

**Italgas S.p.A.**

**ORDINARY SHAREHOLDERS' MEETING OF 26 APRIL 2022**

**SINGLE CALL**

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

**Item 4**

*“Appointment of the Board of Directors.*

*4.1 Determination of the term of office of Directors.*

*4.2 Appointment of the members of the Board of Directors.*

*4.3 Appointment of the Chairman of the Board of Directors.*

*4.4 Determination of the remuneration of the members of the Board of Directors”.*

Dear Shareholders,

This Report has been drawn up in accordance with art. 125-ter, subsection 1, of Legislative Decree no. 58 of 24 February 1998 as subsequently amended (the "CLF") and art. 84-ter of the Regulations adopted with Consob Resolution no. 11971 of 14 May 1999 as subsequently amended and supplemented (the "**Issuers' Regulations**").

This Report was approved by the Board of Directors at the meeting on 9 March 2022 and is made available to the public, as established by law and regulations, at the company's registered office, on the Company's website ([www.italgas.it](http://www.italgas.it)), and by other means as required by current legislation.

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The term of office of the administrative and control bodies of Italgas S.p.A. (the "**Company**" or "**Italgas**") appointed by the Shareholders' Meeting of 4 April 2019<sup>1</sup>, expires with the approval of the financial statements for the year ended 31 December 2021. Therefore, the Board of Directors calls on you to proceed with the appointment of the new administrative body in compliance with the applicable regulatory and bylaw provisions.

That being said, the content of the main applicable provisions and Bylaw clauses that govern the composition, duration of office and procedure for appointing members of the Company's Board of Directors are set out below.

### **1.1. Composition and term of office of Directors.**

Pursuant to article 13.1 of the company bylaws (the "**Bylaws**"), the Company shall be managed by a Board of Directors composed of 9 members.

Note that the Company adheres to the recommendations of the New Corporate Governance Code approved by the Corporate Governance Committee (the "**Corporate Governance Code**").

In accordance with the provisions of Recommendation 23 of the Corporate Governance Code, the Board of Directors, based on the experience gained during the three-year period ended and taking into account the outcome of the assessment of the functioning of the Board and its committees, their size and composition, and having consulted the Appointments and Compensation Committee, set out its guidance on the quantitative and qualitative composition it deems optimal. and. The "Guidelines of the Board of Directors of Italgas S.p.A. to Shareholders on the future size and composition of the new Board of Directors" ("**Guidelines for Shareholders**") was approved by the Board of Directors on 21 February 2022 and made available to the public on the same date on the Company website [www.italgas.it](http://www.italgas.it) (Section "*Governance*" - "*Shareholders' Meeting*" - "*Shareholders' Meeting 2022*") and on the "eMarket STORAGE" authorised storage platform at

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<sup>1</sup> With the exception of Director Qinjing Shen, who was co-opted by the Board of Directors on 27 January 2022 (on the proposal of the Appointments and Compensation Committee and by way of a resolution approved by the Board of Statutory Auditors), following the resignation of Mr Yunpeng He on 11 January 2022; Mr Qinjing Shen will remain in office until the next Shareholders' Meeting as per the law and Bylaws.

emarketstorage.com, and therefore well in advance of the date of publication of the call notice of the Shareholders' Meeting convened to renew the corporate bodies and this Report (see also below).

Given the above, as laid down in the Bylaws:

