

Information Document

2018-2020 Co-Investment Plan

(prepared in accordance with Article 84-*bis* of the Consob Regulation approved with Resolution no. 11971 of 14 May 1999 as amended)



Milan, 12 March 2018

Definitions

In this information document (“Information Document”), following definitions are used:

“Assignment”	means the assignments of the Rights to each Beneficiary to receive a determined number of Italgas S.p.A. Shares at the end of the Performance Period and upon reaching specific Performance Targets.
“Allocation”	means the allocation of the Assigned Shares to each Beneficiary at the end of the Performance Period, as a function of the achievement of the pre-set Performance Objectives.
“Share”	means the ordinary share issued by Italgas S.p.A., listed on the electronic stock exchange of Borsa Italian S.p.A. ISIN code IT0005211237.
“Beneficiaries”	means the recipients of the Plan, in accordance with Paragraph 1 of the Information Document, identified by the Board of Directors after obtaining the opinion of the Nominations and Compensation Committee, or, for the other top managers other than executive Directors and Managers with Strategic Responsibilities, by the person delegated for this purpose by the Board of Directors.
“Assignment Cycles” or “Cycles”	means the three Assignment Cycles of the Plan, each having three-year duration and starting from 2018 (1st Cycle), from 2019 (2nd Cycle) and from 2020 (3rd Cycle).
“Board of Directors”	means the Board of Directors of the Company.
“Rights”	means the rights assigned to Beneficiaries to receive the Shares, free of charge, at the end of the Performance Period, on the basis of the achievement of the Performance Targets.
“Dividend Equivalent”	means an additional number of Shares assigned

	to the Beneficiaries, at the end of the Performance Period, equivalent to the ordinary and extraordinary dividends distributed by Italgas during the Performance Period, which would have been due on the number of Shares actually Allocated to the Beneficiaries in view of the performance levels achieved in the terms and at the conditions prescribed by the Plan.
“EBITDA”	means the “gross operating margin” or “GOM” that shows the company's income deriving from only its operating activities, gross, therefore, of interest (financial management), taxes (tax management), depreciation of assets and amortization.
“Group”	means Italgas together with the Subsidiaries.
“Matching”	Means the free Shares Allocated to the Beneficiary by virtue of the co-investment of the short-term incentive and as a function of the achievement of predefined performance levels.
“Company” or “Italgas”	means Italgas S.p.A., with its registered office in Via Carlo Bo 11 20143 Milan - Italy.
“Performance Targets”	means the targets of the Plan whose level of achievement determines the number of the Shares that will be Allocated to each Beneficiary at the end of the Performance Period.
“Performance Period”	means the reference three-year period for each Cycle with respect to which the achievement of the Performance Targets is verified.
“Plan” or “Co-Investment Plan”	means the 2018-2020 Co-Investment plan based on financial instruments and reserved for the Beneficiaries.
“IMD Plan”	means the Deferred Monetary Incentive Plan 2017.
“Employment”	means the employment and/or collaboration and/or administration agreement in place

	between the Beneficiary and the Company or one of the Subsidiaries.
“Regulation of the Plan”	means the regulation that shall prescribe the terms and the implementing conditions of the Plan, together with any amendments made to it, approved by the Board of Directors.
“Issuers Regulation”	means the regulation adopted by Consob with resolution no. 11971/1999, as amended.
“Subsidiaries”	means the subsidiaries of the Company in accordance with Article 2359 of the Italian Civil Code or that are otherwise qualifiable as subsidiaries in compliance with the accounting standards applicable at the time or included in the scope of consolidation.
Consolidated Finance Act (TUF)”	indicates Legislative Decree no. 58/1998, as amended.

Introduction

The Information Document was prepared in accordance with Article 84-*bis* of the Issuers Regulation and consistently, also in the numbering of the related paragraphs, with the indications contained in Template 7 of Annex 3 A of the Issuers Regulation, to provide the Shareholders’ Meeting with the information necessary to resolve the approval of the Incentive Plan based on financial instruments reserved for some employees and directors appointed to specific offices in the Company.

