure (henceforth referred to as the "System") at the consolidated level are illustrated below. The purpose of the System is to significantly mitigate risks in terms of the trustworthiness, reliability, accuracy and timeliness of financial disclosures.

In particular, the Board of Directors of ERG, in the meeting of 26 April 2021, appointed Michele Pedemonte, Chief Financial Officer, as Manager responsible for preparing the Company's financial reports, thereby attributing to him the responsibilities of:

- preparing adequate administrative and accounting procedures for the preparation of financial disclosure documents;
- monitoring the application of the procedures;
- issuing to the market the statement on the adequacy and effective application of the administrative and accounting procedures for the purposes of the Group's financial disclosure.

The Manager responsible for preparing the Company's financial reports relies on the support of the Process Innovation & 262 Compliance Organisational Unit in verifying the operation of the administrative and accounting procedures by testing the controls. This organisational structure ensures complete segregation between the activities of preparing the administrative and accounting procedures and the activities of verifying their adequacy and effective application.

In such a context, all personnel of the Group are obliged to cooperate, in particular personnel in administrative functions that are more directly involved in the preparation of corporate accounting records, but also those in other functions that, directly or indirectly, contribute to the process through the preparation of documents and information, the inputting or updating of data in the company's information systems, and normal operations.

The activity of Compliance pursuant to Italian Law no. 262/05 has been submitted to the Control, Risk and Sustainability Committee and applies to the companies of the Group, from a logical point of view, in terms of methodology and as regards the principles of control and accuracy of the process.

Role, Appointment and Requirements of the Manager responsible for preparing the Company's financial reports

Role of the Manager responsible for preparing the Company's financial reports

As already noted previously, the main responsibility of the Manager responsible for preparing ERG's company financial reports is to implement the administrative and accounting procedures by which periodic corporate financial reporting should be produced, to monitor their application and, together with the Chief Executive Officer, to attest to the market that the above principles were followed and that the financial documentation circulated is reliable.

The figure of Manager responsible for preparing the Company's financial reports fits into the wider framework of Corporate Governance, structured according to the traditional model with the presence of company bodies with different control functions.

Appointment and Requirements of the Manager responsible for preparing the Company's financial reports

The Board of Directors, with the mandatory opinion of the Board of Statutory Auditors, appoints the Manager responsible for preparing the Company's financial reports, setting his/her compensation and assigning him/her adequate powers and means. The Manager is someone who has at least three years of experience in positions of adequate responsibility in the administrative, financial or accounting area of public and private companies or entities, or someone who has adequate knowledge and experience in legal, economic, administrative, accounting or financial matters.

Elements of the System

Methodological approach

The Group has adopted a working methodology that envisages the following logical steps:

- a) identification and assessment of the risks applicable to financial reporting;
- b) identification of controls for risks identified both at Company/Group level (entity level) and at process level;
- c) evaluation of controls and management of the monitoring process both in terms of design, and in terms of operation and effectiveness, with the aim of reducing risks to a level considered to be "acceptable" (information flows, gap management, plan for remedial action, reporting system, etc.).

The activity is performed by the Process Innovation & 262 Compliance Organisational Unit and is periodically shared with the Manager responsible for preparing the Company's financial reports.

Risk identification and assessment

Risk Assessment is conducted annually with the aim of identifying, on the basis of a quantitative analysis and following evaluations and parameters of a qualitative nature:

1. the companies within the Group consolidation scope to include in the analysis;
2. the risks at the level of the selected operating Company/Group (Company/Entity Level Controls) relating to the general corporate context of the Internal Control System, with reference to the five components of the CoSO model developed by the Committee of Sponsoring Organizations of the Treadway Commission, leading practice at the international level and recognised within Italy as a reference model by the Corporate Governance Code (control environment, risk assessment, information and communication, control activities, monitoring);

3. the general risks for the Company's information systems supporting related processes (IT General Controls);
4. the processes that generate, with inherent risk, the accounts of the Consolidated Financial Statements for each company selected;
5. for each relevant process, the specific risks for financial reporting, with particular reference to so-called financial statement assertions (existence and occurrence, completeness, rights and obligations, measurement and recognition, presentation and disclosure).