- at least three directors must meet the independence requirements established by the CLF (i.e., pursuant to Article 147-ter, subsection 4 of the CLF, the independence requirements established for statutory auditors of listed companies pursuant to Article 148, subsection 3 of the CLF). The slates must expressly bear the names of candidates who meet the aforementioned requirements of independence. In this regard, it should also be noted that (i) pursuant to Recommendation 5 of the Corporate Governance Code, in “large companies” other than those “with concentrated ownership” (such as Italgas<sup>2</sup>), independent directors make up at least half of the Board of Directors; (ii) on 24 February 2021, Italgas' Board of Directors – upon the proposal of the Appointments and Compensation Committee – approved the quantitative and qualitative criteria for assessing the independence of Italgas Directors and Statutory Auditors pursuant to Recommendation 7, letters c) and d) and established the “close family members” referred to in Recommendation 7, letter h) of the Corporate Governance Code. These criteria are set out, *inter alia*, in the Guidelines for Shareholders made available to the public on the Company website [www.italgas.it](http://www.italgas.it) (Section “Governance” - “Shareholders' Meeting” - “Shareholders' Meeting 2022”) and on the “eMarket STORAGE” authorised storage platform at [emarketstorage.com](http://emarketstorage.com), referred to herein;
- All directors must meet the requirements of integrity laid down by current legislation (i.e., pursuant to Article 147-quinquies, subsection 1, of the CLF, the integrity requirements established for statutory auditors);

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<sup>2</sup> The Corporate Governance Code defines a “large company: a company whose capitalisation exceeded 1 billion euros on the last trading day of each of the three preceding calendar years” and a “concentrated ownership company: a company in which one or more shareholders participating in a shareholders' agreement hold, directly or indirectly (through subsidiaries, trustees or intermediaries), the majority of the votes that can be cast at an ordinary shareholders' meeting”. Italgas qualifies as a large non-concentrated ownership company.

- the directors of Italgas cannot be appointed to offices in administrative or control bodies or in managerial positions at ENI S.p.A. and its subsidiaries, nor can they entertain any direct or indirect, professional or financial relationship with the aforementioned companies as also laid down by the Prime Ministerial Decree of 25 May 2012 concerning “*Criteria, terms and conditions for the adoption by Snam of the ownership unbundling model pursuant to Article 15 of Law no. 27 of 24 March 2012*”.

The composition of the Board of Directors must also ensure a gender balance in compliance with current regulations, which provide that the less represented gender must obtain at least two-fifths of the elected members (Article 147-ter, subsection 1-ter of the CLF) and that, if the application of the gender distribution criterion does not result in a whole number of members of the administrative bodies belonging to the less represented gender, this number shall be rounded up to the nearest whole number (Article 144-undecies.1, subsection 3 of the Issuers’ Regulations). Therefore, taking into account the number of members of the Board of Directors laid down by the Bylaws, at the Shareholders’ Meeting to renew Italgas’ Board of Directors, four out of the nine elected Directors must be of the least represented gender.

Following the opinion of the Appointments and Compensation Committee of 24 January 2019, on the same date the Board of Directors also approved the “policy for the diversity of corporate bodies” (most recently updated by resolution on 25 January 2021). This policy, which contains various criteria aimed at encouraging diversity in the composition of the corporate bodies, may be consulted on the Company website: [www.italgas.it](http://www.italgas.it) (“*Governance*” – “*Board of Directors*” Section).

The members of the administrative body shall comply with the Guideline on the limits and prohibitions on the accumulation of offices as director or statutory auditor held by Italgas Directors in other “relevant companies” not belonging to the Italgas Group, most recently adopted by the Italgas’ Board of Directors with a resolution passed on 21 February 2022, having obtained the favourable opinion of the Appointments and Compensation Committee, in compliance with the provisions of the Corporate Governance Code. The Guidance on the limits and prohibitions on the accumulation of offices held is set out – *inter alia* – in the Guidelines for Shareholders made available to the public on the Company website at [www.italgas.it](http://www.italgas.it) (Section “*Governance*” -

“Shareholders’ Meeting” - “Shareholders’ Meeting 2022”) and on the “eMarket STORAGE” authorised storage platform at [emarketstorage.com](http://emarketstorage.com), referred to herein.

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As regards the duration of the term of office, note that the members of the Board of Directors shall remain in office for a period established by the Shareholders' Meeting at the time of appointment and in any case no longer than three fiscal years, expiring on the date of the Shareholders' Meeting called to approve the financial statements for the last year of their term of office, without prejudice to the causes of termination and forfeiture provided for by law and the Bylaws. Members of the Board of Directors may be re-elected.

