

Italgas S.p.A.

ORDINARY SHAREHOLDERS' MEETING OF 12 MAY 2020

SINGLE CALL

**Report by the Board of Directors on the proposals concerning the items on the agenda of the
Shareholders' Meeting**

Item 4

“4. Report on remuneration policy and compensation paid.

- 4.1 approval of the remuneration policy pursuant to Article 123-ter, subsection 3-bis, of Legislative Decree 58/1998;***
- 4.2 resolutions on the "second section" of the report, pursuant to Article 123-ter, subsection 6, of Legislative Decree 58/1998”***

Dear Shareholders,

The Compensation Report was prepared on the basis of Article 123-ter of Legislative Decree No. 58 of 24 February 1998 ("CLF") and Article 84-*quater* of the Consob Regulation adopted under Resolution No. 11971 of 14 May 1999 and subsequent amendments (“**Issuers' Regulations**”).

The Compensation Report was last updated to incorporate the amendments introduced by Legislative Decree no. 49 of 10 May 2019 which implemented Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 (Shareholders’ Right Directive II), which amends Directive 2007/36/EC on the exercising of some rights of the shareholders of listed companies with regard to encouraging the long-term commitment of shareholders (the “**Directive**”).

The Compensation Report is divided into the following sections:

- (i) Section I – in compliance with articles 123-*ter* of the CLF and 9-*bis* of the Directive – sets out the Company’s policy on the remuneration of the members of the administrative body, general managers, executives with strategic responsibilities and, without prejudice to the provisions of art. 2402 of the Italian Civil Code, the members of the Board of Statutory Auditors, as well as the procedures used to adopt, review and implement this policy;
- (ii) Section II, lists separately the compensation attributed to each Director, Statutory Auditor and general manager, and at aggregate level the compensation attributed to executives with strategic responsibilities:
 - provides an adequate, clear and comprehensible representation of each constituent item of the remuneration, including the payments specified in case of loss of office or termination of employment (where existing), pointing out their coherence with the Company policy on remuneration relating to the previous financial year of reference;
 - analytically illustrates the compensation paid in the reference financial year for any reason and in any form by the Company and by subsidiaries or associated companies.

Section II also contains information on the equity investments held, in the Issuer and in the subsidiaries, by members of the administrative and control bodies, general managers and other executives with strategic responsibilities as well as their spouses who are not legally separated and minor children, in compliance with the provisions of Article 84-*quater* of the Issuers' Regulations.

It should be noted that Shareholders, pursuant to Article 123-*ter*, subsection 3-*bis*, of the CLF, will be required to resolve for or against the remuneration policy outlined in Section I of the Compensation Report with a binding resolution pursuant to Article 123-*ter*, subsection 3-*ter*, of the CLF.

Shareholders will also be required, pursuant to Article 123-*ter*, subsection 6, of the CLF, to resolve on Section II of the Compensation Report, with a non-binding resolution. The outcome of the vote will be made available

to the public in accordance with the law pursuant to Articles 123-ter, subsection 6, and 125-quater, subsection 2, of the CLF.

The "Compensation Report" folder is filed at the Company's headquarters and published on the Company's website and on the authorised storage mechanism "eMarket STORAGE" at the address emarketstorage.com. This report therefore refers to that document.

Dear Shareholders,

We hereby submit the following resolution proposals for your approval:

-First resolution-

"The Ordinary Shareholders' Meeting of Italgas S.p.A., having examined the report of the Board of Directors drawn up in accordance with Article 123-ter of Legislative Decree 58/1998, for the purposes established by subsection 3-ter of the aforementioned standard, and therefore with a binding resolution,

RESOLVES

- *to approve the remuneration policy set out in the first section of the Compensation Report drawn up in accordance with Article 123-ter of Legislative Decree 58/1998 and further applicable legislation."*

-Second resolution-

"The Ordinary Shareholders' Meeting of Italgas S.p.A., having examined the report of the Board of Directors drawn up in accordance with Article 123-ter of Legislative Decree 58/1998, for the purposes established by subsection 6 of the aforementioned standard, and therefore with a non binding resolution,

RESOLVES

- *to approve the second section of the Compensation Report drawn up in accordance with Article 123-ter of Legislative Decree 58/1998 and further applicable legislation."*

Milan, 10 April 2020

The Chairman of the Board of Directors

Mr Alberto Dell'Acqua