The Risk Assessment process carried out at the level of Group Consolidated Financial Statements in order to determine the appropriate scope of analysis, is based on the combined application of two analytical parameters, one quantitative and the other qualitative. As regards the purely quantitative part of the analysis, the following elements are determined:

- large portion (coverage of the Consolidated Financial Statements): this dimension is used to measure the extent of the area within which controls are to be analysed and evaluated, defined on the basis of the weight the dimensions have on the main items in the financial statements;
- significant account: this refers to the quantitative size that items in the financial statements must have in order to be considered significant after the application of a materiality threshold;
- significant process: by means of account-process matching, processes are identified for which controls should be assessed, given that all processes associated with accounts that have balances greater than the materiality threshold form part of the activity.

Following the quantitative analysis described above, the Risk Assessment process then requires an analysis to be performed based on qualitative elements, with a dual purpose:

- to integrate the exclusively quantitative part of the analysis, so as to include or exclude accounts processes from the activity's scope on the basis of knowledge the management has, from a historical point of view and also considering the expected evolution of the business, of companies making up the Group, and on the basis of the professional judgement by management concerning risk levels relating to financial disclosures;
- to define the "level of depth" to which the analysed accounts processes must be taken into consideration within the scope of the activity and at what level the related controls must be mapped, documented and monitored.

The final result of the Risk Assessment process consists of a document that is circulated to the various functions involved, validated by the Manager responsible for preparing the Company's financial reports and presented to the Control and Risk Committee.

Identification of controls

Once the main risks at the process level are identified, the actions to be taken in order to monitor the associated control objective are identified.

In particular, the mapping of accounts processes and related controls constitutes a tool through which:

- significant processes and their main associated risks are represented as defined within the scope of the Risk Assessment, as are the controls that are envisaged for the management of such risks;
- the chart of mapped controls is evaluated to ascertain the capacity of each control to manage and mitigate an identified risk and, in particular, the underlying financial statements assertion;
- the operation and presentation of a process is shared with its owners, as are the risks and control activities;
- monitoring activities, required to support the representations that must be made by the Manager responsible for preparing the Company's financial reports, are carried out.

The identification of risks and the associated controls is carried out both with regard to controls relating to financial statement assertions and to other control objectives within the scope of financial disclosure, including:

- the observance of authorised limits;
- the segregation of duties and responsibilities for operations and control;
- the physical security and existence of the company's assets;
- activities of fraud prevention that have an impact on financial disclosure;
- the security of company information systems and the protection of personal data.

The mapping generated from time to time for a specific process is also used as the basis for periodic testing activities whose goal is to assess and monitor both the design and the effectiveness of controls in place.

Assessment of controls and monitoring processes

In accordance with the provisions of the law regarding formal compliance and in line with the best practices previously referred to, the adopted methodology prescribes constant monitoring of the relevant processes and effective execution of the mapped controls.

The objective of such monitoring is to evaluate the operating effectiveness of the controls - in other words the effective functioning, during the year, of the controls mapped for the purpose of analysis.

To this end, an annual monitoring (and refining and optimising, where necessary) activity plan is drawn up. The plan is formalised in a document that is presented to the Control and Risk Committee and in which strategies and timing are defined for carrying out monitoring tests.

As part of the activities carried out, regular updates are made in relation to the mapping of processes, risks and controls pursuant to Italian Law no. 262/05 and to the tests for the purposes of attestations.

Periodic reports are produced on the results of the activities, providing support on the basis of which the Manager responsible for preparing the Company's financial reports releases legal attestations, and the Control, Risk and Sustainability Committee, as regards the most important deadlines for interim and annual financial reports, evaluates and participates in the work of the Manager Responsible and the functions through which he/she operates.