The ordinary Shareholders’ Meeting called to make decisions on the Plan was convened in single call on 19 April 2018 by the Board of Directors of 12 March 2018.

It is specified that the Plan is to be considered “of particular relevance” in accordance with Article 114-*bis*, Paragraph 3 of the TUF and with Article 84-*bis*, Paragraph 2, Letter a) and b), of the Issuers Regulation.

The present Information Document is available to the public at the registered office of Italgas S.p.A., as well as from the Website of the Company www.italgas.it.

The Information Document will also be sent to Consob in accordance with the law.

1. Recipients

1.1 *Indication of the names of the recipients who are members of the Board of Directors or of the board of management of the issuer of financial instruments, of the parent companies of the issuer of the companies directly or indirectly controlled by it.*

Among the Beneficiaries of the present Plan is the Chief Executive Officer and General Manager of the Company, currently identified as Mr. Paolo Gallo¹.

1.2 *Indication of the categories of employees who are recipients of the Plan or of contractors of the issuer of financial instruments and of the parent companies or subsidiaries of that issuer.*

The potential Beneficiaries of the Plan will include managers of the Company and of the Group who perform relevant functions for the achievement of the strategic results of the Company itself; these recipients will be identified upon implementation of the Plan.

The potential Beneficiaries of the Plan may therefore include the parties belonging to the following categories:

- Executive Directors of Subsidiaries;
- Managers with Strategic Responsibilities;
- Other Managers of the Group.

Based on the Regulation of the Plan, the Beneficiaries will be identified by name, at the discretion of the Board of Directors, having obtained the opinion of the Nominations and Compensation Committee and, for the other top managers other than executive Directors and Managers with strategic responsibilities, by the person delegated for this purpose by the Board of Directors.

1.3 *Indication of the names of the recipients of the Plan belonging to the groups indicated in point 1.3, letters a), b), c) of Annex 3A, Template 7, of the Issuers Regulation.*

The indication of the names of the additional Beneficiaries that should be included in the groups indicated at point 1.3, letters a), b), c) of Annex 3A, Template 7, of the Issuers Regulation will be provided subsequently in accordance with Article 84-bis,

¹ Mr. Paolo Gallo is also a Manager of Italgas, as well as Chairman of the subsidiary Italgas Reti S.p.A. The short and long-term fixed and variable compensation referred to him and described herein are understood to be comprehensive of every office and position.

paragraph 5, letter a) of the Issuers Regulation in the implementation phase of the Plan.

1.4 *Description and numerical indication of the recipients of the Plan, separated by the categories indicated in point 1.4, letters a), b), c) and d) of Annex 3A, Template 7, of the Issuers Regulation.*

The Plan is intended for a maximum number of 65 Beneficiaries and it may also include persons identified as Managers with Strategic Responsibilities.

The information prescribed in paragraphs 1.2, 1.3 and 1.4 above shall be provided, when applicable, upon implementing the Plan, in accordance with Article 84-bis, Paragraph 5, Letter a) of the Issuers Regulation.

The incentive scheme provided by the Plan is the same for all Beneficiaries, being differentiated exclusively in the value of the Assignment that increases in relation to the position held and to the responsibilities assigned.

2. Reasons for adoption of the Plan

2.1 Targets to be achieved by allocating the Plan

In general, the purpose of Italgas' Compensation Policy is to attract and retain persons with the professional qualities necessary to manage and successfully operate within the Company, by creating a rewarding, equitable and sustainable compensation system, in line with the regulatory framework and with the stakeholders' expectations.

Within this context, the Co-Investment Plan has the following purposes:

- a) to assure a high alignment of the interests of management and of the shareholders;
- b) to support the retention of the key resources in the medium-long term;
- c) to activate a medium-long term incentive system able to create a strong tie with the business results achieved and the creation of value for shareholders.

2.2. Key variables, also in the form of performance indicators considered for the purpose of the allocation of plans based on financial instruments.

The Plan develops over a medium-long term time horizon and comprises three Cycles (2018, 2019 and 2020), each lasting three years. This interval was deemed the

best suited one to pursue the pre-set incentive targets and, in particular, to focus the Beneficiaries' attention on the medium-long term strategic success factors of the Company.