In order to ensure continuity in the management of the Company, the Board of Directors proposes to set the term of office for the Directors to be appointed at three financial years (2022, 2023 and 2024), thus expiring on the date of the Shareholders’ Meeting to be called for approving the financial statements as at 31 December 2024.

### **1.2 Appointment of the Chairman of the Board of Directors.**

Pursuant to art. 14 of the Bylaws, the Shareholders are also called upon to appoint the Chairman of the Board of Directors. Note that, if the shareholders’ meeting does not appoint the Chairman, the latter shall be appointed by the Board of Directors.

The Board of Directors proposes that the Shareholders' Meeting elect as Chairman of the Board of Directors the first candidate elected from the slate that obtained the majority of votes.

### **1.3 Submission of slates of candidates for appointment to the Board of Directors.**

The Board of Directors shall be appointed based on the slates submitted by the Shareholders, in which candidates must be listed by way of a progressive number.

Under the combined provisions of art. 13.3 of the Bylaws and Management Decision no. 60 of 28 January 2022 of the Head of the Corporate Governance Division, slates may be presented by Shareholders who own, alone or together with others, an equity investment of at least 1% of the share capital. In this regard, note that ownership of the minimum equity investment necessary to submit a slate is determined in consideration of the shares registered to the Shareholder on the date on which the slates are filed at the Company.

Each Shareholder may present or may participate in the presentation of just one slate, and may vote for just one slate. Adhesions and votes cast in violation of this prohibition shall not be attributed to any slate. Moreover, each candidate must submit his/her candidacy on a single slate, under penalty of ineligibility.

The slates must be filed at the registered office of Italgas by mail (registered mail with return receipt) sent to the following address: Italgas S.p.A. – Via Carlo Bo 11, 20143 Milan c/o Company Secretary (26 April 2022 Shareholders' Meeting slates for appointment of the Board of Directors and the Board of Statutory Auditors) or delivered by hand from Monday to Friday from 8 a.m. to 6 p.m. at the same address, or sent by certified email to [italgas.assemblea@pec.italgas.it](mailto:italgas.assemblea@pec.italgas.it) or by e-mail to [segreteriasocietaria@italgas.it](mailto:segreteriasocietaria@italgas.it), at least 25 days prior to the date of the Shareholders' Meeting in a single call to pass resolution on the appointment of the members of the Board of Directors and Board of Statutory Auditors (i.e. by 1 April 2022).

In compliance with the provisions on this matter, at least 21 days prior to the date of the Shareholders' Meeting in a single call (that is, by 05 April 2022), the Company shall make available to the public at the registered offices, on the authorised storage mechanism “eMarket STORAGE” at the address [emarketstorage.com](http://emarketstorage.com) and on the website of Italgas <https://www.italgas.it/it/> (“Governance” “Shareholders' Meeting” - “2022 Shareholders' Meeting” section) the slates of candidates, together with the documentation filed with them.

The slates that present three or more candidates must include candidates of different gender, in order to respect the legal provisions on gender equality.

The following must be filed together with each slate, under penalty of its inadmissibility: (i) the statements with which the individual candidates accept their candidacy, undertake – if appointed – to accept the office and certify, under their own responsibility, the absence of grounds of incompatibility and ineligibility as provided for in article 2382 of Civil Code and disqualifications from the office of director adopted against them in a Member State of the European Union pursuant to article 2383, section 1, of Civil Code, and that they hold the integrity and if necessary independence requirements prescribed for the respective offices by current legislation; (ii) a *curriculum vitae* containing exhaustive information on the professional characteristics of each candidate; (iii) an indication of the identities of the shareholders who submitted the slates and the overall equity percentage held; (iv) a copy of the certifications issued by duly empowered intermediaries certifying ownership of the number of shares necessary to submit said slates. These certifications may be presented even after the filing of the slates, provided by 5 April 2022 at 6:00 pm.