TAX CONTROL FRAMEWORK

On 10 November 2020, the Board of Directors, guided by the principles set out in the Code of Ethics and the Sustainability Policy as well as international best practices and national trends in terms of Cooperative Tax Compliance, in order to (i) pursue the long-term growth of company assets, (ii) protect the reputation of the ERG Group, and (iii) preserve the interests of shareholders and other stakeholders, defined and approved the ERG Group Tax Strategy – first pillar of the Tax Control Framework – with the aim of setting out the principles and guidelines that guarantee uniform management of the ERG Group's taxation, as part of ERG's management and coordination activities. The Tax Control Framework, an integral part of the ICRM System, is the main structure of the first and second level of tax risk controls.

Specifically, the ERG Group Tax Strategy – applicable to ERG and to the Italian and foreign companies directly or indirectly controlled by it – aims to:

- guarantee the correct and prompt calculation and payment of taxes due by law and the fulfilment of connected obligations (tax compliance);
- mitigate tax risk, understood as the risk of (a) infringing tax regulations or (b) abusing the principles and purposes of tax legislation (abuse of rights).

Through the operating regulations of the Tax Control Framework, guidelines have been established that, in compliance with the managerial and operational autonomy of the Italian subsidiaries, must be applied within the ERG Group, and in particular:

- the roles and responsibilities of the organisational units involved in the recognition, management and control of tax risks;
- the main characteristics of the tax risk control system, in order to integrate its fundamental principles and objectives within the ICRM System and, in particular, describe the methods of integration with the Accounting Control System pursuant to Italian Law no. 262/2005, adopted by the ERG Group;
- the operating methods for managing and controlling tax risk;
- the information flows between the various control functions involved and the periodic reporting process containing the results of the checks carried out.

The Tax Control Framework currently applies to all the administrative bodies of the Italian and French companies of the ERG Group and all the organisational units, even if not directly responsible for the management of tax obligations, operating within the Group companies.

9. THE INDEPENDENT AUDITORS

Auditing is carried out in accordance with the law by a company enrolled in the Register of Statutory Auditors maintained by the Italian Ministry of Economy and Finance.

KPMG S.p.A. was appointed as independent auditor for the years 2018-2026 by the Shareholders' Meeting held on 23 April 2018; consequently, its mandate shall expire at the date of the Shareholders' Meeting convened to approve the financial statements at 31 December 2026.

During the course of the year, the Independent Auditors have the duty to verify:

- that the company accounts are properly maintained and all operations are properly accounted for in the accounting records;
- that the Separate Financial Statements and the Consolidated Financial Statements match the results of the accounting records and of the inspections carried out and comply with the rules that govern them.

KPMG S.p.A. is also tasked with performing a review of the condensed interim Consolidated Financial Statements.

While carrying out its activities, the Independent Auditors have access to all documentary and electronic information and data, as well as the archives and the assets of the Company and of the Companies of the Group.

In order to preserve the independence of the Independent Auditors, a note was drawn up governing the appointment of the audit company and the entities which are part of its network by Group companies which provides for, in particular, depending on the type of the assignment, a binding opinion by the Board of Statutory Auditors.

10. INVESTOR RELATIONS

The Company manages the relations with its Shareholders, institutional investors and the market through the Investor Relations function, under the responsibility of Emanuela Delucchi, ERG's Chief ESG, IR & Communication Officer.

The Board of Directors, as part of the process of adapting the Company to the provisions of the Code, adopted, on 13 May 2021, with the support of the Control, Risk and Sustainability Committee, a specific policy aimed at regulating and promoting the development and maintaining of continuous, productive and transparent dialogue with shareholders and investors in general.

Investor Relations activities are focused on the dissemination to the financial community of any information that may be useful for assessing opportunities for investing in ERG stock: including periodic updates on results, strategy explanation, regulatory updates and plan objectives. In terms of communication activities, Investor Relations periodically organises meetings - both in Italy and abroad - and conference calls with analysts and investors; moreover, it also makes use of the more popular social channels and the dedicated area on its website, where users can, for example, access live broadcasts via webcast of conference calls for the presentation of financial results. In recent years, with the completion of the industrial transformation and with a business model oriented towards growth in renewables, dialogue with Socially Responsible Investors (SRIs), who base their investment decisions on CSR issues, has increased.