For each Cycle of the Plan, the Plan calls for the Assignment of Rights to receive a predefined number of Shares of the company at the end of the Performance Period. The vesting of the Rights and the Allocation of the Shares requires Employment to be constant and the work to be actually performed during the Performance Period and until the time of actual assignment of the Shares as well as the achievement of specific Performance Targets.

According to the plan, the Allocation of the Shares is connected to the attainment of a predefined level of EBITDA accumulated in the defined reference three-year period and subsequently reported by the Board of Directors, upon proposal and verification of the Nominations and Compensation Committee. 70% of the Rights are vested upon achievement of the threshold level, 130% at the target level and 170% at the maximum level.

For results below the threshold level, no share shall be allocated to the beneficiary.

For intermediate levels, the number of Shares to be assigned is determined by linear interpolation.

The number of Shares to be allocated by virtue of the level of achievement of the Performance Targets is rounded to the next higher integer.

2.3 Elements underlying the calculation of the extent of pay based on financial instruments, or the criteria for calculation.

The Plan consists of the following:

- a) To determine the number of Rights to be Assigned to each Beneficiary, a mechanism is provided for the "co-investment" of a portion of the short-term annual incentive, as described in the 2018 Compensation Report Section 1. The Beneficiary "co-invests" this portion of his/her own annual incentive for each Cycle of the plan (2018, 2019 and 2020) (hereafter "Co-invested Incentive"). The monetary value of the "Co-invested incentive" is converted into a number of Rights on the basis of the average of the official daily prices of Italgas Stock of the 30 calendar days preceding the Board of Directors meeting that approves the final accounting of the short-term incentive.

Only for 2018, transition year between the old and the new incentive system, the value of the Co-invested Incentive is equal to the amount of the old Deferred Monetary Incentive (DMI) Plan: Chief Executive Officer 45.5% of fixed

remuneration, General Manager Finance and Services 35% of fixed remuneration, Managers with Strategic Responsibilities 25% of fixed remuneration.

For each Share assigned to the Beneficiary and resulting from this conversion mechanism, the Company will offer a potential free Matching value of Shares according to the level of achievement of the Target prescribed by the Plan. In particular, at the end of the Performance Period, the Matching amount shall be in the ratio of 0.6 Shares for each Share assigned in case of attainment of the Performance Targets at the threshold level, of 0.8 Shares for each Share assigned in case of attainment of the target level and of 1 Share for each assigned Share in case of attainment of the maximum level. For intermediate values, the number of Shares to be assigned deriving from the Matching amount is determined by linear interpolation.

- b) At the end of the Performance Period, the assigned Shares will be allocated to each Beneficiary provided that the Performance Targets identified by the Plan were attained.

If the minimum prescribed level of performance is not attained, then no Share will be allocated to the Beneficiary.

- 2.4 Underlying reasons for any decision to allocate pay plans based on financial instruments not issued by the issuer, such as financial instruments issued by subsidiaries or parent companies or third-party companies in relation to the group; if the above-mentioned instruments are not traded on regulated markets, information on the criteria used for calculating the value that can be attributed to them.**

Not applicable.

- 2.5 Evaluations regarding significant implications of a tax and accounting nature that have affected the definition of the plan.**

The preparation of the Plan was not influenced by significant evaluations of a tax or accounting nature. In particular, at the time of the Allocation of the Shares, consideration shall be given to the applicable taxation regime in force in the country of fiscal residence of each Beneficiary.

- 2.6 Possible support of the Plan by the special Fund for incentivising the participation of employees in companies, pursuant to Article 4, paragraph 112 of Law 350 of 24 December 2003.**

The Plan receives no support by the special Fund for incentivising the participation of employees in companies, pursuant to Article 4, paragraph 112 of Law 350 of 24 December 2003.

3. Approval process and time scale for the assignment of instruments

3.1 Powers and functions delegated by the Shareholders' Meeting to the Board of Directors for implementing the Plan

On 12 March 2018, the Board of Directors, at the proposal of the Nominations and Compensation Committee of 7 March 2018, resolved to submit the Plan for approval to the ordinary Shareholders' Meeting to be held in single call on 19 April 2018.