As recommended by Communication No. DEM/9017893 of 26 February 2009, shareholders who do not hold, including jointly, a controlling share or relative majority, shall file, in conjunction with the slate, a statement certifying the absence of links, including indirect links, as referred to in Article 147-ter, subsection 3, of the CLF and Article 144-quinquies of the Issuers' Regulations, with Shareholders who, even jointly, hold a controlling share or relative majority. This statement, moreover:

- must specify any existing relations, if significant, with shareholders who hold, also jointly, a controlling share or relative majority, wherever possible, along with the reasons why these relations are not deemed to constitute the aforementioned links; or
- must specify the absence of the above relations.

#### **1.4 Procedure for appointing members of the Board of Directors.**

Pursuant to art. 13.5 of the Bylaws, the election of the Board of Directors shall proceed as follows:

- a) the names of the first seven directors will be selected from the slate that has obtained the majority of Shareholder votes (the “**Majority Slate**”), in the order in which they are listed on the slate;
- b) the remaining two directors will be selected from the other slates that are in no way, whether directly or indirectly, connected to shareholders who have submitted or voted for the slate that received the majority of

votes (the “**Minority Slates**”); to this end, votes obtained in the slates will be subsequently divided by one and two. The quotients thus obtained shall be progressively assigned to the candidates on each slate in the order specified thereon. On the basis of the quotients assigned, the candidates on the various slates shall be arranged in a single decreasing ranking. Those who have obtained the highest quotients shall be elected. If more than one candidate obtains the same quotient, the candidate from the slate that has not yet elected any director or that has elected the smallest number of directors shall be elected. If none of such slates has yet elected a director or all of them have elected the same number of directors, the candidate from the slate that obtained the largest number of votes shall be elected. If the different slates have received the same number of votes and their candidates have been assigned the same quotients, a new vote shall be held by the entire Shareholders’ Meeting and the candidate obtaining the simple majority of the votes shall be elected.

b-*bis*) if the Majority Slate does not contain a sufficient number of candidates to ensure that the number of directors to be elected pursuant to letter a) above can be reached, all the candidates listed on that slate shall be drawn, in the order stated on that slate; after a further two directors have then been drawn from the Minority Slates, pursuant to letter b), the remaining directors shall be drawn, for positions not covered by the Majority Slate, from the Minority Slate which has obtained the highest number of votes among the Minority Slates (the “**First Minority Slate**”) according to the capacity of that slate. In the event of insufficient capacity of said slate, the remaining directors shall be appointed, with the same procedures, from the following slate (“**Second Minority Slate**”) or possibly from the subsequent ones, depending on the number of votes and the capacity of the slates themselves. Lastly, if the total number of candidates on the slates presented, on both the Majority Slate and Minority Slates, is lower than the number of the directors to be elected, the remaining directors shall be elected by the shareholders’ meeting with a resolution approved in accordance with letter d) below;

c) if, following the application of the procedure described above, it is not possible to appoint the minimum number of independent directors required by the Bylaws, then the quotient of the votes to attribute to each candidate on the slates is calculated by dividing the number of votes obtained by each slate by the number of the order of each one of the aforementioned candidates; candidates who do not meet the requirements of independence and have the lowest quotients among candidates from all slates are replaced, starting with the last candidate, by independent candidates listed on the same slate of the replaced candidate (following the order in which they are listed), or, alternatively by individuals meeting the requirements of independence, who



have been appointed in accordance with the procedure described under letter d). In cases in which candidates from different slates have obtained the same quotient, the candidate to be replaced is the candidate of the slate from which the greatest number of directors is selected, or, subordinately, the candidate from the slate that has received the least number of votes, or, in case of equal number of votes, the candidate that has obtained less votes from the Shareholders' Meeting in a specific voting round;