The main documents concerning Corporate Governance, to which reference is made in the Report, are available in the Corporate Governance section of the website www.erg.eu.

TABLE 1: STRUCTURE OF THE BOARD OF DIRECTORS AT THE CLOSING DATE OF THE FINANCIAL YEAR

Board of Directors													
Office	Members	Year of birth	Date of first appointment*	In office since	In office until	List (presenters)**	List (M/m)***	Executive	Non-Executive	Independent as per Code	Independent as per T.U.F.	No. other positions (****)	Participation (*****)
Chairman	Edoardo Garrone	1961	16/10/1997	26/04/2021	Appr. Financial statements 31/12/2023	Shareholders	M	Yes	No	No	No	2	100
Deputy Chairman	Alessandro Garrone •	1963	16/10/1997	26/04/2021	Appr. Financial statements 31/12/2023	Shareholders	M	Yes	No	No	No	2	89
Deputy Chairman	Giovanni Mondini	1966	16/10/1997	26/04/2021	Appr. Financial statements 31/12/2023	Shareholders	M	No	Yes	No	No	2	100
Chief Executive Officer	Paolo Luigi Merli	1971	26/04/2021	26/04/2021	Appr. Financial statements 31/12/2023	Shareholders	M	Yes	No	No	No	–	100
Director	Luca Bettonte	1963	15/12/2009	26/04/2021	Appr. Financial statements 31/12/2023	Shareholders	M	No	Si	No	No	2	100
Director	Emanuela Bonadiman	1963	26/04/2021	26/04/2021	Appr. Financial statements 31/12/2023	Shareholders	M	No	Yes	Yes	Yes	1	100
Director	Mara Anna Rita Caverni °	1962	24/04/2015	26/04/2021	Appr. Financial statements 31/12/2023	Shareholders	M	No	Yes	Yes	Yes	4	100
Director	Elena Grifoni Winters	1963	26/04/2021	26/04/2021	Appr. Financial statements 31/12/2023	Shareholders	M	No	Yes	Yes	Yes	-	100
Director	Federica Lolli	1974	26/04/2021	26/04/2021	Appr. Financial statements 31/12/2023	Shareholders	M	No	Yes	Yes	Yes	1	89
Director	Elisabetta Oliveri	1963	23/04/2018	26/04/2021	Appr. Financial statements 31/12/2023	Shareholders	M	No	Yes	Yes	Yes	4	100
Director	Mario Paterlini	1963	23/04/2018	26/04/2021	Appr. Financial statements 31/12/2023	Shareholders	m	No	Yes	Yes	Yes	1	100
Director	Renato Pizzolla	1988	15/09/2022	15/09/2022	Appr. Financial statements 31/12/2022	-	-	No	Yes	No	No	1	100
Directors who left office during the reference year													
Director	Marco Costaguta	1959	20/04/2012	26/04/2021	15/09/2022 (resigned on 9/9/22)	Shareholders	M	No	Yes	No	No	–	83
Quorum required for list presentation at the time of last appointment: 1%													
Number of meetings held during the reference year: 9													

Notes

- This symbol indicates the Director in charge of the Internal Control and Risk Management System.
- ° This symbol indicates the Lead Independent Director (LID)
- * "Date of first appointment" of each Director means the date on which the Director was appointed for the first time (ever) on the Issuer's BoD.
- ** This column indicates whether the list from which each Director was drawn was presented by shareholders (indicating "Shareholders") or by the BoD (indicating "BoD")
- *** This column indicates whether the list from which each Director was drawn is "Majority" (indicating "M") or "minority" (indicating "m")
- **** This column indicates the number of offices as Director or Auditor held by the person concerned in Relevant Companies.
- ***** This column indicates the percentage of participation by Directors in the meetings of the BoD and Committees respectively.