The Shareholders' Meeting will be asked to attribute to the Board of Directors, with power to sub-delegate, the power, after obtaining the opinion of the Nominations and Compensation Committee, to: (i) implement the Plan; (ii) identify the Beneficiaries by name; (iii) define the detailed mechanism to determine the number of Rights to be assigned to each Beneficiary; (iv) determine, in detail, the levels relating to the Performance Targets on the basis of which the Shares may be allocated to the Beneficiary; (v) carry out all obligations, formalities or communications which may be necessary or appropriate for the purposes of managing and/or implementing the Plan, in compliance with the terms and conditions described herein.

3.2 Parties appointed for the administration of the Plan and their functions and responsibilities

The Board of Directors of Italgas S.p.A., with the power to sub-delegate, is responsible for managing the Plan.

The Board of Directors is attributed all powers to implement the Plan, including, by way of example:

- (i) the power to identify the Beneficiaries;
- (ii) the power to define the performance target accumulated in the vesting period;

- (iii) the power to verify attainment of the performance target for the Allocation of the Shares;
- (iv) the power to amend the Plan as indicated in paragraph 3.3 below.

3.3 Any existing procedures for reviewing the Plan also in relation to any changes in the underlying targets;

The Board of Director shall regulate the emerging rights and/or to amend and/or to add to the conditions of Assignment of the Shares upon the completion, *inter alia*, of the following transactions in order to maintain the essential contents of the Plan as unchanged as possible;

- fractioning and grouping of the Shares;
- distribution of extraordinary dividends to the Shares;

If Employment is transferred from the Company to another company of the Group or it is terminated with concurrent establishment of a new Employment agreement within the Group, the Beneficiary will continue to be entitled to the Rights within the same terms and at the same conditions.

In case of:

- transfer to third parties of control over the company or companies of the Group of which any of the Beneficiaries is an employee;
- merger by absorption in another company or merger with other company that implies the creation of a new company;
- transfer of the Employment agreement within the scope of sales to third parties of a company or a business unit by a company of the Group;

the right to the Allocation of the Shares and of the related Dividend Equivalent shall be maintained in the measure determined in the following manner:

- within the first 12 months from assignment of the rights, their value shall be allocated in monetary form, as well as 30% of the Matching amount;

- from the thirteenth to the twenty-fourth month from assignment of the rights, their value will be allocated in monetary form, as well as 45% of the Matching amount;
- after the twenty-fourth month from assignment of the rights, their value will be assigned in monetary terms, as well as 60% of the Matching amount.

The monetary value will be determined taking as a reference the average of the official daily prices of Italgas stock of the thirty calendar days preceding the date of the event.

The Board of Directors shall define the methods and the terms of Allocation, including early Allocation, of the Shares in case of delisting.

3.4 Description of the methods through which to determine the availability and allocation of the financial instruments on which the plans are based.

Shares will be assigned using shares coming from the issue, pursuant to Art. 2349 of the Italian Civil Code, of no more than 4,000,000 ordinary shares without par value, having the same characteristics as the outstanding ordinary shares; this assignment will be submitted to authorisation of the Extraordinary Shareholders' Meeting.

The Shareholders' Meeting of 19 April 2018 is called to decide on increasing the plan bonus issue by assigning profits or provisions from profits pursuant to Art. 2349 of the Italian Civil Code.

3.5 Role performed by each Director in determining the characteristics of the Plan; any recurrence of situations of conflicts of interest.

The characteristics of the Plan, to be submitted to the Shareholders' Meeting for approval in accordance with Article 114-*bis* of the TUF, were determined collectively by the Board of Directors, with the abstention of the affected directors

In the preparation of the plan, the Nominations and Compensation Committee of the Company was involved in the various phases of preparation; in particular, it proposed adoption of the Plan to the Board of Directors.

There are no conflict of interest situations within the Nominations and Compensation Committee, because no Non-executive Director is a recipient of the Plan.

3.6 Date of the decision made by the competent body to propose the approval of the Plan to the Shareholders' Meeting and any proposal of the Nominations and Compensation Committee.

