

**Powers reserved exclusively for the Board of Directors pursuant to Article 2381 of the  
Italian Civil Code**

The following powers are reserved for the Board of Directors, in addition to those which by law cannot be delegated and generally to those of the Corporate Governance Code, where not expressly provided for:

- a) on the recommendation of the Chief Executive Officer (CEO), it defines the strategies and objectives of the Company and of the Group, including the sustainability policies. In compliance with the unbundling regulations, it examines and approves the strategic, business and financial plans of the Company and of the Group, monitoring each year their implementation, as well as the Company's strategic agreements;
- b) it examines and approves the budget of the Company and of the Group;
- c) it examines and approves the half-yearly report and the interim reports on operations of the Company and of the Group, as provided for by current legislation;
- d) it examines and approves the sustainability report and the report on corporate governance and ownership structure to be put before the Shareholders' Meeting;
- e) it defines the system and rules of corporate governance of the Company and of the Group. In particular, following consultation with the Control, Risk and Related Parties Transactions Committee, it adopts rules which ensure transparency and substantial and procedural correctness of transactions with related parties and of transactions in which a director or a statutory auditor has a personal interest or an interest on behalf of others; it

also adopts a procedure for the management and communication of corporate information, with particular reference to privileged information;

f) it sets up the Internal Committees of the Board, with proposal and consultative functions, appointing their members, establishing their duties and approving their regulations;

g) it receives half-yearly reports from the Internal Committees of the Board;

h) it assesses the general performance of operations, taking into consideration, in particular, the information received from the delegated bodies, paying particular attention to conflicts of interest and periodically comparing the results achieved, as stated in the financial statements and the interim accounts, with those of the budget, also acquiring the necessary information and adopting all measures suitable to protect the Company and disclosure to the market in case of significant events;

i) it assigns and revokes powers to/from the Chairman and the CEO, nominated as the Director in charge of the internal control and risk management system, setting their limits and methods of operation and determining their remuneration once the proposals of the appropriate Committee have been examined and following consultation with the Board of Statutory Auditors. It may issue directives to the delegated bodies and it may take it upon itself to perform operations which are covered by the powers. The Chairman and the CEO report at least once a quarter to the Board itself and to the Board of Statutory Auditors on how they have exercised their powers, on the transactions with the greatest impact on the financial statements carried out by the Company and its subsidiaries, and on transactions with related parties. Information must be made available promptly if it is a case of transactions in which the Directors have a personal interest or an interest on behalf of

third parties, or which are influenced by any party who exercises management and coordination activities.

j) on the recommendation of the CEO, it resolves on the transactions of the Company and its subsidiaries, in terms of the exercise of management and coordination activities, that have a significant strategic, economic, capital and financial importance for the Company and the Group. This is without prejudice, in each case, to compliance with the confidentiality obligations relating to the commercial relations between the subsidiary and the Company or third parties. The following transactions are considered to be of significant importance:

- acquisitions, disposals, sales, closures, contributions of companies or business units(including rent and usufruct), real estate and/or investments worth more than 100 million euros;
- supply contracts and contracts for the sale of goods and/or services relating to the commercial activities of the Company and its subsidiaries, worth over 1 billion euros and/or with a duration of over 15 years;
- contracts relating directly to the activities indicated in the corporate objective and/or relating to the day-to-day management of activities of the Company worth over 100 million euros and/or with a duration of over 15 years;
- the stipulation, modification and termination of credit contracts for sums exceeding 2 billion euros and/or with a duration of over 15 years;

- the disbursement by the Company and its subsidiaries of loans to third parties other than ITG Holding<sup>1</sup> and its subsidiaries;
- relating to sureties and other forms of personal guarantee, as well as letters of comfort, with regard to obligations undertaken or to be undertaken by businesses in which the Company, directly or indirectly, holds an investment of over 100 million euros and, in any case, if the amount is not proportional to the investment held therein;
- with regard to sureties guaranteeing obligations undertaken or to be undertaken by the Company with third parties, worth over 100 million euros;
- the Company's brokerage contracts.