TABELLA 2: STRUCTURE OF THE BOARD COMMITTEES AT THE CLOSING DATE OF THE FINANCIAL YEAR

Board of Directors			Strategic Committee		Control, Risk and Sustainability Committee		Nominations and Remuneration Committee	
Office / Qualification		Members	(*)	(**)	(*)	(**)	(*)	(**)
Chairman	Executive	Edoardo Garrone						
Deputy Chairman	Executive	Alessandro Garrone	100	C				
Deputy Chairman	Non-Executive	Giovanni Mondini	100	M				
Chief Executive Officer	Executive	Paolo Luigi Merli	100	M				
Director	Non-Executive	Luca Bettonte	100	M				
Director	Independent as per TUF and Code	Emanuela Bonadiman					100	C
Director - LID	Independent as per TUF and Code	Mara Anna Rita Caverni			92	C		
Director	Independent as per TUF and Code	Elena Grifoni Winters					100	M
Director	Independent as per TUF and Code	Federica Lolli			100	M	100	M
Director	Independent as per TUF and Code	Elisabetta Oliveri	89	M	100	M		
Director	Independent as per TUF and Code	Mario Paterlini						
Director	Non-Executive	Renato Pizzolla	100	M				
Directors who left office during the reference year								
Director	Non-Executive	Marco Costaguta	100	M				
Any members who are not Directors								
Manager of the Issuer / Other		None						
Number of meetings held during the reference year:			9		12		9	

Notes

* This column indicates the percentage of participation by Directors in the meetings of the Committees.

** This column indicates the position of the director within the committee: "C" chairman; "M" member.

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AT YEAR END

Board of Statutory Auditors									
Office	Members	Year of birth	Date of first appointment (*)	In office since	In office until	List (M/m) (**)	Independent as per Code	Number of meetings of the Board of Statutory Auditors (***)	No. others positions (****)
Chairman	Paolo Prandi	1961	03/10/2022	03/10/2022	Appr. Financial Statements 31/12/2022	m	Yes	100	2
Standing Auditor	Fabrizio Cavalli	1961	17/04/2019	17/04/2019	Appr. Financial Statements 31/12/2024	M	Yes	100	11
Standing Auditor	Giulia De Martino	1978	26/04/2022	26/04/2022	Appr. Financial Statements 31/12/2024	M	Yes	100	6
Alternate Auditor	Vincenzo Campo Antico	1966	15/04/2010	17/04/2019	Appr. Financial Statements 31/12/2024	M	Yes	-	-
Alternate Auditor	Luisella Bergero	1971	23/04/2013	17/04/2019	Appr. Financial Statements 31/12/2024	M	Yes	-	-
Auditors who left office during the reference year									
Chairman	Elena Spagnol	1968	03/05/2016	17/04/2019	03/10/2022	m	Yes	92	
Standing Auditor	Lelio Fornabaio	1970	15/04/2010	17/04/2019	26/04/2022	M	Yes	100	
Number of meetings held during the reference year: 17									
Quorum required for the presentation of lists by minorities for the election of one or more members (pursuant to Art. 148 of the Italian Consolidate Finance Act): 1%									

Notes

* "Date of first appointment" of each Auditor means the date on which the Auditor was appointed for the first time (ever) on the issuer's Board of Statutory Auditors.

** This column indicates whether the list from which each Auditor was drawn is "Majority" (indicating "M") or "minority" (indicating "m").

*** This column indicates the participation by Auditors in the meetings of the Board of Statutory Auditors.

**** This column indicates the number of offices as Director or Auditor held by the person concerned pursuant to Art. 148-bis of the Italian Consolidated Finance Act and the related implementation provisions contained in the Issuers' Regulation. The complete list of offices is published by CONSOB on its website pursuant to Art. 144-quinquiesdecies of the CONSOB Issuers' Regulation.

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