In the meeting of 7 March 2018, the Nominations and Compensation Committee resolved to submit the proposal to approve the Plan to the Board of Directors of the Company.

In the meeting of 12 March 2018, the Board of Directors, at the proposal of the Nominations and Compensation Committee of 7 March 2017, decided to submit the Plan for the approval of the Shareholders' Meeting convened in single call on 19 April 2018.

3.7 Date of the decision made by the competent body with regard to the assignment of the instruments and any proposal to the aforesaid body formulated by the Appointments and Compensation Committee.

The rights provided by the Plan shall be assigned to the Beneficiaries by the Board of Directors and, for the other top managers other than executive Directors and Managers with strategic responsibility, by the body delegated for the purposes, after obtaining the opinion of the Nominations and Compensation Committee, after the approval of the Plan by the ordinary Shareholders' Meeting of the Company convened in single call on 19 April 2018.

At the date of the present Information Document, the information about the date of the decision of any proposal by the Committee and by the Board of Directors is not available and it will be communicated subsequently in accordance with article 84-*bis*, paragraph 5, of the Issuers Regulation.

3.8 Market price, recorded in the aforesaid dates, for the financial instruments on which the plans are based, if traded in regulated markets.

On 12 March 2018, when the Board of Directors met to define the proposal with regard to the Plan to be submitted to the Shareholders' Meeting, the official Stock Market price of the Share was € 4.6505.

The price of the Shares at the time of the Assignment of the Rights by the Board of Directors shall be communicated in accordance with Article 84-*bis*, paragraph 5, of the Issuers Regulation.

- 3.9 In the case of plans based on financial instruments traded on regulated markets, according to what terms and conditions the issuer takes into account, within the scope of the identification of the time scale for assigning the instruments to implement the plans, the possible overlapping of the timing of:**
- i) said allocation or any decisions taken in this regard by the compensation committee, and**
 - ii) the disclosure of any relevant information in accordance with Article 17 of Regulation (EU) no. 596/2014; for example, if this information is:**
 - a. not already published and may positively influence market listings; or**
 - b. already published and may negatively influence stock market listings.**

The possible disclosure of inside information at the time of the assignment of the Rights would be irrelevant for the Beneficiaries which, on the basis of the mechanism of the Plan entailing the assignment of the Rights to receive Shares, cannot carry out any transaction on the Shares, there being no physical delivery of them.

4. Characteristics of the instruments allocated.

4.1 Description of the forms in which the plan based on financial instruments is structured.

The Plan on the basis of the mechanisms defined in paragraphs 2.2 and 2.3, entails the Assignment to the Beneficiaries of the Rights to receive Shares of the Company, according to the terms and conditions provided by the Plan.

An additional number of shares is also assigned - defined as Dividend Equivalent - on the Shares actually Allocated in a quantity connected to the attainment of the Performance Targets. The number of additional Shares to be allocated is determined dividing the sum of the dividends distributed in the Performance Period by the average of the official daily prices of the Italgas Share of the thirty calendar days preceding the Allocation.

4.2 Effective implementation period of the Plan also with reference to any different cycles.

The Plan provides three Rights Assignment Cycles as a function of the deferral of a part of the short-term incentive for the years 2018-2019-2020 for a three-year Performance Period.

The Shares will be assigned at the end of each Performance Period, no later than 30 June 2021, 2022 and 2023, subject to verification of the attainment of the Performance Targets.

4.3 End of the Plan.

The Plan will end on 30 June 2023 or on the date of Allocation of the Shares to the Beneficiaries, whichever comes first.

4.4 Maximum number of financial instruments assigned each tax year with regard to parties identified by name or to the categories indicated.

The Board of Directors set to 4,000,000 the maximum number of Shares serving the Plan, calculated on the basis of the average for the official daily prices in the 3 months preceding the approval of the Plan by the Board of Directors and equal to € 4.7933.