*c-bis*) if the application of the procedure described under letters a), b) and *b)-bis* does not permit compliance with the regulations on gender balance, the quotient of votes to be attributed to each candidate from the slates is calculated by dividing the number of votes obtained by each slate by the number of the order of each candidate; the candidate of the most represented gender who has the lowest quotient among the candidates from all the slates is replaced, without prejudice to the minimum number of independent directors, by the candidate representing the less represented gender (with the subsequent higher number of order) on the same slate as the replaced candidates, or, alternatively, by the individual appointed in accordance with the procedure described under letter d). In cases in which candidates from different slates have obtained the same minimum quotient, the candidate to be replaced is the candidate of the slate from which the greatest number of directors is selected, or, subordinately, the candidate from the slate that has received the least number of votes, or, in case of equal number of votes, the candidate that has obtained less votes by the Shareholders' Meeting in a specific voting round;

d) for the appointment of directors, who, for any reason, are not appointed in accordance with the procedures described above, the Shareholders' Meeting resolves by legal majority, in order to ensure that the composition of the Board of Directors is compliant with the law and the Bylaws.

### **1.5 Compensation due to members of the Board of Directors**

Finally, Shareholders are called on to resolve on the compensation due to members of the Board of Directors who are not assigned specific roles. The remuneration of the latter shall be established by the Board of Directors itself, having obtained the opinion of the Board of Statutory Auditors, pursuant to art. 2389, subsection 3 of the Italian Civil Code. The directors will also receive reimbursement for expenses incurred in connection with their duties.

In this regard, the Board of Directors, without prejudice to the Shareholders' right to submit additional and different proposals for resolution, proposes to confirm the directors' current annual gross remuneration and, in turn, set the gross annual remuneration due to each director at 50,000 euros in addition to the reimbursement of expenses incurred in relation to their role.

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### **Recommendations to Shareholders submitting a slate**

The Board invites:

- Shareholders who submit their own slates of candidates for the appointment of the board of directors to ensure that such slates are accompanied by all the information necessary to enable shareholders to cast their votes in an informed manner, including an indication of the suitability of the candidates to qualify as independent;
- Shareholders who submit a slate of candidates exceeding half the number of members (also in line with Recommendation no. 23 of the Corporate Governance Code), to:
  - (i) provide adequate information, in the documentation submitted for the filing of the slate, on whether the slate complies with the guidance expressed by the outgoing Board, also with reference to Italgas' "Policy for the diversity of corporate bodies" and the diversity criteria set forth in Principle VII and Recommendation 8;
  - (ii) indicate their candidate for the office of Chairman of the Board of Directors, who shall be appointed in accordance with the procedures laid down in the Bylaws;
  - (iii) to put forward – and forward to the certified email address "italgas.assemblea@pec.italgas.it" – any proposals for the appointment of the Board of Directors (determining the duration of the Board of Directors' term of office, as well as its remuneration), well in advance so that said proposals may be published by the Company at the same time as the slates.

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Dear Shareholders,

You are invited to resolve as follows.

- (i) In relation to point 4.1 “Determination of the term of office of Directors”:  
you are invited to approve the proposal to set the term of office for the directors to be appointed at three financial years, expiring on the date of the Shareholders’ Meeting that will be called for approving the financial statements as at 31 December 2024.
- (ii) In relation to point 4.2 “Appointment of the members of the Board of Directors”:  
you are invited to vote for one of the slates presented and published pursuant to the provisions of law and of the Bylaws.
- (iii) In relation to point 4.3 “Appointment of the Chairman of the Board of Directors”:  
you are invited to elect as Chairman of the Board of Directors the first candidate elected from the slate that obtained the majority of votes.
- (iv) In relation to point 4.4 “Determination of the remuneration of the members of the Board of Directors”:  
you are invited to approve the proposal to set the gross annual remuneration payable to each director at 50,000 euros, in addition to the reimbursement of expenses incurred in relation to their office.

Milan, 9 March 2022

The Chairman of the Board of Directors

Mr Alberto Dell’Acqua