

Guidance of the Board of Directors of Italgas S.p.A. to the Shareholders on the future dimension and composition of the new Board of Directors

In accordance with the Code of Corporate Governance's recommendations, in view of the renewal of the company bodies, which would occur at the shareholders' meeting called for 4 April 2019, the Board of Directors of Italgas, taking into account the results of the evaluation on Board of Directors and its Committees' functioning, has carried out, after consulting the Appointments and Compensation Committee, considerations on the future dimension and composition of the Board of Directors to be submitted to shareholders.

Size of the Board of Directors

The Board of Directors considers the following to be appropriate: (i) the current number of nine Directors, (ii) the balance of four non-Executive Independent Directors out of nine members of the Board and (iii) ongoing compliance with the regulations on gender balance in force at the time.

Composition of the Board of Directors

The Board suggests that Shareholders ensure, compatible with Corporate Governance restrictions and rules, that a substantially similar composition of the administrative body be maintained to enhance the wealth of knowledge of Italgas S.p.A., acquired by the Directors, necessary to continue and support the current development phase of the company and the group.

This continuity would allow the next Board, which is already sufficiently knowledgeable about industry matters and the operational content of the activities, to be even more active and proactive in the performance of its governance and guidance role.

The Board considers it preferable for its members to have an appropriate dissemination of the following:

- knowledge of Italgas' business and the related scenarios and strategies of the sector in which it operates;
- entrepreneurial experience and/or business management and company organisation experience;
- the ability to read and interpret economic and financial management data and financial statements;
- expertise in financial matters, extraordinary transactions and M&A;
- strategic guidance expertise (attention and understanding of how scenarios evolve, the opportunities and risks of the industry, the evolution of competition drivers and of the competitors, sector and business medium to long-term opportunities and the identification, analysis and evaluation of options and strategic choices);
- business judgement (capacity to determine and/or assess the criteria to use and/or used in relation to the alternatives, skilled in the methods, congruity and conducting of analyses, ability to make economic evaluations and assess outcome risks and decisions).

The Board also considers that it would be useful for its members to have the following:

- professional and/or consultancy experience and to provide an input in terms of knowledge and method;
- experience and/or expertise and/or knowledge of relations with Government/Institutional and/or Public Bodies;
- risk management expertise;
- knowledge of legislative and regulatory frameworks;

- expertise in legal matters, agreements and contract law, even international;
- knowledge of matters concerning digital & data technology and/or cyber security;
- knowledge of socio-political situations and/or territorial areas where Italgas has a presence and/or strategic ambition;
- openness and/or international experience and/or experience of business and multinational organisations and knowledge of foreign markets.

Where possible, the Board considers desirable for any new Directors to have experience in listed companies, ideally operating in regulated sectors. Experience acquired in innovative contexts, insofar as suitable for encouraging the development of lateral strategic thinking, was also identified as a possibly sought transversal skill, particularly useful in the evolution of the Strategic Plan.

The Board also considers it particularly important to assess the following soft skills among the criteria to be used in putting together a slate to be proposed to further capitalise on the already excellent dynamic among board members:

- collaboration and ability to influence: know how to stimulate and share professionalism, develop opinions and help to resolve conflicts;
- performance incentive and orientation: steer oneself and encourage colleagues to focus constructively on the results to be achieved;
- decision-making capacity: encourage attitudes and ensure evaluation skills geared towards business development and decisions;
- team work and inclusiveness.

The composition of the Board of Directors should reflect the objective of including diverse professional skills in the composition of the Board of Directors, recognizing the importance of complementary experiences, skills, styles and cultures, for the effective functioning of the overall Body, combining this with diversity in terms of gender, age and seniority.

All candidates for the role of Director, when accepting their candidacy, must have carefully considered – and assured the shareholders proposing them on this matter – that they have the time necessary to dedicate to the diligent performance of their duties on the Board of Italgas.

Particularly important figures

The Chair must be a person

- with Leadership and high personal and professional authoritativeness;
- capable of ensuring the transparent and correct management of the operation of the Board of Directors;
- capable of encouraging integration of the different skills and experiences of the Directors and synergy with the Chief Executive Officer;
- who represents a guarantee figure for Shareholders, investors and stakeholders;
- with adequate experience and a flair for corporate governance.

The Chief Executive Officer must be a person who has

- recognised leadership and entrepreneurial skill;
- proven authority and a reputation for intellectual independence and personal integrity;



- significant managerial experience and recognized success in the senior management of a company of a size and complexity comparable to Italgas;
- experience in businesses similar to Italgas, regulated and non-regulated, that are relevant due to the industrial characteristics, innovation and technologies, size of the market and of the competitors, and strategic critical issues.