4.5 Plan implementation methods and clauses, specifying if the effective allocation of the instruments is subject to the satisfaction of the conditions or to the achievements of certain results, including performance results; description of these conditions and results;

Allocation of the Shares is subject to:

- actual existence of the Employment in Italgas S.p.A. or in one of the companies of the Group at the end of the Performance Period;
- the Beneficiaries must not be in the notice period due to resignation or termination at the end of the Performance Period; if the Beneficiary is an executive director, (s)he must not have resigned from the position or have been revoked at the end of the Performance Period;
- attainment of the Performance Targets as pointed out in paragraphs 2.2 and 2.3.

The Plan prescribes the adoption of “clawback” mechanisms through the following clause: "Without prejudice to the right to compensation for any further damage, within the statute of limitations, the Company can once again possess (with the consequent restitution obligation for the Beneficiary) the value of the Shares assigned at the time of their actual Allocation, including the value of the Shares Allocated as Dividend Equivalent, if it is confirmed that the achievement of the Targets is attributable to wilful misconduct or grossly negligent conduct or, in any event, is in violation of the

regulations (corporate, legal, regulatory or from any other source), by the Beneficiary, or where the above-mentioned targets have been achieved based on data which have been revealed to be manifestly incorrect”.

4.6 Any availability restrictions on the instruments allocated or on the instruments deriving from the exercising of options, with special reference to the deadlines by which the subsequent transfer to the company or to third parties is permitted or prohibited

The assigned Rights are personal, not transferable or available “*inter vivos*” and may not be pledged as collateral. The Rights shall be come ineffective as a result of attempted transfer or trade, including, for example, every attempted transfer by deed *inter vivos* or, in accordance with the law, pledge or other collateral, seizure and attachment.

4.7 Any termination conditions in relation to the Plan if the recipients carry out hedging transactions.

The execution of hedging transactions on the Rights by the Beneficiaries prior to Allocation leads to forfeiture of the Rights.

4.8 Description of the effects caused by the termination of the employment.

In case of unilateral termination of the Employment, both by the company and by the Beneficiary, which should take place in the vesting period, the Beneficiary will definitively forfeit the assigned rights.

If the employment is terminated as a result of death or permanent disability of at least 66%, the heirs or the assignees shall retain the right to the Allocation, in monetary form, of the value of the deferred portion and, in addition, of 100% of the matching amount provided.

In all remaining case of cessation of the employment other than those of the above paragraphs, the right to the allocation of the award and of the related Dividend Equivalent will be maintained; it will be determined as follows:

- within the first 12 months from assignment of the rights, their value shall be allocated in monetary form as well as 30% of the Matching amount;

- from the thirteenth to the twenty-fourth month from assignment of the rights, their value will be allocated in monetary form, as well as 45% of the Matching amount;
- after the twenty-fourth month from assignment of the rights, their value will be assigned in monetary terms, as well as 60% of the Matching amount.

The monetary value will be determined taking as a reference the average of the official daily prices of Italgas stock of the thirty calendar days preceding the date of termination of the Employment.

4.9 Indication of any other causes of cancellation of the Plans.

There are no causes for the cancellation of the Plan

4.10 Reasons for any provision of a “redemption” by the Company of the financial instruments of the Plan.

Not applicable.

4.11 Any loans or other subsidies for the acquisition of the Shares

Not applicable.

4.12 Details of the valuations of the expected cost for the company at the allocation date, as can be determined based on the terms and conditions already defined, for the overall amount and in relation to each financial instrument.

The expected cost for the Company shall be punctually determined at the date of Assignment of the Rights. The information about the total cost of the plan shall be provided according to the procedures per Article 84-*bis*, paragraph 5, letter a) of the Issuers Regulation.

4.13 Any dilutive effects caused by the Plan.

Full execution of the Plan share capital increase, after exercising all the Options and assuming that other capital increases will not take place, would cause a dilution of marginal importance.

4.14 Any limits for the exercise of the voting right and the allocation of capital rights.

Not applicable.

4.15 Information about the assignment of Shares not traded on regulated markets.

Not applicable.

4.16 - 4.23

Not applicable

TABLE

4.24 Table no. 1 prescribed by paragraph 4.24 of Template 7 of Annex 3A of the Issuers Regulation, shall be provided subsequently according to the procedures per Article 84-*bis*, paragraph 5, letter a) of the Issuers Regulation.