The activities and processes carried out by subsidiary Italgas in relation to identifying natural gas distribution tenders in which to participate, and in relation to formulating the technical and financial bids for these tenders, are not discussed or subject to prior approval by the ITG Holding Board of Directors.

- k) on the recommendation of the CEO and with the agreement of the Chairman, it appoints and dismisses the General Managers, granting them their relevant powers;
- l) on the recommendation of the CEO, with the agreement of the Chairman and following approval from the Board of Statutory Auditors, it appoints and dismisses the executive responsible for preparing corporate accounting documents, ensuring that he/she has suitable powers and means;

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<sup>1</sup> On 12 September 2016 ITG  *Holding* S.p.A. has changed its company name in Italgas S.p.A.

- m) on the recommendation of the CEO, with the agreement of the Chairman, following approval from the Control, Risk and Related Parties Transactions Committee and having consulted the Board of Statutory Auditors, it appoints and dismisses the Head of Internal Audit and, on previous verification with the Compensation Committee, sets his/her compensation in line with the Company's pay policy; it also ensures that he/she is given the appropriate resources to fulfil his/her responsibilities;
- n) it ensures that an employee has been appointed by the CEO to handle investor relations;
- o) after reviewing the proposals of the Compensation Committee, it defines the remuneration policy for the directors, general managers and managers with strategic responsibilities of the Company and its subsidiaries and the compensation systems; it also implements the compensation plans based on shares or financial instruments approved by the Shareholders' Meeting and approves the Remuneration Report to be submitted to the Shareholders' Meeting; having received an opinion from the Remuneration Committee, the Board also assesses the vote on the Remuneration Report taken by the Shareholders' Meeting and the proposals of the Committee on the adequacy, overall coherence and application of the adopted Policy for the Remuneration of Directors and Executives with Strategic Responsibilities;
- p) it defines the basic guidelines for the organisational, administrative and accounting structure of the Company and its subsidiaries. It also evaluates on an annual basis the adequacy of the organisational, administrative and accounting structure of the Company and its subsidiaries, with particular reference to the internal control and risk management system;

- q) after consulting the Control, Risk and Related Parties Transactions Committee, it defines the guidelines for the internal control and risk management system, so as to ensure the identification, measurement, management and monitoring of the principal risks of the Company and its subsidiaries, including the risks that could become significant in the context of medium and long-term sustainability, also determining the degree of compatibility of these risks with a management of the Company and the Group which is consistent with its defined strategic objectives. It evaluates, on an annual basis, the adequacy and effectiveness of the internal control and risk management system in terms of the characteristics of the Company and the Group and the risk profile it has adopted;
- r) after consulting the Control, Risk and Related Parties Transactions Committee and the Board of Statutory Auditors, it evaluates the conclusions presented by the independent auditor in any letter with suggestions and in the report on key matters arising from the statutory audit;
- s) it approves, at least annually, the Audit Plan prepared by the Head of Internal Audit, having consulted the Control, Risk and Related Parties Transactions Committee, the Chairman, the Director in charge of the internal control and risk management system and the Board of Statutory Auditors;
- t) (i) on the recommendation of the CEO, it decides on the exercising of voting rights at the Shareholders' Meetings of direct subsidiaries, and (ii) on the recommendation of the Appointments Committee, it decides on the appointments of the members of the internal bodies with reference to the controlled companies included in the scope of consolidation;
- u) it draws up resolutions to be submitted to the Shareholders' Meetings;

- v) when the Board of Directors is being appointed, it recommends candidates to the shareholders, taking into account the results of the annual assessment of the functioning, size and composition of the Board and its Committees;
- z) it examines and resolves on other particularly important and sensitive issues which the Directors who hold powers wish to draw to the attention of the Board.

In addition, pursuant to the Bylaws, the Board approves:

- mergers pursuant to Articles 2505 and 2505-bis of the Italian Civil Code, also in the case of demergers, in the cases mentioned in those articles;
- the opening, changing or closing of branches;
- the reduction in the share capital upon withdrawal of one or more shareholders;
- the adjustment of the Bylaws in line with regulatory provisions;
- the transfer of the registered office within Italy.